

Interim Consolidated Financial Statements
(*Unaudited*)

Æterna Zentaris Inc.

As at and for the three-month periods ended March 31, 2010 and 2009
(presented in thousands of US dollars)

Æterna Zentaris Inc.

Interim Consolidated Financial Statements *(Unaudited)*

As at and for the three-month periods ended March 31, 2010 and 2009

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Æterna Zentaris Inc.
Interim Consolidated Balance Sheets
(in thousands of US dollars)

(Unaudited)

	As at March 31, 2010	As at December 31, 2009
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	26,947	38,100
Accounts receivable		
Trade	3,374	2,444
Other	1,128	992
Income taxes	112	113
Inventory (note 3)	3,491	4,415
Prepaid expenses and other current assets	2,278	2,949
	37,330	49,013
Restricted cash	833	878
Property, plant and equipment	3,885	4,358
Deferred charges and other long-term assets	4,456	4,733
Intangible assets	15,760	17,034
Goodwill (note 4)	9,708	10,246
	71,972	86,262
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	8,691	11,919
Income taxes	587	965
Deferred revenues	5,499	6,327
Current portion of long-term payable	59	57
	14,836	19,268
Deferred revenues	42,500	45,919
Long-term payable	118	143
Employee future benefits (note 6)	11,282	11,640
Other long-term liability	66	66
	68,802	77,036
SHAREHOLDERS' EQUITY		
Share capital	41,203	41,203
Warrants	2,899	2,899
Other capital	80,086	79,943
Deficit	(133,418)	(127,538)
Accumulated other comprehensive income	12,400	12,719
	3,170	9,226
	71,972	86,262

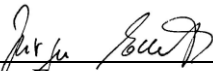
Basis of presentation (note 1)

Evaluation of going concern (note 1)


Subsequent event (note 10)

The accompanying notes are an integral part of these interim consolidated financial statements.

Approved by the Board of Directors



Juergen Ernst
Director



Gérard Limoges
Director

Æterna Zentaris Inc.

Interim Consolidated Statements of Changes in Shareholders' Equity

For the three-month periods ended March 31, 2010 and 2009

(in thousands of US dollars, except share data)

<i>(Unaudited)</i>	Common shares (number of)	Share capital	Warrants	Other capital	Deficit	Accumulated other comprehensive income	Total
		\$	\$	\$	\$	\$	\$
Balance – December 31, 2009	63,089,954	41,203	2,899	79,943	(127,538)	12,719	9,226
Net loss for the period	-	-	-	-	(5,880)	-	(5,880)
Foreign currency translation adjustments	-	-	-	-	-	(319)	(319)
Stock-based compensation costs	-	-	-	143	-	-	143
Balance – March 31, 2010	63,089,954	41,203	2,899	80,086	(133,418)	12,400	3,170

<i>(Unaudited)</i>	Common shares (number of)	Share capital	Other capital	Deficit	Accumulated other comprehensive income	Total
		\$	\$	\$	\$	\$
Balance – December 31, 2008	53,187,470	30,566	79,669	(102,814)	14,054	21,475
Net loss for the period	-	-	-	(12,388)	-	(12,388)
Foreign currency translation adjustments	-	-	-	-	(1,297)	(1,297)
Stock-based compensation costs	-	-	60	-	-	60
Balance – March 31, 2009	53,187,470	30,566	79,729	(115,202)	12,757	7,850

<i>(Unaudited)</i>	As at March 31,	
	2010	2009
	\$	\$
Accumulated Other Comprehensive Income		
Consisting of the following:		
Foreign currency translation adjustments	12,400	12,754
Variation in fair market value of short-term investments, net of income taxes	-	3
Accumulated other comprehensive income	12,400	12,757
Deficit	(133,418)	(115,202)
Total Accumulated Other Comprehensive Income and Deficit	(121,018)	(102,445)

The accompanying notes are an integral part of these interim consolidated financial statements.

Æterna Zentaris Inc.

