



SYGNIS[®]

Annual Report 2010/2011



CONSOLIDATED KEY FIGURES OF SYGNIS PHARMA AG (IFRS)

In € thousands (except for the share figures and employees)	2010/11	2009/10
	(ended March 31)	(ended March 31)
Statement of comprehensive income		
Revenues	213	251
Research and development expenses	10,545	6,390
Administrative expenses	1,670	1,766
EBIT	(12,772)	(8,932)
Net loss for the year	(12,373)	(10,336)
Selected balance sheet data		
Non-current assets	24,689	31,890
thereof goodwill	3,332	3,332
thereof other intangible assets	20,783	21,914
thereof available-for-sale financial assets	159	6,017
Current assets	7,571	11,038
thereof available-for-sale financial assets	5,365	824
thereof cash and cash equivalents	1,473	8,830
Shareholders' equity	17,692	30,147
Non-current financial liabilities	8,000	8,000
Total assets / total liabilities & equity	32,260	42,928
Capital ratio in %	54.8	70.2
Statement of cash flows		
Net cash used in operating activities	(8,263)	(8,733)
Net cash used in investing activities	921	599
Other		
Employees as of March 31	25	41
Share*		
Earnings per share (basic and diluted, in €)	(0.90)	(0.75)
Equity per share (in €)	1.29	2.19
Average number of shares outstanding	13,752,881	13,752,881
Share price (in €)	2.49	3.15
Market capitalisation (in € m)	34.24	43.3

* In the 2010/2011 fiscal year a capital reduction and a consolidation of shares at a ratio of 3:1 were executed. In order to improve the comparability the share figures as of 31 March 2010 have been adjusted retroactively.

COMPANY PROFILE

SYGNIS Pharma AG, with registered offices in Heidelberg, is a specialised pharmaceutical company listed on the Prime Standard of the German Stock Exchange. The operating activities of SYGNIS Pharma AG focus on the research and development of innovative therapies for the treatment of disorders of the central nervous system, for which there are currently no or only inadequate therapeutic options available. In this field, SYGNIS is concentrating on the clinical development of its drug candidate AX200 for the treatment of acute stroke and on its pre-clinical KIBRA project for the treatment of various forms of dementia.

AX200, the most advanced product candidate, is currently being tested for the indication of acute stroke in Phase II of the clinical development for its efficacy on patients (AXIS 2). The administration of AX200 boosts the endogenous protective reaction of the body to the damaged nerve cells. This demonstrates the value of a multiple therapeutic approach: AX200 stops neuronal cell death in the acute phase of the disorder. At the same time, it stimulates the regeneration of the nervous tissue that has already been damaged by the induction of new nerve cells and blood vessels and by the reorganisation of the neuronal networks. In March 2011, SYGNIS had already recruited 75 % of a total of 328 stroke patients planned for the AXIS 2 study. The initial findings of the study are expected towards the end of 2011.

With the KIBRA project, SYGNIS is pursuing a new approach in the development of innovative methods for the treatment of dementia disorders. The ultimate goal is to develop drugs that significantly improve learning ability and memory performance through the pharmaceutical modulation of the KIBRA pathway in order to create completely new concepts for the treatment of dementia disorders resulting from a wide range of different causes. Now that proof of principle has been established on the basis of in vivo and in vitro studies as part of the KIBRA project, the Company has launched a programme based on its proprietary assay to identify suitable compounds that could have an effect on KIBRA activity. The results of this screening programme are to be expected in the third quarter of 2011. In addition to the large number of patent applications already submitted, SYGNIS intends to further extend its patent protection for KIBRA based on these results and thus increase its leading position in this field.

The key elements of the sustainable value creation of the Company in the long term, besides the development of AX200 and KIBRA, also include the strategic expansion of a well balanced risk/reward product portfolio, which is to be achieved with our own R&D efforts and by in-licensing or acquisitions.

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FOREWORD BY THE MANAGEMENT BOARD

Dear Shareholders,

Fiscal 2010/11 was a year of major significance for SYGNIS. We persisted in our efforts to move ahead in research and development and at the same time saw the necessity of focusing on the development of AX200 for the indication of acute stroke and on KIBRA. These are both very promising projects for which there is a high medical demand, as the number of people suffering from diseases of the central nervous system such as stroke or various forms of dementia, as a result of demographic change, is on the increase. At the same time, due to the complexity and diversity of these diseases, there are currently only inadequate therapeutic options available or in some cases no effective therapies at all.

It is for this reason that the clinical development of AX200, the phase II efficacy study for the treatment of acute stroke (AXIS 2), became the focus of our efforts in fiscal 2010/11. After we had extended the study protocol in spring 2010 to include patients who had previously received rt-PA therapy, we were able to speed up the recruitment process and continue to make steady progress. At the end of the financial year, we already had 75 % of the 328 patients we had targeted. In addition, an independent body that had monitored the study regarding the safety of the participants in the study (Data Safety Monitoring Board), following a total of three planned interim assessments, confirmed in each case that there was no indication of any undesired or safety-related findings and subsequently recommended that the study be continued in each case with no changes. This progress confirms our expectations of being able to present the initial findings of the study at the end of current calendar year 2011 and to intensify the marketing of our lead candidate.

In this context, we will also benefit from our improved patent situation. In February of this year, for example, we acquired additional exclusive license rights to a European patent which prolongs the protection of AX200 in acute stroke until at least 2022 and extends the protection in the field of early regeneration after stroke.



Peter Willinger
Chief Financial Officer

Dr. Frank Rathgeb
Chief Medical Officer

The second key focus of our work in fiscal 2010/11 continued to be on the KIBRA project. Based on our knowledge of the significance of KIBRA in improving learning and memory performance, our research work in this field has focused on ways in which the KIBRA signalling pathway can be used in pharmaceutical therapy and how the cognitive performance of patients with memory disorder from various reasons can be improved. The aim is to identify substances and drug candidates that can influence the effectiveness of KIBRA. To this end, we have developed a programme based on one of our proprietary assays, which has been in use since the end of 2010. In the third quarter of 2011, we expect to receive the first results of potential candidates that will enable us to increase the value of KIBRA as well.

For large pharmaceutical companies in particular, there is still a high demand for new products that can be used to extend the product portfolio or to replace patents that are due to expire. Biotechnology as a result is becoming an increasingly important factor in the pharmaceutical industry as a driver of innovation and we intend to benefit from this development. As part of our strategy – in addition to our in-house research and development work – the search for partnership and out-licensing possibilities is playing a central role. Following our restructuring, we now see



ourselves in a position to take a more focused approach in this direction.

To secure the positive results we achieved in the financial year just ended and be able to continue to pursue the promising projects we have in our pipeline, we undertook a capital reduction to improve the capital market viability of SYGNIS. In October 2010, we also implemented a restructuring programme with the aim of reducing our cost base and focusing our personnel and financial resources on the development of AX200 in the indication of acute stroke and KIBRA.

For 2011/12, therefore, we have set ourselves ambitious goals, since this will ultimately be a year of decision for SYGNIS. Sometime during the second half of fiscal 2011/12, we will know for certain whether AX200 is an effective drug candidate that has the potential of being clinically tested in another pivotal study and is thus an attractive licensing option for pharmaceutical companies. Accordingly, we will do everything we can to bring our AXIS 2 study to a successful conclusion and to have the first reliable study data available towards the end of 2011. We will also continue to perform drug screening within the KIBRA project with the aim of providing patent protection for any drug candidates we identify in the course of the screening, carrying out clinical testing and then marketing them.

Dear Shareholders, Friends and SYGNIS Staff – in fiscal 2010/2011, we had our ups, but we also had our downs. And for this very reason, we would like to thank you all for your support. We are firmly convinced that refocusing the company was the right thing to do to put SYGNIS on track for the future. We currently have two very promising projects, an excellent research team and lean corporate structures. Based on our current planning, we also have sufficient financing until the end of 2012 calendar year, due primarily to the continuing strong confidence of our main shareholder dievini Hopp, who in June 2011 committed further financial resources amounting to 6 million euros in the form of a loan. As a result, we see ourselves well prepared to face the challenges of fiscal 2011/12. We would like to express

our most sincere thanks for the trust and confidence you have placed in SYGNIS and at the same time ask you to continue to support us as we move ahead.

Sincerely

Peter Willinger
Chief Financial Officer

Dr. Frank Rathgeb
Chief Medical Officer

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board reports below on the performance of its duties in the 2010/2011 fiscal year. In the year under review, the Supervisory Board once again carried out the tasks assigned to it by law and under the terms of the Articles of Association with great care. It regularly advised the Management Board on the management of the Company and continually supervised the activities of its senior management. It was directly involved at an early stage in all decisions of key significance to the Company and the Group.

COOPERATION BETWEEN MANAGEMENT BOARD AND SUPERVISORY BOARD

In the performance of its supervisory and advisory duties, the Supervisory Board was informed by the Management Board regularly, promptly and comprehensively in both written and oral form on all key issues and events relating in particular to the economic and financial situation and their impact on the employees, in addition to fundamental issues relating to corporate planning and strategy, the risk situation and compliance. The Management Board ensured that the Supervisory Board was fully involved at an early stage in all decisions of strategic and operational significance to the Company and consulted with the Supervisory Board in advance on whatever action was to be taken for their implementation. Together with the Management Board, the Supervisory Board laid down the strategic focus of the Company.

