



Cosmo reports increased revenues and operating profit in first-half 2010

-- Outlook remains confident --

Lainate, Italy – 30 July 2010 – Cosmo Pharmaceuticals S.p.A. (SIX: COPN) announced today its half-year results for the period ended 30 June 2010.

Financial highlights

- Revenues grew by 7.0% to EUR 14.3 million in the first six months of 2010.
- Revenues from manufacturing on behalf of third parties increased by 12.3%, and manufacturing revenues for MMX[®] products grew by 6.8%.
- Royalty payments to Cosmo on MMX[®] products increased by 47.6%.
- Operating profit increased by 5.7% to EUR 2.1 million.
- Selling, general and administrative expenses increased by 14.2%. Prudent cost control overall was offset by one-time advisory costs related to the BioXell acquisition.
- The euro devaluation against the Swiss franc caused a revaluation of the Swiss franc denominated put option issued in conjunction with the BioXell transaction. The corresponding loss was charged to financial expenses--neither cash-effective nor realized--which caused profit after tax to decline to EUR 0.5 million from EUR 2.0 million.
- Cash and cash equivalents are substantially higher, up 84.3% from EUR 17.2 million to EUR 31.6 million, largely as a result of the BioXell acquisition.
- Management reiterates a positive outlook and expects to post a solid operating profit for 2010.

Operational highlights

- Lialda[®] continues gaining market share reaching 18.5% of the 5-ASA market in the USA.
- Budesonide MMX[®] phase III clinical trials in the USA and EU completed, release of data imminent.
- Phase III clinical trials for Rifamycin SV MMX[®] in USA begun.
- CB-03-01 proof of concept for Androgenic Alopecia underway.

Mauro Ajani, CEO of Cosmo Pharmaceuticals, commented: “We made strong progress on all sides during this period. Within R&D we concluded the Budesonide MMX[®] clinical trials, we advanced with Rifamycin SV MMX[®] and CB-03-01 and are looking at some very interesting new opportunities. Operationally we continued to benefit from the increasing market share of Lialda[®] and contract manufacturing grew strongly. From a financial perspective the integration of BioXell substantially increased our cash reserves and our financial options. I am very pleased with our

achievements and look forward to reporting on the goals we have set ourselves for the full year.”

In the first six months revenues reached EUR 14.3 million, an increase of 7.0% compared to the same period last year, driven principally by a 47.6% increase in royalties, a 12.3% increase in contract drug manufacturing revenues and a 6.8% increase in MMX[®] manufacturing. License fees and milestones were lower since no new contracts were signed during the period.

Costs have been tightly controlled during the period. Net operating expenses increased by 7.3% primarily because of a 14.2% increase of selling, general and administrative expenses which were mainly due to one-time charges for the BioXell transaction. The cost of goods sold increased by 6.4% while R&D costs declined by 10.4% because late stage clinical trial costs were capitalized and because our partners Santarus and Dr. Falk Pharma share an increasing part of the costs.

The basic and diluted profit per share, dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the period, reached EUR 0.03, down from EUR 0.15 per share in the first half of 2009. The decline was mainly due to a decline on net profits because of the foreign exchange loss on the Swiss franc denominated put-option and due to the increase in outstanding shares issued in conjunction with the BioXell acquisition.

Cash and cash equivalents at the end of the period totalled EUR 31.6 million, an increase of 84.3% from the end of last year. Financial assets available for sale decreased by 31.2% to EUR 13.2 million reflecting the decrease in the value of the Santarus shares held by the Company.

Key consolidated financial figures

In EUR million (with the exception of the share data in EUR)		
	1H 2010	1H 2009
Revenue	14.3	13.4
Cost of sales	(6.8)	(6.4)
Research and development expenses	(2.4)	(2.7)
Selling, general and administrative expenses	(3.1)	(2.7)
Operating result	2.1	2.0
Profit before taxes	1.0	2.6
Profit after taxes for the period	0.5	2.0
Profit per share	0.03	0.15
	30.6.2010	31.12.2009
Cash and cash equivalents	31.6	17.2
Financial assets available for sale	13.2	19.2
Total assets	92.5	71.5
Liabilities	36.7	11.7
Equity attributable to owners of the company	55.4	59.8

The Half-Year Report 2010 with further information was published on 30 July 2010 and is available for download at:

<http://www.cosmopharmaceuticals.com/csm/ir/findata/first-half>

Outlook

Together with Santarus, Cosmo has filed the statistical analysis plan for Budesonide MMX[®]. Database lock is expected within the next few weeks. We are working on completing the data for CB-03-01 and are looking forward to the results of two proof of concept assessments for Alopecia. Cosmo is confident that sales and corresponding revenues from Lialda[®], as well as from contract drug manufacturing activities, will continue to develop strongly and allow the Company to post a solid operating profit for 2010.

About Cosmo Pharmaceuticals

Cosmo is a speciality pharmaceutical company that aims to become a global leader in optimised therapies for selected Gastrointestinal and topically treated Skin Disorders. The Company's proprietary clinical development pipeline specifically addresses innovative treatments for IBD, such as Ulcerative Colitis and Crohn's Disease, and Colon Infections. Cosmo's first MMX[®] product that has reached the market is Lialda[®] / Mezavant[®] / Mesavanco[®] a treatment for IBD that is licensed globally to Giuliani and Shire Limited. Cosmo's proprietary MMX[®] technology is at the core of the Company's product pipeline and was developed from its expertise in formulating and manufacturing gastrointestinal drugs for international clients at its GMP (Good Manufacturing Practice) facilities in Lainate, Italy. The technology is designed to deliver active ingredients in a targeted manner in the intestines.

For further information on Cosmo, please visit the Company's website:
www.cosmopharmaceuticals.com

Next events

Full-year results 2010	25 March 2011
Annual General Meeting	21 April 2011

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