Interim Consolidated Statements of Operations and Comprehensive Loss

For the three-month periods ended March 31, 2010 and 2009

(in thousands of US dollars, except share and per share data)

<i>(Unaudited)</i>	Three months ended March 31,	
	2010	2009
	\$	\$
Revenues		
Sales and royalties	5,716	4,971
License fees and other	706	1,140
	6,422	6,111
Operating expenses		
Cost of sales, excluding depreciation and amortization	4,617	3,694
Research and development costs, net of tax credits and grants	5,701	11,437
Selling, general and administrative expenses	2,792	3,554
Depreciation and amortization		
Property, plant and equipment	263	311
Intangible assets	389	557
	13,762	19,553
Loss from operations	(7,340)	(13,442)
Other income		
Interest income	58	154
Foreign exchange gain	1,402	900
	1,460	1,054
Net loss for the period	(5,880)	(12,388)
Net loss per share		
Basic and diluted	(0.09)	(0.23)
Weighted average number of shares (note 9)		
Basic and diluted	63,089,954	53,187,470

Consolidated Statements of Comprehensive Loss

<i>(Unaudited)</i>	Three months ended March 31,	
	2010	2009
	\$	\$
Net loss for the period	(5,880)	(12,388)
Other comprehensive loss:		
Foreign currency translation adjustments	(319)	(1,297)
Comprehensive loss	(6,199)	(13,685)

The accompanying notes are an integral part of these interim consolidated financial statements.

Æterna Zentaris Inc.

Interim Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2010 and 2009

(in thousands of US dollars)

	Three months ended	
	March 31,	
	2010	2009
	\$	\$
<i>(Unaudited)</i>		
Cash flows from operating activities		
Net loss	(5,880)	(12,388)
Items not affecting cash and cash equivalents		
Depreciation and amortization	652	868
Stock-based compensation costs	143	60
Employee future benefits	258	(148)
Amortization of deferred charges and other long-term assets	68	1,264
Amortization of deferred revenues	(1,540)	(2,062)
Foreign exchange gain on items denominated in foreign currencies	(1,402)	(900)
Amortization of prepaid and other non-cash items	1,549	4,380
Changes in operating assets and liabilities (note 5)	(4,665)	24,196
Net cash (used in) provided by operating activities	(10,817)	15,270
Cash flows from financing activities		
Repayment of long-term payable	(27)	(24)
Cash flows from investing activities		
Purchase of property, plant and equipment	(12)	(60)
Effect of exchange rate changes on cash and cash equivalents	(297)	(2,418)
Net change in cash and cash equivalents	(11,153)	12,768
Cash and cash equivalents – Beginning of period	38,100	49,226
Cash and cash equivalents – End of period	26,947	61,994
Cash and cash equivalents components:		
Cash	21,947	42,477
Cash equivalents	5,000	19,517
	26,947	61,994

The accompanying notes are an integral part of these interim consolidated financial statements.

Æterna Zentaris Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

For the three-month periods ended March 31, 2010 and 2009

(tabular amounts in thousands of US dollars, except share/option/warrant and per share/option/warrant data and as otherwise noted)

1 Basis of presentation, use of estimates and evaluation of going concern

The accompanying interim consolidated financial statements of Æterna Zentaris, Inc. (“the Company”) as at March 31, 2010 and for the three-month periods ended March 31, 2010 and 2009 are unaudited. They have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) for interim financial information, which differ in certain respects from consolidated financial statements prepared in accordance with United States generally accepted accounting principles (“US GAAP”). The recognition, measurement and disclosure differences between Canadian GAAP and US GAAP, as they relate to the Company, are described in note 11. The unaudited consolidated financial statements reflect all adjustments which, in the opinion of the Company’s management, are necessary for a fair statement of the results of operations, financial position and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature.

The accompanying interim consolidated financial statements comply with generally accepted accounting principles applicable to interim financial statements and have been prepared on a basis consistent with the Company’s annual consolidated financial statements as at and for the year ended December 31, 2009.

These interim consolidated financial statements do not include all of the disclosures applicable to annual consolidated financial statements. A full description of the Company’s accounting policies can be found in the Company’s consolidated financial statements as at and for the year ended December 31, 2009. While management believes that the disclosures presented are adequate and highlight all material changes during the quarter, these interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements.