In the 2010/2011 fiscal year, the Supervisory Board held five physical meetings and four telephone conferences. No member of the Supervisory Board was absent at more than two of the

meetings. Prior to each Supervisory Board meeting, the Management Board sent detailed reports and comprehensive draft resolutions to the members of the Supervisory Board. In each meeting, on the basis of the reports received from the Management Board, the Supervisory Board discussed in detail the business performance and any decisions of significance to the Company taken in the committees and plenary sessions.

Any matters that required the approval of the Supervisory Board were presented in good time to the Supervisory Board for decision. After thorough examination and detailed deliberations with the Management Board, the Supervisory Board voted on the reports and the draft proposals of the Management Board.

The Supervisory Board was also informed regularly between meetings on important business transactions by means of written reports and, whenever it was deemed necessary, a resolution was drawn up in writing in consultation with the Supervisory Board Chairman. The Chairman of the Supervisory Board was also continually informed by the Management Board on all key developments and decisions taken in the Company and, if necessary, arranged for important matters to be dealt with in plenary sessions or in the relevant Supervisory Board committees. In this way, the Supervisory Board was kept up to date at all times on current developments and imminent decisions.

FOCUS OF SUPERVISORY BOARD ACTIVITIES

In the 2010/2011 fiscal year just ended, important structural and strategic steps were introduced and implemented that had received particular attention from the Supervisory Board. The focus of deliberations with the Management Board was primarily the restructuring of the Company as the basis for its further development, the focusing and continuing development of the clinical and pre-clinical projects and on securing the financial resources required to do this.

The focus of frequent deliberations of the Supervisory Board was the scheduled completion of the multinational clinical efficacy



Dr. Friedrich von Bohlen und Halbach
Chairman of the Supervisory Board



study using AX200 for the treatment of acute stroke (AXIS 2). To this end, the Supervisory Board was informed promptly by the Management Board on the assessment of the Data Safety Monitoring Board (DSMB), which had conducted an interim analysis on the safety and tolerability of the treatment with AX200, in each case based on data from 25 %, 50 % and 75 % of the patients required for the AXIS 2 study, and had approved the unrestricted continuation of the study.

In October 2010, the Supervisory Board also dealt in depth with the extensive restructuring of the Company that had been proposed by the Management Board. In the course of its deliberations, it examined the significant reduction in staff and the Company's strategic direction and placed a clear focus on the AXIS 2 study and the pre-clinical KIBRA project and also approved the measures to be taken after in-depth discussion with the Management Board.

In addition to securing the resources needed to finance the Company, the creation of the prerequisites to bring this about was another focus of the Supervisory Board's activities. Accordingly, after an in-depth examination of all the current options and the associated benefits and drawbacks, it approved the Management Board's proposal to create the prerequisites for the provision of more financial resources by reducing the share capital and decided to propose a corresponding ordinary reduction in capital to the Annual General Meeting on 30 November 2010.

The subject of regular deliberations and in-depth meetings with the Management Board was the various M&A opportunities available to the Company and diverse transaction structures for in- and out-licensing. The Management Board reports regularly on the progress of negotiations with potential partners.

Furthermore, the Management Board reported continually both in the Audit Committee and in plenary sessions on compliance with the financial planning of the SYGNIS Group. The Supervisory Board was also informed in the Audit Committee and in plenary sessions on the Group's risk situation and on compliance.

At the end of the ordinary meetings, the Supervisory Board examined the efficiency of its supervisory and advisory activities, including its cooperation with the Management Board. The results were taken as the basis for further optimising the work of the Supervisory Board. Looking at the mandates of the members of the Supervisory Board that expire at the end of the Annual General Meeting, which approves the discharge of the members for the fiscal year ending on 31 March 2011, the Supervisory Board, in accordance with Item 5.4 of the German Corporate Governance Code, dealt with the specific details of its future composition.

MANAGEMENT BOARD MATTERS

On 28 October 2010, the Chairman of the Management Board, Dr. Alfred Bach, retired from the Management Board at his own request, with the announcement that he did not wish to extend his employment contract, which expired at the end of 2010. The Supervisory Board thanks Dr. Bach for his commitment and efforts at SYGNIS Pharma AG. In view of the current size and structure of the Company, the search for a replacement for the position of Management Board Chairman will not be actively pursued at the moment.

The Supervisory Board discussed in depth the re-appointment of Mr. Willinger and Dr. Rathgeb to Management Board members and the associated extension of each Management Board member's contract. In this connection, the Supervisory Board also dealt in detail with the provisions of the German Act on the Appropriateness of Management Board Remuneration (VorstAG). The existing remuneration system was subsequently reviewed with outside assistance to verify that it complied with the said act and adjusted appropriately and the extension of the terms of office and Management Board contracts with Mr. Willinger and Dr. Rathgeb were accordingly approved for a further period of two years.

ACTIVITIES OF THE COMMITTEES

In order to perform its duties effectively, the Supervisory Board has set up an Audit Committee, a R&D Committee and a Nomina-



tions Committee as sub-committees of the Supervisory Board, which support the work carried out in the plenary sessions effectively. The committees prepare the Supervisory Board resolutions and the topics for discussion in the plenary sessions. The committee chairmen subsequently reported to the Supervisory Board on the details and results of the work performed in the committee meetings in each of the plenary sessions that followed.

The Audit Committee held four meetings. The main focus of the meetings was on the supervision of the financial reporting process, the preliminary auditing of the annual financial statements, the consolidated financial statements and the management report for the 2009/2010 fiscal year, and discussion on the audit reports and auditing focal points with the external auditors. The Audit Committee also discussed in detail each of the quarterly and half-year reports prior to publication in the 2010/2011 fiscal year. The committee also dealt with the risk monitoring system and the effectiveness of the internal control system. The committee prepared the Supervisory Board's proposal to the Annual General Meeting for the choice of external auditors, issued the audit mandate for the annual and the consolidated financial statements and monitored the independence of the external auditors and any additional services they had provided.

In three meetings, the R&D Committee dealt primarily with the strategic focus of the pre-clinical and clinical portfolio of the Company, progress made in the AXIS 2 study and the assessments relating to the study by the DSMB on the safety and tolerability of the treatment with AX200 in addition to R&D projects of potential cooperation partners, with whom the Company had been conducting negotiations during the reporting period.

No Nominations Committee meetings were held during the reporting period.

CORPORATE GOVERNANCE

The Supervisory Board dealt with the continuing development of Corporate Governance at SYGNIS, taking into consideration the

changes to the German Corporate Governance Code made by the Government Commission. Detailed information on Corporate Governance at SYGNIS is included in this annual report in the section entitled "Corporate Governance". In May 2010, the Supervisory Board and the Management Board issued a Declaration of Compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act. It is available for download by shareholders at all times on the website of SYGNIS Pharma AG and is an integral part of the section entitled "Corporate Governance" of this annual report.

The Management Board and Supervisory Board of SYGNIS Pharma AG are committed to the interests of the Company. In the performance of their duties, they pursue neither personal interests nor do they grant other persons unjustified advantages. Secondary employment are to be immediately disclosed to the Supervisory Board and require the Supervisory Board's approval.

Dr. von Bohlen und Halbach and Prof. Dr. Hettich – both members of the Supervisory Board – are managing directors of dievini Verwaltungs GmbH, which is the general partner of dievini Hopp Bio-Tech holding GmbH & Co. KG. Neither of the two Board members did participate in the Supervisory Board's discussions or resolutions in June 2011 relating to the loan agreement with dievini Hopp BioTech holding GmbH & Co. KG executed after the close of the fiscal year 2010/2011.

A direct consultancy relationship between the Company and a Supervisory Board member exists solely with Prof. Dr. Hartwig, who supports the Management Board to an extent that goes beyond his normal activities for the Supervisory Board in the field of research and development and in Mergers & Acquisitions. For these consultancy services, the Company had expenditure amounting to approx. 52,000 euros. The Supervisory Board approved the conclusion of this consultancy contract and the consultancy services provided by Prof. Dr. Hartwig. In the event of a vote relating to issues on which Prof. Dr. Hartwig has advised the Management Board, Prof. Dr. Hartwig will abstain from voting.



Prof. Dr. Hettich is a Supervisory Board member of our Company and is also a partner in the Rittershaus law firm, which acted in a legal advisory capacity for the SYGNIS Group in the reporting period, for which it received approx. 64,000 euros. The Supervisory Board approved the law firm's mandate in each separate case.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements prepared by the Management Board in accordance with the provisions of the German Commercial Code (HGB) and the management report of SYGNIS Pharma AG, as well as the consolidated financial statements prepared on the basis of IFRS in compliance with Section 315a of the German Commercial Code and the Group management report of the SYGNIS Group (SYGNIS Pharma AG and its subsidiary companies) for the period from 1 April 2010 to 31 March 2011, were audited by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Mannheim. The audit mandate was issued by the Audit Committee in compliance with the resolution passed at the Annual General Meeting of SYGNIS Pharma AG on 30 November 2010. The external auditors issued unqualified audit opinions. In the external auditors' opinion, the consolidated financial statements and the separate financial statements, in compliance with the applicable financial reporting standards, give a true and fair view of the net assets, financial and earnings position and cash flows of the Group.

