



Cosmo Pharmaceuticals reports HY results

-- Higher revenues thanks to Lialda, progress in R&D pipeline --

Lainate, Italy – July 25, 2007 – Cosmo Pharmaceuticals SpA (SWX: COPN) announced today its half-year results 2007. The highlights include:

- The listing on SWX Swiss Exchange on March 12, with proceeds of CHF 53.5 million by issuing 2,675,000 shares at a price of CHF 20 per share. On June 29 the closing price was CHF 29.
- On March 19 Lialda™, Cosmo's most advanced development product with MMX™ technology, was introduced into the US market by Shire Plc., who sub-licensed it from Giuliani SpA, Cosmo's licensee. Lialda™ is an oral formulation of mesalamine (5-ASA) indicated for the induction of remission of mild to moderate ulcerative colitis and is the first once a day tablet. Lialda™ is manufactured in Cosmo's FDA approved plant in Lainate.
- On June 6, Cosmo signed an amended licensing agreement with Giuliani in which the company gave up the exchange rate protection but increased the cumulative cap of the royalties Cosmo is to receive from \$75 million to \$95 million. This is likely to have an impact on income after 2013.
- On July 4, Cosmo reported positive preliminary results from its phase II/III study with CB-01-11 (Rifamycin SV MMX™) in infectious diarrhoea. The primary endpoint of non-inferiority versus Normix® was achieved. Rifamycin SV MMX™ is targeted at colon infections which are associated with colon inflammations. Rifamycin SV is non-absorbable when taken as a tablet which makes it ideal for long term use because of the reduced side effects. The MMX™ technology allows the targeted focus on colonic infections with the potential for long term use in diseases such as diverticulitis.

Mauro Ajani, CEO of Cosmo Pharmaceuticals, commented: "We are delighted by the milestones achieved in 2007. Thanks to the sales of Lialda and the IPO at SWX—which we were able to accomplish despite rough market conditions—Cosmo's strategic and financial flexibility has increased significantly. The recent Rifamycin data are further proof that our proprietary MMX technology offers ample possibilities to cure gastrointestinal disorders."

Financial results: sales from contract manufacturing, higher liquidity

In the first 6 months revenues reached EUR 9.9m, up 31.6% over last year and third party manufacturing continues to be the financial back bone of the company, based on contracts with international and Italian clients. Lialda™ was launched in USA on March 19 2007 by Shire Plc., resulting in higher revenues for Cosmo. Given the increased production, costs for raw material and consumables used increased to EUR 3.3m up 11.7% over the corresponding period last year.

Other operating expenses in H1 2007 include the portion of IPO costs expensed in the P&L. The pre-clinical and clinical studies' costs for the company's product development pipeline increased by 54%. The basic and diluted loss per share, dividing the net loss attributable to shareholders by the weighted average number of ordinary shares during the period, was EUR 0.13c.

As a result of Cosmo's IPO liquidity of the company improved substantially. Cash and cash equivalents at the end of the period were at EUR 24.1m, up EUR 21.8m from last year. The IPO proceeds were equal to EUR 33.2m, of which EUR 32.5m are share premium (rounded at EUR 12.5 per share) and the remaining amount is share capital.

Financial Summary

| In EUR m (except per share information) | 1HY2007 (consolidated) | 1HY2006 (combined) |
|---|-----------------------------|------------------------------|
| Revenue | 9.9 | 7.5 |
| Raw material and consumables used | (3.3) | (2.9) |
| Personnel expenses | (3.9) | (2.4) |
| Other operating expenses | (5.0) | (3.0) |
| Profit (loss) before taxes | (2.4) | (0.6) |
| Profit (loss) for the period | (1.7) | (0.4) |
| Loss per share | 0.13 | |
| | 30/6/2007 (consolidated) | 31/12/2006 (consolidated) |
| Cash and cash equivalents | 24.1 | 2.3 |
| Total assets | 49.3 | 25.3 |
| Proceeds from issue of shares | 33.2 | - |

For additional disclosure and notes revert to the full half-year report on Cosmo's website.

Outlook: Lialda sales, Budesonide agreement, LMW Heparin results

Cosmo is confident of continuing strong development of the sales and corresponding revenues from Lialda™ in the US.

Following the positive completion of phase II/III on Rifamycin SV MMX™, a pre-clinical study will be conducted by September to complete the pre-clinical database necessary for an IND in USA, thereafter the phase III clinical trials will be initiated.

Cosmo expects to conclude the treatments in LMW Heparin MMX phase II trial by the end of 2007.

Cosmo also expects to sign a licensing agreement for Budesonide MMX™ in Europe within 2007 and to start treating patients in Phase III clinical trials during the next six months in Europe and the US.

Conference call today at 11am CET

Mauro Ajani, CEO, and Chris Tanner, CFO, will discuss the HY results and the outlook for 2007 on a conference call for investors, analysts and journalists:

Date: Wednesday, 25 July 2007

Time: 11am (Central European Time)

The conference call will be in English. To participate in the conference call and Q&A session please dial the following numbers:

Continental Europe +41 91 610 56 00

UK +44 207 107 06 11

Access to the presentation is provided by a link on the website www.cosmopharmaceuticals.com

About Cosmo Pharmaceuticals

Cosmo is a speciality pharma company that aims to become a global leader in optimised therapies for certain gastrointestinal diseases. 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™, a treatment for IBD that is licensed globally to Giuliani and Shire Plc. 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. For further information on Cosmo, please visit the Company's website: www.cosmopharmaceuticals.com

Contact:

Dr. Chris Tanner, CFO and Head of Investor Relations

Cosmo Pharmaceuticals SpA

Tel: +39 02 9333 7614

Some of the information contained in this press release contains forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Cosmo undertakes no obligation to publicly update or revise any forward-looking statements.