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the financial statements as well as the reported amounts of revenues and expenses during the reported periods. Significant estimates and judgments are generally made in connection with the calculation of revenues, research and development expenses, stock-based compensation costs, as well as in determining the allowance for doubtful accounts, inventory and provisions for obsolete inventory, future income tax assets and liabilities, the estimated useful lives of property, plant and equipment and intangible assets with finite lives, the valuation of intangible assets and goodwill, the fair value of stock options and warrants granted, employee future benefits and certain other accrued liabilities. The Company bases its estimates on historical experience, where relevant, and on various other assumptions that management believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Evaluation of going concern, results of operations and management's plans:

Management is required to make an assessment of the Company’s ability to continue as a going concern and takes into account all available information about the future, which is at least, but is not limited to, 12 months from the balance sheet date. Disclosure is required of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. Management’s assessment took into account current cash levels, the completion of the registered direct offering discussed in note 10, as well as the Company’s strategic plan and corresponding budgets for 2010 and forecasts for 2011 and 2012. As a result of this assessment, management believes that the Company has sufficient financial resources to fund planned expenditures and other working capital needs for at least, but not limited to, the 12-month period following the balance sheet date.

Æterna Zentaris Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

For the three-month periods ended March 31, 2010 and 2009

(tabular amounts in thousands of US dollars, except share/option/warrant and per share/option/warrant data and as otherwise noted)

2 New accounting standards and pronouncements

Not yet adopted

In December 2009, the Emerging Issues Committee (“EIC”) of the Canadian Institute of Chartered Accountants (“CICA”) issued abstract EIC-175, “Multiple Deliverable Revenue Arrangements” (“EIC-175”), which requires a vendor to allocate arrangement consideration at the inception of an arrangement to all deliverables using the relative selling price method. EIC-175 also changes the level of evidence of the standalone selling price required to separate deliverables when more objective evidence of the selling price is not available. Given the requirement to use the relative selling price method of allocating arrangement consideration, EIC-175 prohibits the use of the residual method. EIC-175 may be applied prospectively and is applicable to revenue arrangements with multiple deliverables entered into or materially modified in the first annual fiscal period beginning on or after January 1, 2011, with early adoption permitted. The Company is currently evaluating the impact that this guidance may have on its consolidated financial statements.

3 Inventory

	As at March 31, 2010	As at December 31, 2009
	\$	\$
Raw materials	2,444	2,998
Work in progress	1,047	1,417
	3,491	4,415

4 Goodwill

The change in carrying value is as follows:

	\$
Balance as at December 31, 2009	10,246
Impact of foreign exchange rate changes	(538)
	9,708

Æterna Zentaris Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

For the three-month periods ended March 31, 2010 and 2009

(tabular amounts in thousands of US dollars, except share/option/warrant and per share/option/warrant data and as otherwise noted)

5 Supplemental disclosure of cash flow information

	Three months ended	
	March 31,	
	2010	2009
	\$	\$
Changes in operating assets and liabilities		
Accounts receivable	(1,282)	1,832
Inventory	710	(440)
Prepaid expenses and other current assets	(1,011)	(5,695)
Deferred charges and other long-term assets	(38)	(3,000)
Accounts payable and accrued liabilities	(2,713)	1,528
Deferred revenues	-	30,000
Income taxes	(331)	(29)
	(4,665)	24,196

6 Employee future benefits

The Company's subsidiary in Germany provides unfunded defined benefit pension plans and unfunded postemployment benefit plans for some groups of employees. Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent pensions.

For the three-month period ended March 31, 2010 total defined benefit pension expenses amounted to approximately \$287,000 (\$183,000 in 2009). For the three-month period ended March 31, 2010, total expenses related to other defined benefit plans amounted to approximately \$74,000 (\$78,000 in 2009).

The Company sponsors a matching defined contribution plan at its Canadian headquarters. Under that plan, the Company may contribute amounts equal to a percentage of employee contributions. During the three months ended March 31, 2010, matching contributions to the plan totalled approximately \$10,000 (\$41,000 in 2009).

The Company also sponsors a 401(k) plan in its US subsidiary. Under this plan, the Company may contribute a discretionary amount equal to a percentage of employee contributions to the plan and may also make discretionary profit sharing contributions. During the three months ended March 31, 2010, matching contributions to the plan amounted to approximately \$15,000 (\$15,000 in 2009).