The focal points of this year's audit were the examination of the asset impairments and the verifiable documentation of the valuation assumptions, in addition to the reports included in the notes to the consolidated financial statements, the Group management report including the opportunities and risk report, the details relating to the German Act on the Appropriateness of Management Board Remuneration and the securing of long-term financing for the Company's business activities.

The annual financial statements, the consolidated financial statements, the management reports and the audit reports of the external auditors were presented to each member of the

Supervisory Board of SYGNIS Pharma AG in good time. They were the subject of in-depth discussion in the meeting of the Audit Committee held on 22 June 2011 and that of the Supervisory Board that was held on the same day. The Company's external auditors were present at each meeting, reported on key aspects and results of their examinations and were available to the Supervisory Board to answer supplementary questions and to provide information. The Chairman of the Audit Committee presented a detailed report in the plenary session of the Supervisory Board on the examination of the annual financial statements, the consolidated financial statements and the management reports in the Audit Committee. Following an in-depth examination and discussion of its own, the Supervisory Board subsequently accepted the results of the audit and, in accordance with the recommendation of the Audit Committee, approved the annual financial statements of SYGNIS Pharma AG prepared by the Management Board for the 2010/2011 fiscal year with no reservations or additions, which were then adopted. It also approved the consolidated financial statements.

The Supervisory Board would like to thank the Management Board and the employees in all the Group companies for their personal commitment and extraordinary performance in the 2010/2011 fiscal year.

Heidelberg, 24 June 2011

Dr. Friedrich von Bohlen und Halbach
Chairman of the Supervisory Board

COMPANY PRESENTATION

Disorders of the central nervous system are diverse and complex. At the same time, there are currently no or only inadequate therapeutic options available. Since these disorders primarily affect older people, they are becoming more frequent as a result of demographic change. The need for innovative therapies for the treatment of disorders of the central nervous system is subsequently growing.

SYGNIS has committed itself to the research and development of therapy options in this field. We are working on the development of innovative methods for the treatment of neurodegenerative disorders such as stroke, but also various forms of dementia, and are currently concentrating on two projects: the clinical development of the drug candidate AX200 for the treatment of acute stroke and research into the KIBRA signalling pathway for the treatment of memory disorders and dementia. We have many years experience and considerable specialist expertise in the field of neuroscience and CNS disorders and pursue a variety of ultra-modern innovative research approaches.

randomised double-blind study with a planned total of 328 patients is being carried out in eight European countries (Austria, Germany, Belgium, Spain, the Czech Republic, the Slovak Republic, Sweden and Poland) and at around 80 centres. Statements on the efficacy, due to the nature of a blinded study, are not possible before its completion and evaluation. Patient safety, in particular the occurrence of unexpected events or a high incidence of possible side effects, was constantly monitored during the study by an independent committee (Data Safety Monitoring Board). The committee, which is made up of medical and statistical experts, also examined the safety-related data in detail after 25 %, 50 % and 75 % of the total number of planned patients had been treated and in each case unconditionally recommended that the study be continued unchanged.

In addition to that, we were successful in significantly speeding up the recruitment of patients, after having made adjustments to the study protocol in March 2010. Since then, the study has also included patients who have previously received drug-based

lysis therapy, provided they also meet the criteria for participation in our study after completion of this therapy. At the end of the financial year, a total of 75 % of the patients required for the study had finally been recruited. We expect to recruit the last patients in the summer of this year and thus be able to complete the study. Following an extensive evaluation phase for all the data, we should be in a position to present the first scientifically substantiated results at the end of 2011.

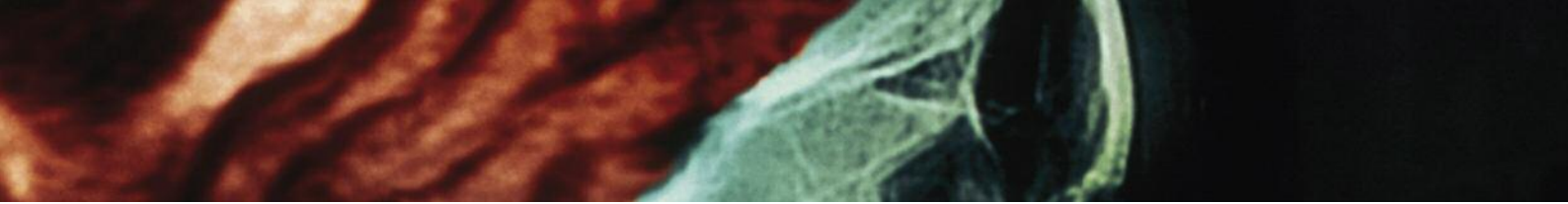
	Project	Indication	Research	Drug ID	Preclinic	Phase I	Phase II	Phase III
Core Projects	AX200	Acute Stroke	[Progress bar spanning Research, Drug ID, Preclinic, Phase I, Phase II]					
	KIBRA	KIBRA Modulators for Cognitive Enhancement	[Progress bar spanning Research, Drug ID]					
"Inactive" Projects *	AX200	Recovery after Stroke	[Progress bar spanning Research, Drug ID]					
		Spinal Cord Injury -SCI	[Progress bar spanning Research, Drug ID]					
		Amyotrophic Lateral Sklerosis - ALS	[Progress bar spanning Research, Drug ID]					
		Peripheral Arterial Occlusion Disease - PAO	[Progress bar spanning Research, Drug ID]					

* Completed pre-clinical data packages available, continuation of programmes dependent on additional resources/partnerships

AX 200 – PROMISING PROGRESS MADE IN EFFICACY STUDY

In the financial year just ended, the continuation of our multinational Phase II efficacy study of AX200 for the treatment of acute ischemic stroke (AXIS 2) was a key focus of our work. The

The Phase II efficacy study of stroke patients (AXIS 2) involves a double-blind study in which patients are enrolled up to nine hours after suffering a stroke and treated by infusion for a period of three days. The primary endpoint is the verification of the efficacy of AX200 therapy. The treatment effect for all patients taking part in the study is measured several times in the course



Overview of the AXIS 2 study

The Phase II efficacy study of stroke patients (AXIS 2) involves a double-blind study in which patients are enrolled up to nine hours after suffering a stroke and treated by infusion for a period of three days. The primary endpoint is the verification of the efficacy of AX200 therapy. The treatment effect for all patients taking part in the study is measured several times in the course of the three-month period. The secondary endpoints involve the measurement of functional capabilities of the patients and the safety of AX200. Imaging techniques are also used to identify changes in the infarct size.

The study was launched in 2009; since March 2010, patients have also been included who have received drug-based lysis therapy using rt-PA.

of the three-month period. The secondary endpoints involve the measurement of functional capabilities of the patients and the safety of AX200. Imaging techniques are also used to identify changes in the infarct size.

The study was launched in 2009; since March 2010, patients have also been included who have received drug-based lysis therapy using rt-PA.

In the past, we have made constant efforts to improve the patent situation with respect to AX200. Since 2006, for example, SYGNIS has held an European patent and since 2009 an American patent for AX200 for the treatment of stroke. In February 2011 we also acquired additional exclusive license rights to a European patent which prolongs the protection of AX200 in acute stroke until at least 2022 and extends the protection in the field of early regeneration after stroke. The acquisition of this license significantly enhances the sound patent position of the SYGNIS drug candidate AX200 and will also enable us to strengthen our position in order to fully exploit the excellent associated marketing opportunities.

KIBRA – SCREENING FOR SUBSTANCES

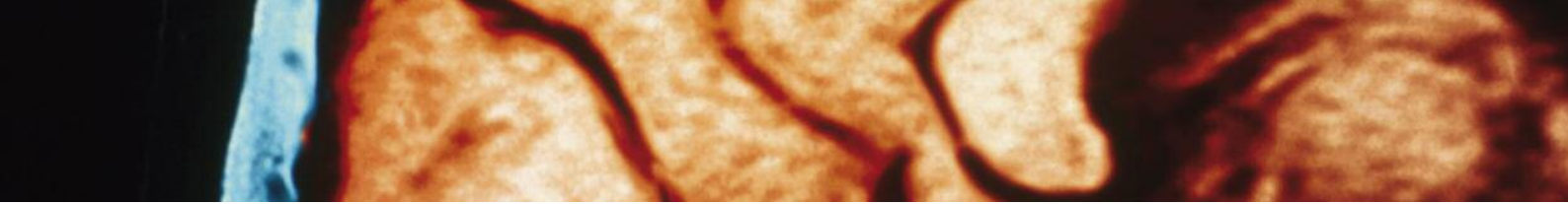
The second key focus of our research work in the field of neurodegenerative disorders is our pre-clinical KIBRA project for the treatment of various forms of dementia. In numerous research experiments with human volunteers, it has been demonstrated that the KIBRA protein has an impact on memory performance. In vitro and in vivo tests, i.e. tests performed in a test tube and tests performed in living organisms, have also shown that a change in the amount of the KIBRA protein in the nerve cells of the brain influences learning and memory performance. Three questions therefore form the starting point of our research:

1. Which memory processes is KIBRA involved in?
2. What mechanisms does KIBRA use to produce its effect?
3. Which proteins and substances does KIBRA interact with?

Based on the knowledge gained and the answers to these questions, we intend to modulate KIBRA's mechanism of action pharmacologically for therapeutic use.

KIBRA is a gene that encodes a protein molecule. The term – with reference to the places in the body where the gene was first discovered – is derived from the kidney and brain. KIBRA is involved in the transmission of signals in neurons and is found in areas of the brain that are associated with learning and memory. It is of particular significance to research into neurodegenerative disorders because the effect of a single nerve cell on learning and memory performance is dependent to a large extent on neuronal connections (synapses) which are established to other nerve cells. Another indication of a key role KIBRA plays in memory processes is the interaction with other proteins that are also present in synaptic structures and play a decisive role for the storing of memories.

In the 2010/2011 financial year just ended, we once again increased our understanding of the way KIBRA works, secured patent rights and moved into a new phase of research: our scientists developed an in-house SYGNIS test, for example, which currently uses a high-throughput screening method that can



Overview of KIBRA

KIBRA is a gene that encodes a protein molecule. The term – with reference to the places in the body where the gene was first discovered – is derived from the kidney and brain. KIBRA is involved in the transmission of signals in neurons and is found in areas of the brain that are associated with learning and memory. It is of particular significance to research into neurodegenerative disorders because the effect of a single nerve cell on learning and memory performance is dependent to a large extent on neuronal connections (synapses) which are established to other nerve cells. Another indication of a key role KIBRA plays in memory processes is the interaction with other proteins that are also present in synaptic structures and play a decisive role for the storing of memories.

handle several tens of thousands of substances to identify compounds that have an influence on the KIBRA protein and are able to stimulate the increased formation of KIBRA. As soon as suitable substances and molecules have been identified, the next research step to be taken is to modify them so that an even better efficacy profile can be created and to enable them ultimately to be further developed into drugs.

Drugs currently available for the treatment of dementia and

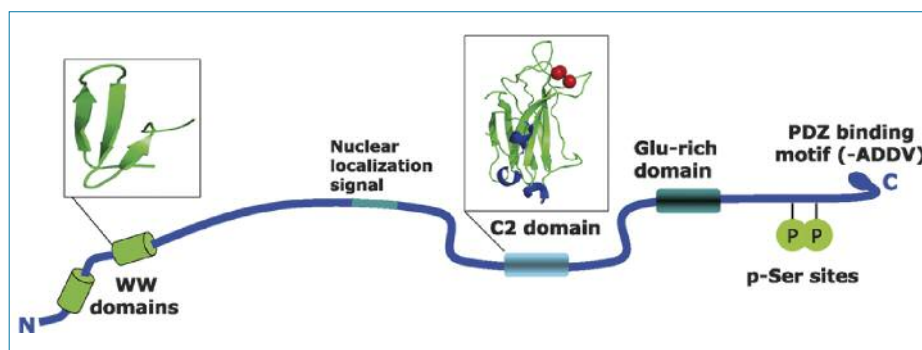


Figure 1: Schematic diagram of the KIBRA protein

memory disorders act on the neurotransmitter level, i.e. as messenger substances released at the synapse. In contrast, the approach we have developed with KIBRA takes place on the structural level of the neurons and may have a significantly more long-term stabilising effect.

In terms of patent law, not only does KIBRA itself have great potential and substances interacting with KIBRA, but also the method we use to identify possible substances.

With reference to KIBRA, we take whatever steps are appropriate at all times to improve our patent situation. In May 2011, the European Patent Office (EPO) and the US Patent and Trademark Office (USPTO) announced that they would be issuing elementary KIBRA patents. This notice also strengthens the value of our project and will help to increase market interest.

OUTLOOK FOR FISCAL 2011/12

As we move into the new financial year, we are now focused and in a stronger position following the successful restructuring of the company at the end of 2010. We have concentrated our personal and financial resources on the AX200 project for acute stroke and KIBRA and will continue to do so, putting every effort and full commitment

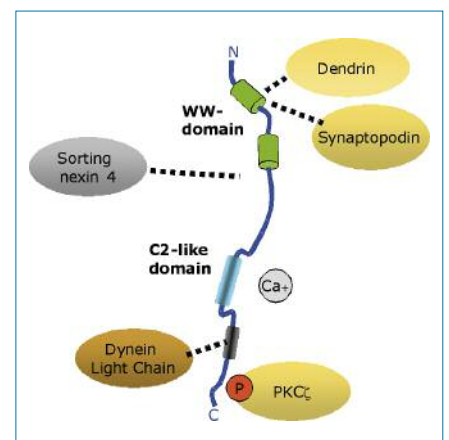


Figure 2: KIBRA interacts with various proteins involved in the organisation of synapses



into their continuation. The need for innovative forms of therapy in the field of neurodegenerative disorders is certainly there and will continue to increase as a result of demographic change.

The pharmaceutical industry is further experiencing a development that could be of benefit to us. Pharmaceutical companies and drug manufacturers are facing two major challenges: on the one hand, patents for existing products are expiring, which means that long-standing sources of revenue and income will disappear. On the other hand, due to increasing health care cost and resulting pressure on prices for pharmaceuticals, health authorities are no longer just expecting data on efficacy and safety for approval of new therapies but in addition pharmacoeconomic and cost effectiveness data for reimbursement. These additional hurdles further increase the interest in partnerships with biotech companies or the licensing of innovative drug candidates from biotech pipelines.

For fiscal 2011/12, therefore, we have set ourselves ambitious goals. The year represents a decisive phase for SYGNIS Pharma, because we will have the first reliable data available at the end of 2011 as to whether AX200 is an effective drug candidate for the treatment of stroke patients. At the same time, we will also find out whether AX200 has the potential of being clinically tested in a second pivotal study and is thus an attractive licensing option for pharmaceutical companies. Accordingly, we will do everything we can to bring our AXIS 2 study to a successful conclusion and to have the first reliable study data available in the second half of fiscal 2011/12. They will also provide the basis for the clinical development of AX200 in other indications, such as ALS and spinal cord injuries, for which SYGNIS has already received an Orphan Drug Designation from the European Commission. Accordingly, in addition to support in the preparation of study protocols and reductions in specific fees, AX200 is granted exclusive marketing rights for a period of up to ten years after approval for these indications. We will also continue to perform drug screening within the KIBRA project, since this will enable us to find cooperation partners for substances identified during the screening or, alternatively, to develop them further ourselves on the basis of the current results.

INTERVIEW with Peter Willinger (CFO)

Mr. Willinger, let us begin by taking a look at the biotechnology sector. Was 2010 in your view a good year for the biotech industry?



Generally speaking, yes. If you compare performance indicators such as revenues, expenditure for research and development, losses, number of companies or the number of people employed in the biotech industry with those of 2009, then you'll see a positive development. But the basic problem in the industry hasn't changed – there are simply not enough investors in the industry. On the financing side, there are certainly some promising trends in terms of equity financing and venture capital financing. If you take a closer look at venture capital financing, however, you can see what the real problem is. The majority of the financing is provided in a small number of, albeit large, transactions and comes mainly from a small number of private investors. Raising rounds of financing on the capital market is still a difficult undertaking. For the vast majority of companies, financing continues to be extremely difficult. It should be noted that the economic recovery has not yet been felt in all areas of the industry.

SYGNIS restructured in 2010. What were the reasons for this?

SYGNIS is known for its many years of experience in CNS research. You could even say it's part of our DNA. As is the case in any other field of research, however, CNS research is capital and time intensive and we recognised the need to refocus our business. The clinical development of AX200 for stroke patients is currently our most advanced project. In addition to that, we are one of the very few companies involved in KIBRA research and, looking ahead to the treatment of me-

memory disorders, which is an important future field, have already acquired the fundamental expertise and established a strong position in terms of property rights. Since we are in quite a unique position with these two projects and will be able to present results soon, we decided to focus on these two projects in terms of both our business operations and expenditures, and to put greater effort into their continuation. As a result, we are certain that both projects will be able to achieve key milestones in the course of the current financial year.

Can you be sure that the quality of research and development will be maintained following the restructuring process?

Absolutely. We looked very carefully beforehand to determine which areas were fundamental to our research and development and therefore indispensable. Accordingly, we made no changes to any of our key competences. Since all our resources will be going into these areas, we will ultimately be able to strengthen these competences. It will enable us to become more focused, but does not mean we will be less committed. And we are convinced that this approach will be worthwhile.

What's happening in your search for merger partners or cooperation options?

We're checking out the market all the time for suitable licensing or partnership possibilities and are also considering M&As. Regardless of what we ultimately decide to do, it is decisive that the choice makes strategic sense and creates value. This would be the case, for example, if we were able to improve our company's risk profile following such a transaction by acquiring complimentary development pipelines or extending the focus of our research by adding new competences. Strengthening our financial resources is also an important aspect. What is crucial for us, however, is to act with prudence and pay attention to quality. Unfortunately, all the options we have analysed to date in more detail did not meet

our requirements. We are, therefore, putting every effort into finding the right solution.