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7 Stock options

The following tables summarize the activity under the Company's stock option plan.

Canadian Dollar Options:

	Three months ended March 31, 2010		Year ended December 31, 2009	
	Number	Weighted average exercise price (CAN\$)	Number	Weighted average exercise price (CAN\$)
Balance - Beginning of period	5,920,588	2.72	4,490,759	3.28
Granted	-	-	1,448,422	0.95
Forfeited	-	-	(15,000)	0.55
Expired	-	-	(3,593)	1.73
Balance - End of period	5,920,588	2.72	5,920,588	2.72

US Dollar Options:

	Three months ended March 31, 2010		Year ended December 31, 2009	
	Number	Weighted average exercise price (US\$)	Number	Weighted average exercise price (US\$)
Balance - Beginning of period	293,334	2.83	313,334	2.76
Forfeited	-	-	(20,000)	1.78
Balance - End of period	293,334	2.83	293,334	2.83

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8 Financial instruments and financial risk management

Since the Company operates internationally, it is exposed to currency risks as a result of potential exchange rate fluctuations related to non-intragroup transactions. Fluctuations in the US dollar (“US\$”) and the Canadian dollar vis-à-vis the Euro (“EUR”) exchange rates could have a potentially significant impact on the Company’s results of operations. The following variations are reasonably possible over a 12-month period:

- Foreign exchange rate variation of -5% (depreciation of the EUR) and +5% (appreciation of the EUR) against the US\$, from a period-end rate of EUR1 = US\$1.3523.

If these variations were to occur, the impact on the Company’s net loss for each category of financial instruments held at March 31, 2010 would be as follows:

	Carrying amount	Transactions denominated in US\$	
		-5%	+5%
	\$	\$	\$
Cash and cash equivalents	20,912	1,046	(1,046)
Total impact on net loss – decrease/(increase)		1,046	(1,046)

9 Net loss per share

The following table sets forth pertinent data relating to the computation of basic and diluted net loss per share.

	Three months ended March 31,	
	2010	2009
	\$	\$
Net loss	(5,880)	(12,388)
Basic weighted average number of shares outstanding	63,089,954	53,187,470
Dilutive effect of stock options	129,975	55,576
Diluted weighted average number of shares outstanding	63,219,929	53,243,046
Items excluded from the calculation of diluted net loss per share because the exercise price was greater than the average market price of the common shares or due to their anti-dilutive effect		
Stock options	5,493,922	4,058,833
Warrants (number of equivalent shares)	4,110,603	-

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For the three-month periods ended March 31, 2010 and 2009

(tabular amounts in thousands of US dollars, except share/option/warrant and per share/option/warrant data and as otherwise noted)

For the three-month periods ended March 31, 2010 and 2009, the diluted net loss per share was the same as the basic net loss per share, since the effect of the assumed exercise of stock options and warrants to purchase common shares is anti-dilutive. Accordingly, the diluted net loss per share for these periods was calculated using the basic weighted average number of shares outstanding.

10 Subsequent event

On April 20, 2010, the Company completed a registered direct offering of 11,111,111 units, with each unit consisting of one common share and a warrant to purchase 0.40 of a common share, at a price of \$1.35 per unit. The related warrants represent the right to acquire an aggregate of 4,444,444 common shares at an exercise price of \$1.50 per share, are exercisable six months following the date of issuance and will expire on the fifth-year anniversary of the date on which the warrants become exercisable. Total proceeds raised in this offering amounted to \$15,000,000, less estimated cash transaction costs of approximately \$1,274,000. The purchasers in the offering were comprised of institutional investors, and the securities described above were offered by the Company pursuant to a shelf prospectus dated March 12, 2010 and a prospectus supplement dated April 15, 2010.