What does the financial situation look like at SYGNIS?

At the end of the financial year, our financial resources amounted to 6.8 million euros. Primarily as a result of a loan granted by our major shareholder dievini Hopp amounting to a total of 6 million euros, however, we consider ourselves to have financing until the end of 2012 calendar year. We also have an equity line from the financial investor Yorkville of up to 10 million euros, which we can access at any time.

How do you see the prospects for current financial year?

There is no doubt whatsoever — fiscal 2011/12 will be a decisive year for SYGNIS. We will know for certain this year whether AX200 has the potential to become an effective drug for the treatment of stroke. This is an exciting time for SYGNIS, and with great expectations we are all looking forward to the evaluation of our AXIS 2 study data. If the AXIS 2 study is successful, this would open up numerous options on both the business and the capital market side. The SYGNIS shareholder value should also benefit noticeably from this.

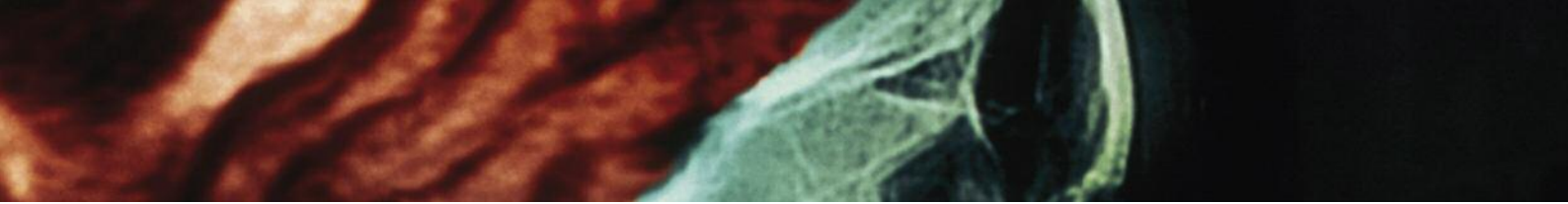
INTERVIEW with Dr. Frank Rathgeb (CMO)

Dr. Rathgeb, the publication of the initial findings of the AXIS 2 study is eagerly awaited.

What kind of information will you present exactly?

We expect to be able to present the first substantiated results towards the end of the year, following an extensive evaluation phase. They will provide details on the efficacy of AX200 for the treatment of acute stroke within the parameters we selected. Based on these results,





the decision can then be taken as to whether AX200 will be further tested in another pivotal study and how this study is to be designed. It goes without saying that positive results will significantly increase the interest of potential partners and thus our opportunities for marketing the AX200 project.

What relevance will the AXIS 2 study data have for AX200 approval at a later date?

We expect that the data acquired in the course of this study will be suitable for use as a basis for submitting an application for approval to the relevant regulatory authorities. As a result only one more pivotal study would be required to obtain market approval for AX200 for the treatment of acute stroke. The aim of this study would be to confirm the results of the AXIS 2 study.

What can you say about the tolerance of AX200 in the individual patient groups?

Obviously we can't predict the evaluation of the study results, but there were no signs of a high incidence of unusual side effects during the study or indications of an undesired interaction between the study medication and the thrombolytic agent rt-PA, which is administered to dissolve an arterial occlusion (so-called thrombus or blood clot). Generally speaking, the results of the AXIS Ila study, besides demonstrating the safety of the drug at different dose levels, have already shown that AX200 was well tolerated by the stroke patients treated in the study. In addition, our AXIS 2 study was supervised throughout, as is common practice, by an independent Data Safety Monitoring Board – otherwise referred to as DSMB. The DSMB's task is to periodically monitor the data generated in the course of a clinical study. The purpose is to determine whether the study being conducted raises any concerns with regard to patient safety that would require a change in the study protocol or even to stop the study prematurely. After completing the treatment of 25%, 50% and 75% of the total number of patients, the DSMB in each case un-

conditionally recommended that the study be continued unchanged.

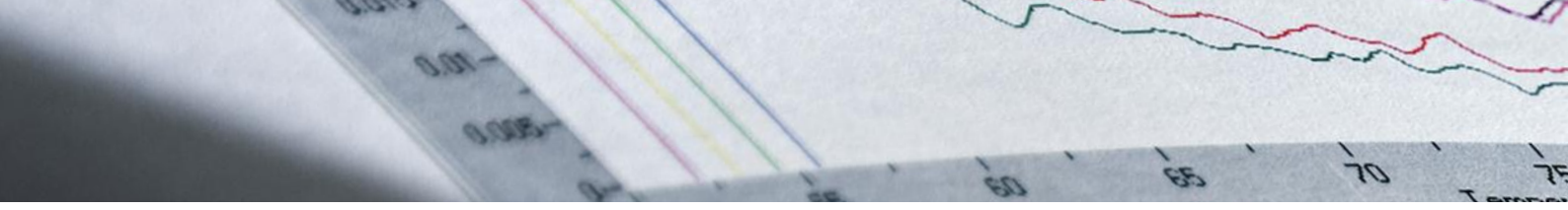
How did you manage to speed up the recruitment of patients for the AXIS 2 study? What was the effect of your collaboration with the study centres?

On the one hand, using our own pre-clinical data, we were able to demonstrate that AX200 and the thrombolytic agent rt-PA did not show any undesired interaction, so that we were able to make respective changes to the study protocol. As a result of this adjustment to the study protocol, the group of patients considered suitable for participation in the AXIS 2 study was significantly increased, since patients could now be included in the study who have previously received rt-PA treatment.

On the other hand, we maintain a lively and transparent exchange of information with the study doctors and centres involved in the study. During conferences and visits to clinics, we also maintain personal contact with the medical staff involved and local study teams. In this way, we receive valuable information on the kind of challenges the teams have to face when conducting the study in the centres. We are thus in a position to prepare solutions that are then made available to the other centres. For example, all centres regularly receive a SYGNIS newsletter on the AXIS 2 study.

What does your scheduling of the AXIS 2 study look like? What are the next steps?

According to our schedule, the last patient will be enrolled in the AXIS 2 study in July. After completion of the three-month follow-up observation period for this last patient, the database for the study will be closed. This will be followed by an approximately four to six-week period, during which the study data that is then available will be examined and prepared as necessary, a process known as data cleaning. We therefore expect that the initial results of the AXIS 2 study will be available at the end of this year. Detailed information on the



AXIS 2 study, however, will not be available until an in-depth analysis of the study data has been completed, which is likely to take a further 3 months.

Why is it so important to secure the patent situation at an early stage?

We believe that AX200 is a very promising drug and, with KIBRA, we are working on a highly innovative project. The more progress we make in our research and development work, the more important the issue of marketing and subsequently that of the property rights becomes. Patents permit exclusive marketing for individual cases and thus increase the value of our research projects. Regardless of the type of property rights covered by the patents, the issuing of a patent is also an external assessment in itself of the details of our invention on which the patent is based.

Where is the benefit provided by AX200 compared with conventional methods for the treatment of stroke?

In the treatment of stroke, the aim on the one hand is to limit the damage in the brain caused by the disturbed blood flow (so-called ischemia) and on the other hand to regenerate the damaged cells. The therapeutic effect of AX200 is beneficial in a variety of ways: AX200 stops neuronal cell death in the acute phase of stroke. At the same time, AX200 promotes the regeneration of damaged tissue of the central nervous system. Treatment with AX200 is thus a completely new form of therapy that has not been available at all to date. It is therefore

not possible to answer the question as to the benefits compared with current treatment options, since AX200 can be administered in addition to the current standard therapy and does not represent a competitive treatment.

You are one of the few companies investigating KIBRA. What is your lead in this research field and what have you learned?

As a result of our proof of concept studies, we consider our assumption that KIBRA plays a key role in learning and memory performance has now been confirmed, i.e. increasing KIBRA activity has a positive impact on memory performance, particularly on short-term memory. These findings support our strategy of advancing KIBRA as a new kind of therapeutic approach with the objective of improving the cognitive performance of dementia patients.

What significance does substance screening have in the KIBRA project?

Using a high-throughput screening method that can handle several tens of thousands of substances, we are currently searching for suitable substances that are able to increase the amount of KIBRA in the neuronal cells. The effects of these substances are then analysed and optimised. We can then come up with specific new substances with an improved efficacy profile, which are subsequently tested using the traditional value-adding steps in drug development, i.e. pre-clinical and clinical studies.



THE SHARE

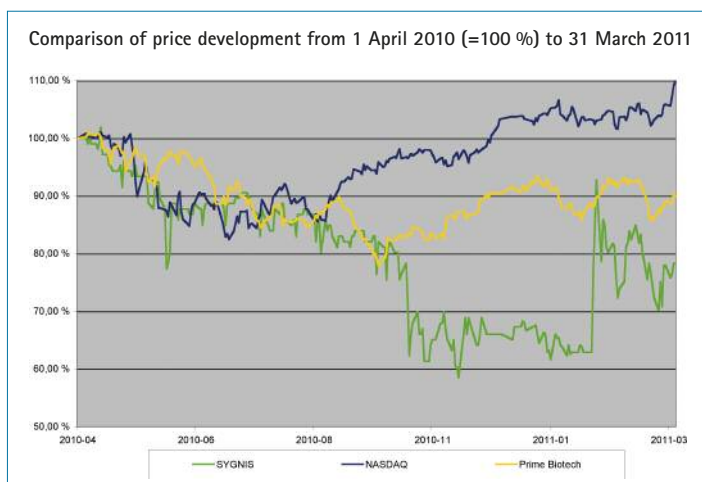
SHARE PRICE REMAINS DISAPPOINTING

In the period from April 2010 to March 2011, the global stock markets continued the upward trend they had experienced the previous year. The previous year's growth rates, however, were not achieved. DAX and the technology index TecDAX increased by around 14%. The international markets were also up. The Dow Jones index saw an increase of 13%, while the NASDAQ was up 15%. However, the markets continue to react very nervously to the threat of state deficits and debts in individual countries. This uncertainty is having an immediate impact on the currency rates.

Following positive Company news, individual German biotech companies enjoyed a recovery in their share prices. However, the biotech index within the German Prime Standard segment in fiscal 2010/2011 dropped by around 10%. In the USA, the performance of the NASDAQ Biotech Index remained more positive, with a gain of 10%. Although individual companies sought refinancing via the capital market and the amount invested in German biotech companies was up compared with the previous year, the vast majority of biotech companies continue to struggle with financing problems in what, at least in this respect, is still a non-functioning capital market.

The SYGNIS share was not able to match the general recovery of the capital markets. Instead, it saw a drop of 22%. This development may be attributable to both the continued low trading volume of the share and the fact that the Company did not release much news.

The SYGNIS share price was generally characterized by a steady decline development in the past fiscal year, although the Company had reported no negative news from its operating activities in this period. Following the Company's announcement of its purchase of patent rights for AX200 in February 2011, this downward trend was reversed and experienced a very strong upturn. The share started the fiscal year (calculated on the basis of the share price following the capital reduction im-

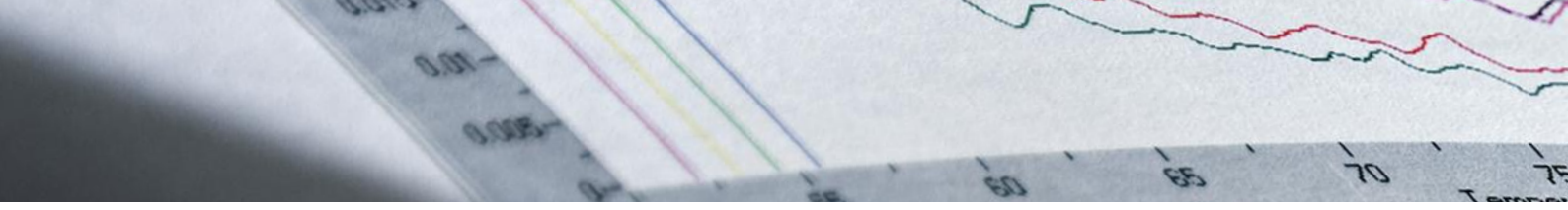


plemented at the end of 2010 at a ratio of 3:1; details are included below) at a price of 3.18 euros. On 15 April 2010, it peaked for fiscal 2010/2011 at 3.24 euros. At the end of May, the price dropped briefly to below 2.50 euros, but recovered quickly. The share price then fluctuated between 2.80 euros and 2.50 euros until mid-October, when it fell sharply to around 2 euros. It then fell further, reaching what was to be its lowest level for the year on 19 November at 1.86 euros. By February 2011, however, the share recovered to a level above 2 euros, and then very quickly and with heavy trading climbed to 2.95 euros. By the end of the fiscal year, the share price was quoted at around 2.50 euros.

Since April 2011, the value of the SYGNIS share fell slightly and in mid-June 2011 was quoted at approx. 2.25 euros. The trading volume remains at a low level.

SHAREHOLDER STRUCTURE AS AT 31 MARCH 2011

In December 2010, the share capital of SYGNIS Pharma AG was reduced from 41,258,643 euros to 13,752,881 euros based on the consolidation of shares at a ratio of 3:1. This change in the subscribed capital had no impact, however, on the Company's shareholder structure. dievini Hopp BioTech holding GmbH & Co. KG, with approx. 45% of the share capital, remains the majority



Price movements in fiscal 2010/2011		
TecDax	+14 %	
Nasdaq	+15 %	
Nasdaq Biotech Index	+10 %	
Prime Biotech Index	-10 %	
SYGNIS Pharma AG	-22 %	
Highest price (in euros)	3.24	15 April 2010
Lowest price (in euros)	1.86	19 November 2010
Closing price (in euros)	2.49	31 March 2011

SYGNIS key figures			
Per share (in euros)	FY 08/09	FY 09/10	FY 10/11
Equity	3.24	2.19	1.29
Net profit / (loss) for the period	(0.93)	(0.75)	(0.90)
Cash flow from operating activities	(0.84)	(0.63)	(0.60)

Stock exchange information	
Ticker symbol:	LIOK (Xetra), LIOG.DE (Reuters Instrument Code)
ISIN:	DE000A1E9B74
WKN:	A1E9B7
Share class:	Bearer shares
Share capital:	13,752,881 euros
Markt segment:	Regulated Market (Prime Standard)
Designated Sponsors:	Close Brothers Seydler, Landesbank Baden-Württemberg
Free float:	approx. 33 %

shareholder of SYGNIS Pharma AG, followed by BASF SE with approx. 13%, Dr. von Bohlen und Halbach (Chairman of the Supervisory Board) with approx. 5% and Bayer AG with approx. 3%. Approximately 33% of the Company's share capital remains in free float.

ANNUAL GENERAL MEETING

On 30 November 2010, the Annual General Meeting was held in Eppelheim, during which the shareholders present were given a detailed report on fiscal 2009/2010 and the Company's strategy. A total of around 150 shareholders attended, representing over 67% of the total share capital. The Annual General Meeting approved the proposals presented by the Management Board for all items on the agenda with a majority of 99%.

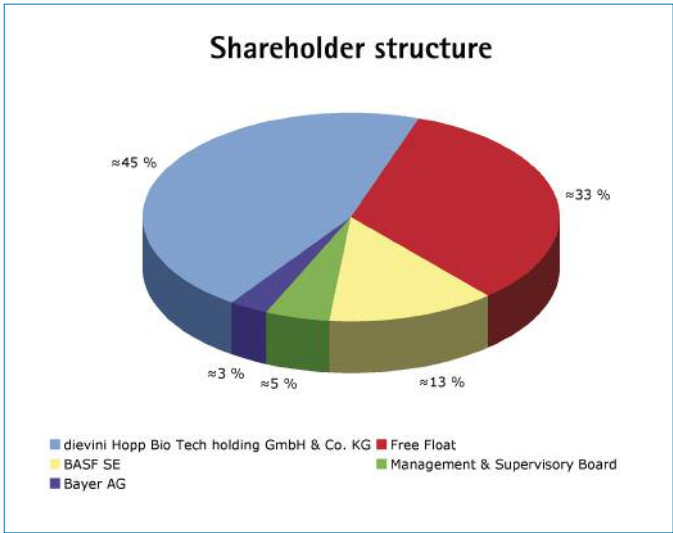
IR ACTIVITIES

SYGNIS Pharma AG again continued to provide investor relations services in the reporting year to keep investors, financial analysts and business media informed about the development of the Company. The Company strived to achieve a high level of visibility on the capital market and was represented at numerous German and international investor conferences, congresses and special conferences. At these events, the management gave numerous presentations about the Company and talked to the audience of professionals. In addition, management was available for interviews with relevant sections of the financial media. SYGNIS aim to improve awareness of the Company among analysts and investors through active investor relations work. This brings the promise of improved liquidity for the SYGNIS share as well as better access

to the capital markets.

Experts from Landesbank Baden-Württemberg and Close Brothers Seydler Research AG continue to carry out research on the Company's share. Both banks consider the Company to be undervalued at present. Analyses from both companies conclude in a buy rating for the SYGNIS share. The analysts' opinions are published in the investor section of our website.

The Company has always and will always endeavour to maintain good relationships with its shareholders and representatives of the media by communicating in an open manner and making transparent information available at an early stage. We publish details of our participation at conferences and the financial calendar on the Company's website.



REDUCTION OF EQUITY CAPITAL BY CONSOLIDATING SHARES AT A RATIO OF 3:1

Since the price of the SYGNIS share had remained below the nominal value of one euro for an extended period of time, the Management Board decided to propose to the Annual General Meeting on 30 November 2010 a capital reduction by consolidating the shares at a ratio of 3:1. With a share price below one euro, the Company no longer complied with the relevant requirements to carry out capital measures or find financing alternatives. Therefore, this step was necessary to improve the Company's capital market viability. A side effect of this was the reduction of the accumulated losses incurred by the Company. The shareholders approved the Management Board's proposal with a large majority.