11 Differences between Canadian and US GAAP

The accompanying interim consolidated financial statements have been prepared in accordance with Canadian GAAP. Significant measurement and disclosure differences as compared to US GAAP are set out in note 26 to the Company's most recent annual consolidated financial statements. This note provides a quantitative analysis of significant differences between Canadian and US GAAP as they relate to the Company as at and for the three months ended March 31, 2010 and 2009. All disclosures required in annual financial statements under US GAAP and as per Regulation S-X of the Securities and Exchange Commission in the United States have not been provided in these interim consolidated financial statements.

Reconciliation of net loss to US GAAP

	Three months ended March 31,	
	2010	2009
	\$	\$
Net loss for the period under Canadian GAAP	(5,880)	(12,388)
Variation in warrant liability, including amortization of related transaction costs (a)	(236)	-
Amortization of in-process research and development (b)	110	258
Net loss for the period under US GAAP	(6,006)	(12,130)
Net loss per share		
Basic and diluted	(0.10)	(0.23)
Weighted average number of shares outstanding under US GAAP (note 9)		
Basic and diluted	63,089,954	53,187,470

Æterna Zentaris Inc.

Notes to Interim Consolidated Financial Statements (unaudited)

For the three-month periods ended March 31, 2010 and 2009

(tabular amounts in thousands of US dollars, except share/option/warrant and per share/option/warrant data and as otherwise noted)

Reconciliation of shareholders' equity (deficiency) to US GAAP

The following summary sets out the significant differences between the Company's reported shareholders' equity under Canadian GAAP as compared to US GAAP.

	As at March 31,	As at December 31,
	2010	2009
	\$	\$
Shareholders' equity in accordance with Canadian GAAP	3,170	9,226
Net impact of liability accounting for warrants (a)	(1,510)	(1,351)
In-process research and development costs (b)	(2,033)	(2,146)
Shareholders' (deficiency) equity in accordance with US GAAP	(373)	5,729

Balance sheets

The following table summarizes the significant differences between pertinent additional balance sheet items under Canadian GAAP as compared to US GAAP.

	As at March 31,		As at December 31,	
	2010		2009	
	As	US	As	US
	Reported	GAAP	Reported	GAAP
	\$	\$	\$	\$
Warrant liability (a)	-	1,510	-	1,351
Intangible assets (b)	15,760	13,727	17,034	14,888

Statement of cash flows

For the three-month period ended March 31, 2010, there were no significant differences between the statements of cash flows under Canadian GAAP as compared to US GAAP.

a) Warrants

In connection with two registered direct offerings that were completed in June and October 2009, the Company issued warrants to purchase common shares to the institutional investors who participated in the offerings and to the sole placement agent and its designated representatives. The warrants issued to the institutional investors and to the placement agent (and its designated representatives) in June 2009 are referred to as the "First Investor Warrants" and the "First Compensation Warrants", respectively, while the warrants issued to the institutional investors and to the placement agent (and its designated representatives) in October 2009 are referred to as the "Second Investor Warrants" and the "Second Compensation Warrants", respectively.

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For the three-month periods ended March 31, 2010 and 2009

(tabular amounts in thousands of US dollars, except share/option/warrant and per share/option/warrant data and as otherwise noted)

Under Canadian GAAP, the Company has classified and is accounting for all of its outstanding common share purchase warrants as equity, on the basis that these warrants do not embody a contractual obligation on the Company to deliver cash or another financial asset to the holder of these warrants. The conditional written put option that arises upon the occurrence of a Fundamental Transaction, as defined in all outstanding warrants and including a change in control, was not considered to be probable under the CICA's Emerging Issues Committee Abstract No. 70, *Presentation of a Financial Instrument Labelled as a Share When a Future Event or Circumstance May Affect the Issuer's Obligations*. Under US GAAP, the Company has determined that the common share purchase warrants are within the scope of guidance now codified as the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 480, *Distinguishing Liabilities from Equity* ("Topic 480"), and as such has classified and is accounting for these instruments as a liability. Topic 480 states that financial instruments which contain a written put option, even if that repurchase feature is conditional on a defined contingency, should be classified as a liability if such contingency ultimately could result in the transfer of assets by the issuer.

The total warrant liability would be included for US GAAP purposes within the long-term liabilities section of the consolidated balance sheet and carried at fair value. Any changes to the fair value of the warrant liability would be reflected within other income (expenses) in the consolidated statement of operations.