With the entry of the resolution taken by the Annual General Meeting on 30 November 2010 to reduce the Company's share capital from 41,258,643 euros to 13,752,881 euros in the commercial register, the consolidation of the shares at a ratio of 3:1 was completed. For technical reasons relating to this process of consolidation, the trading of SYGNIS shares on the stock exchange was suspended from 16 to 21 December 2010 for four days of trading. Beginning on 22 December 2010, the trading of

Shareholdings of the executive bodies of SYGNIS Pharma AG as at 31 March 2011

Supervisory Board	Shares
Dr. Friedrich von Bohlen und Halbach (Chairman)	702,386
Prof. Dr. Christof Hettich (Deputy Chairman)	3,119
Friedrich Christ (Chairman of the Audit Committee)	none
Prof. Dr. Werner Hacke	none
Prof. Dr. Wolfgang Hartwig (Chairman of the R&D Committee)	691
Prof. Dr. Andrea Pfeifer	none
Management Board	
Peter Willinger (CFO)	12,036
Dr. Frank Rathgeb (CMO)	none
Dr. Alfred Bach (CEO) (until 28 October 2010)	4,812*

* Last modified: 31 December 2010

SYGNIS shares was continued. The opening price was based on the trading price of SYGNIS shares on 15 December 2010 and increased accordingly by a factor of three.

Three SYGNIS shares registered under ISIN DE0005043509 were subsequently consolidated to one converted SYGNIS share registered under new ISIN DE000A1E9B74. The custodian banks accordingly converted the individual deposits of SYGNIS shares as they were on 21 December 2010. As a result of this measure, the ticker symbol of the SYGNIS share was changed from LIO to LIOK.

In the event that a shareholder held SYGNIS shares that were not divisible by three, a fraction of shares was allocated with ISIN DE000A1E9B66. In order to transfer these fractions of a share into one whole SYGNIS share registered under ISIN DE000A1E9B74, a buy or sell order was placed with the custodian bank by 5 January 2011.



CORPORATE GOVERNANCE

The Management Board and Supervisory Board of SYGNIS Pharma AG are committed to responsible corporate management and control of the company that is geared towards a sustained increase in shareholder value. The key factors that will enable us to achieve this goal are the long-term corporate strategy, a sound financial policy, compliance with legal and ethical principles, in addition to transparency in corporate communications.

Corporate governance covers the entire system of managing and monitoring a company, including its organisation, its commercial principles and guidelines, as well as the system of internal and external control and supervisory mechanisms. The German Corporate Governance Code ("Code" or "GCGC") was introduced to increase confidence in the corporate management of German listed companies. The aim of the Code is to make the rules applying to corporate management and governance in Germany more transparent for both national and international investors.

IMPLEMENTATION OF THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE AND DECLARATION OF CONFORMITY

The sustained increase in shareholder value and the vast majority of the provisions, recommendations and suggestions for responsible corporate management included in the Code have been an active element of our day-to-day business for years.

On 16 May 2010, the Management Board and Supervisory Board of SYGNIS Pharma AG issued the following Declaration of Conformity required in accordance with Section 161 of the German Stock Corporation Act and have made it available for download on the Company's website.

"The Management Board and the Supervisory Board hereby declare that SYGNIS Pharma AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code published in the version of 6 June 2008 since the last Declaration of Compliance was issued in June 2009 and,

with the exception of the following deviations, will comply with them in the future:

GCGC Item 4.2.3, paragraph 3, sentence 2: the Stock Option Plan that was launched in 2007 is not related to comparison parameters such as a share index, but rather to a significant increase in the SYGNIS Pharma AG's share price of at least 50%. This is designed to ensure that the incentive function of these variable remuneration components is dependent solely on the Company's performance and not on the unrelated performance of other companies. In the case of future stock option plans, the Management Board and the Supervisory Board will discuss whether and to what extent these are to be based on relevant comparison parameters.

GCGC Item 4.2.3, paragraph 3, sentence 4: for extraordinary, unforeseen developments, the Supervisory Board has not agreed on the possibility of a limitation (cap) as part of any existing Stock Option Plans. Whether this is to be done in the case of any future stock option plans or similar schemes, will be determined at the appropriate time.

The Management Board

The Supervisory Board"

SYGNIS provides detailed information on Corporate Governance on the Company's website at www.sygnis.de under Investor Relations/Corporate Governance. This is also where the current Declaration of Conformity and earlier versions of the Declaration of Conformity in accordance with Item 3.10 of the Code, the Declaration on Corporate Governance in accordance with Section 289a of the German Commercial Code and the SYGNIS Code of Ethics can be viewed and are available for download.

COMPLIANCE

An integral element of the SYGNIS corporate culture is its adherence to national and international legal and ethical principles in business transactions. These include principles of professional conduct, honesty and integrity in its dealings with our suppliers, partners, patients, competent authorities, employees, shareholders



and the general public. With the Code of Ethics, which was introduced throughout the Company in 2003, we ensure that our employees are aware of and observe the relevant national and international rules of behaviour within the company and in their relationship with external partners and the general public. The Code of Ethics implemented by the Management Board is also the reason for having a Group-wide reporting system in place for the centralised collection of possible violations of the provisions contained in the Code of Ethics. Each employee is called upon, by observing the laws and also the principles and rules of the Code of Ethics, to ensure that SYGNIS is perceived as being a reliable partner of integrity. The Code of Ethics is also published on the Company's website under Investor Relations/Corporate Governance.

As a matter of principle, compliance at SYGNIS is regarded as the task of the management at all decision levels. In addition to monitoring the observance of the applicable legal regulations and requirements of the SYGNIS compliance rules, the Company's Compliance Officer examines facts for their ad-hoc relevance in order to ensure that any potential inside information is handled in accordance with the law. All relevant persons who are employed by the Company and have authorised access to inside information are also included in an insider register and informed of the duties arising from the laws governing inside information. In addition, the Company's Compliance Officer supports the development and implementation of procedures designed to ensure that our ethical standards are met and any applicable international and local legal regulations are observed.

ANNUAL GENERAL MEETING

The shareholders exercise their rights in the Annual General Meeting, where they also exercise their voting rights. Each SYGNIS Pharma AG bearer share carries one vote.

Our ordinary Annual General Meeting was held on 30 November 2010 in Eppelheim near Heidelberg, where around 67% of the Company's voting share capital was represented. All shareholders

who were unable to attend our ordinary Annual General Meeting had the opportunity to download the Annual General Meeting speech of the Chairman of our Management Board and all documents and information relating to the Annual General Meeting from our website at www.sygnis.de under Investor Relations /Annual General Meeting. SYGNIS also provided assistance to its shareholders in issuing powers of representation and supported them, in accordance with the recommendation in the German Corporate Governance Code, in appointing a proxy to exercise their voting rights in accordance with the shareholder's instructions. This opportunity was also available during the Annual General Meeting. It was possible to issue instructions to these proxies on the exercise of voting rights before and during the Annual General Meeting until the end of the voting.

At the ordinary Annual General Meeting on 30 November 2010, shareholders voted on the discharge of the members of the Management Board and Supervisory Board and also on the appointment of the external auditors. The shareholders approved with a majority of 99% the proposal presented by the Management Board and the Supervisory Board to reduce the share capital of the Company in accordance with Sections 222 et seq. of the German Stock Corporation Act (AktG) by a consolidation of shares and to change the Articles of Association accordingly.

WORKINGS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD – DUAL MANAGEMENT AND CONTROL SYSTEM

The strict separation of the Company's management and control structure prescribed and defined by the German Stock Corporation Act, the Company's Articles of Association and the bylaws is reflected in the clearly defined separation of Management Board and Supervisory Board responsibilities. The two Boards work closely for the benefit of the Company; their common aim is to achieve long-term and sustainable increase in shareholder value.

Management Board

The Management Board of SYGNIS Pharma AG, following the re-



signation of Dr. Bach on 28 October 2010, is now composed of two members and no longer has a chairman. The Management Board has full responsibility for managing the Company and conducts its business. The members of the Management Board bear joint responsibility for the management of the Company. The Management Board develops the strategic focus, which it subsequently coordinates with the Supervisory Board and ensures its implementation. Its actions and decisions are taken in the Company's best interests.

The Management Board bylaws issued by the Company's Supervisory Board and the assignment of duties determine the areas of responsibility of the Management Board members, the detailed work carried out by the Management Board and matters reserved for the Management Board as a whole. Meetings of the Management Board are convened whenever necessary, normally, however, twice a month by the Chairman, or, in his absence or in the event that none has been appointed, by the oldest member of the Management Board in years, who will also chair the meeting accordingly. Apart from matters in which binding legislation of the Articles of Association require a unanimous decision or action to be taken by all members of the Management Board, decisions taken by the Management Board in and outside its meetings are based on a simple majority of the votes cast. If the Management Board is composed of two members with equal rights, Management Board decisions are to be unanimous. A quorum for a decision of the Management Board is formed only if 50% – but at least two – of its members are present. In accordance with the bylaws, the Management Board reports to the Supervisory Board regularly, promptly and comprehensively on issues relating to corporate planning and the continuing strategic development of the Company, on the progress of business transactions and the situation of the Group, including the risk situation. The Management Board also takes part in meetings of the Supervisory Board and its committees, unless the Supervisory Board determines otherwise. For important business transactions, the Articles of Association and the Management Board bylaws assign explicit rights of veto to the Supervisory Board. The Management Board members have no additional mandates on su-

perisory boards or comparable regulatory bodies of other companies.