The table presented below shows the assumptions applied to the Black-Scholes pricing model in order to determine the fair value of all outstanding warrants as at March 31, 2010.

	First Investor Warrants and First Compensation Warrants	Second Investor Warrants	Second Compensation Warrants
Market-value per share price	\$0.79	\$0.79	\$0.79
Risk-free annual interest rate	0.87%	2.35%	1.36%
Expected volatility	119.1%	87.7%	107.9%
Expected life (years)	1.75	4.58	2.58
Expected dividend yield	0.0%	0.0%	0.0%

The fair value of the Company's warrant liability was determined using the Black-Scholes pricing model. The valuation methodology uses "Level 2" inputs in calculating fair value, as defined in guidance now codified as ASC Topic 820, *Fair Value Measurements and Disclosures* ("Topic 820"), which establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Level 2 inputs are those which are either directly or indirectly observable as of the reporting date and include financial instruments that are valued using models or other valuation methodologies, such as the Black-Scholes pricing model.

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(tabular amounts in thousands of US dollars, except share/option/warrant and per share/option/warrant data and as otherwise noted)

b) Research and development costs

Under US GAAP, prior to the issuance of ASC Topic 805, *Business Combinations*, in-process research and development acquired in a business combination is written off at the time of acquisition. Under Canadian GAAP, in-process research and development acquired in a business combination is capitalized and amortized over its estimated useful life.

New accounting standards and pronouncements

a) Adopted in 2010

ASC Topic 810, *Consolidation* (“Topic 810”)

In June 2009, the FASB amended the consolidation guidance in Topic 810 for variable interest entities. Amendments include the elimination of the exemption for qualifying special purpose entities, a new approach for determining who should consolidate a variable-interest entity and changes to when it is necessary to reassess who should consolidate a variable-interest entity. This guidance is effective for years beginning after November 15, 2009, for interim periods within those years, and for interim and annual reporting periods thereafter. The Company adopted this guidance on January 1, 2010, and there has been no impact on the Company’s consolidated financial statements.

ASC Topic 860, *Transfers and Servicing* (“Topic 860”)

In June 2009, the FASB amended Topic 860 to remove the concept of a qualifying special-purpose entity and the exception from applying Topic 810 to qualifying special-purpose entities. This guidance contained in Topic 860 must be applied as of the beginning of each reporting entity’s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Topic 860 must be applied to transfers occurring on or after the effective date. The Company adopted this guidance on January 1, 2010, and there has been no impact on the Company’s consolidated financial statements.

Accounting Standards Update (“ASU”) 2010-06, *Improving Disclosures about Fair Value Measurements* (“ASU 2010-06”)

The FASB recently issued ASU 2010-06 to enhance the usefulness of fair value measurements. The amended guidance requires both the disaggregation of information in certain existing disclosures, as well as the inclusion of more robust disclosures about valuation techniques and inputs to recurring and nonrecurring fair value measurements. ASU 2010-06 amends the disclosures about fair value measurements in ASC 820 and is effective for interim and annual reporting periods beginning after December 15, 2009, except for disaggregation requirements for the reconciliation disclosure of Level 3 measurements, which is effective for fiscal years beginning after December 15, 2010 and for interim periods within those years. The Company adopted this guidance on January 1, 2010, and there has been no impact on the Company’s consolidated financial statements.

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(tabular amounts in thousands of US dollars, except share/option/warrant and per share/option/warrant data and as otherwise noted)

b) Future accounting changes

ASC Topic 605, *Revenue Recognition* (“Topic 605”)

In October 2009, the FASB amended Topic 605 to include a consensus ratified by the FASB’s Emerging Issues Task Force relating to multiple-deliverable revenue arrangements. These amendments significantly change certain guidance pertaining to revenue arrangements with multiple deliverables and modify the separation criteria of Topic 605 by eliminating the criterion for objective and reliable evidence of fair value for the undelivered products or services. The amendments also eliminate the use of the residual method of allocation and require instead that arrangement consideration be allocated at the inception of the arrangement to all deliverables based on their relative selling price. This guidance is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. Management is currently evaluating the impact that this guidance may have on the Company’s consolidated financial statements.