Supervisory Board

The Supervisory Board of SYGNIS Pharma AG, which is composed of six technically qualified members, appoints, monitors and advises the Management Board on the management of the Company and is immediately involved in any decisions of significance for the Company. The members of the Supervisory Board were elected by the Annual General Meeting on 28 November 2006. When preparing proposals for the election of Supervisory Board members, attention is focused in the interests of the Company on the knowledge, abilities and technical experience required to perform the duties. With this in mind, attention was also paid to diversity in the composition of the Company's Supervisory Board. To prepare proposals for the election of members to represent the shareholders, a Nominations Committee has been set up that bases its decisions at all times on the requirements of the law and the German Corporate Governance Code. The term of office of the members of the Supervisory Board ends at the close of the Company's Annual General Meeting that votes on the discharge of its members for fiscal 2010/2011, which ended on 31 March 2011. The Supervisory Board is of the opinion that it has a sufficient number of independent members. Details of the election, constitution and term of office of the Supervisory Board, of its meetings and resolutions, in addition to its rights and obligations are laid down on the Articles of Association of SYGNIS Pharma AG, which are available for download on our website at www.sygnis.de under Investor Relations/Corporate Governance.

In accordance with Item 5.1.3. of the German Corporate Governance Code, the Supervisory Board established a separate bylaw for itself and the Audit Committee. The Chairman of the Supervisory Board is responsible for coordinating its activities, convening and chairing its meetings, and representing its interests externally. In the event of his absence, the duties of the Chairman will be exercised by his deputy, and likewise in his absence by the oldest member of the Supervisory Board in years who was elected by

the Annual General Meeting. The Supervisory Board is required to meet once every calendar quarter and must hold two meetings every calendar half-year. The Supervisory Board takes decisions with a majority of the votes cast, unless otherwise determined by the law or in the Company's Articles of Association. In the event of an equality of votes, each member of the Supervisory Board has the right to demand that a fresh vote be taken on the same matter. If this also results in an equality of votes, the Chairman has the casting vote.

Regular dialogue with the Management Board ensures that the Supervisory Board is informed about the Company's performance, corporate development and strategy at all times. It also deals in particular with the annual financial statements of the Company and the Group, taking into consideration the reports presented by the external auditors. The Supervisory Board's report included in the present Annual Report provides information on the key activities of the Supervisory Board and its committees in fiscal 2010/2011.

Supervisory Board Committees

Another integral part of the Supervisory Board's activities is the work performed in the committees, which are set up in accordance with the provisions of the German Stock Corporation Act, the recommendations of the Code and the Company's needs. The Supervisory Board of SYGNIS Pharma AG has set up three permanent committees from among its members: the Audit Committee, the R&D Committee and the Nominations Committee, each composed of three members. The members of the committees are elected with a majority of the votes cast by the Supervisory Board members. The committees hold meetings as required. The meetings are convened by the relevant committee chairman, who forwards the minutes of the meetings to the members of the Supervisory

Board and reports on the work of his committee in the next plenary meeting.

Composition of the Supervisory Board Committees:

	Term of office ends	Audit Committee	R&D Committee	Nominations Committee
Dr. Friedrich von Bohlen und Halbach, Chairman	2011			X (Chair)
Prof. Dr. Christof Hettich, Deputy Chairman	2011	X		X
Friedrich Christ	2011	X (Chair)		X
Prof. Dr. Werner Hacke	2011		X	
Prof. Dr. Wolfgang Hartwig	2011	X	X (Chair)	
Prof. Dr. Andrea Pfeifer	2011		X	

The tasks of the Audit Committee include preparing decisions to be taken by the Supervisory Board on the approval of the annual financial statements and consolidated financial statements and the Supervisory Board's proposal to the Annual General Meeting for the choice of the external auditors. It is also required to discuss and examine the quarterly and half year reports with the Management Board prior to their publication and to specify individual auditing focal points with the external auditors after issuing the audit mandate (including the fee agreement) and agreeing on the reporting duties of the auditors with the Supervisory Board. It also deals in particular with the examination of the risk management system and with compliance issues. As Head of the global Mergers and Acquisitions unit of BASF SE, the Audit Committee's chairman, Mr. Christ, possesses the qualifications required under the German Stock Corporation Act and complies with the provisions of Item 5.3.2 of the German Corporate Governance Code.

The R&D Committee advises the Management Board in matters relating to pre-clinical and clinical development, and prepares the relevant decisions to be taken by the Supervisory Board.

The Nominations Committee proposes suitable candidates to the



Supervisory Board for recommendation to the Annual General Meeting, basing its decisions on the recommendations of the Code. The committee consists exclusively of shareholder representatives.

EFFICIENCY REVIEW OF THE SUPERVISORY BOARD – COOPERATION BETWEEN MANAGEMENT BOARD AND SUPERVISORY BOARD

The Supervisory Board of SYGNIS Pharma AG regularly reviews the efficiency of its activities in accordance with Code Item 5.6 in the form of an open discussion in the plenary sessions. Individual aspects of these reviews include the sequence and structure of the meetings, the number of resolution proposals and the supply of information by the Management Board, in addition to the work performed in the committees for the preparation of any decisions to be taken by the Supervisory Board. The reviews have shown that the Supervisory Board is efficiently organised and cooperation between Management Board and Supervisory Board is effective.

A prerequisite for good corporate governance is effective cooperation between the Management Board and the Supervisory Board based on mutual trust and confidence. To achieve this goal, open communications between the two executive bodies are absolutely essential. The Management Board and Supervisory Board of SYGNIS Pharma AG consult each other regularly on matters relating to the strategic focus of the Company, the financial situation, project development, risk management and compliance. The Management Board, as required by law, provides the Supervisory Board with all the necessary detailed information it requires as the controlling body. The Management Board presents the Supervisory Board with any matters requiring its approval for decision in good time and is available for questions and discussion.

AVOIDANCE OF CONFLICTS OF INTEREST

The Management Board and Supervisory Board of SYGNIS Pharma

AG are committed to the interests of the Company. In the performance of their duties, they pursue neither personal interests nor do they grant other persons unjustified advantages. Secondary activities or business relations of members of the two Boards with the Company are to be immediately disclosed to the Supervisory Board and require the Supervisory Board's approval. The Supervisory Board reports to the Annual General Meeting on any conflicts of interest and their treatment.

No conflicts of interest involving members of the Management Board or the Supervisory Board occurred in the year under review that required immediate disclosure to the Supervisory Board. Possible conflicts of interest involving the Management Board and Supervisory Board members were discussed in depth by the Supervisory Board and appropriate action was taken to prevent them from arising.

Dr. von Bohlen und Halbach and Prof. Dr. Hettich – both members of the Supervisory Board – are managing directors of dievini Verwaltungs GmbH, which is the general partner of dievini Hopp Bio-Tech holding GmbH & Co. KG. Neither of the two Board members did participate in the Supervisory Board's discussions or resolutions in June 2011 relating to the loan agreement with dievini Hopp BioTech holding GmbH & Co. KG executed after the close of the fiscal year 2010/2011.

A direct consultancy relationship between the Company and a Supervisory Board member existed in fiscal 2010/2011 solely with Prof. Dr. Hartwig, who supports the Management Board to an extent that goes beyond his normal activities for the Supervisory Board in the field of research and development and in Mergers & Acquisitions. For these consultancy services, the Company had expenditure amounting to approx. 52,000 euros. The Supervisory Board approved the conclusion of this consultancy contract and the consultancy services with Prof. Dr. Hartwig abstaining from voting. In the event of a vote relating to issues on which Prof. Dr. Hartwig has advised the Management Board, Prof. Dr. Hartwig will abstain from voting. A relationship for consultancy or other services also exists in the case of Prof. Dr. Hettich, a Supervisory



Board member of our Company who is also a partner in the Rittershaus law firm, which acted in a legal advisory capacity for the SYGNIS Group in the fiscal year just ended and received a total of 64,000 euros for the services provided. Following in-depth discussion, the Supervisory Board approved the law firm's mandate in each case with Prof. Dr. Hettich abstaining from voting.

The mandates of the Supervisory Board members on Supervisory Boards or comparable supervisory bodies of other companies are indicated in the Notes to the Group Financial Statements included in this Annual Report.

MANAGEMENT BOARD AND SUPERVISORY BOARD SHAREHOLDINGS

Members of the Management Board and the Supervisory Board currently hold more than 1 % of the shares issued by SYGNIS Pharma AG. Regarding the disclosure of ownership of shares in the Company in accordance with Code Item 6.6, we refer to the previous chapter entitled "The Share". All shares owned by the members of the Management Board and the Supervisory Board are listed in the overview included in this chapter.

REPORTABLE SECURITY TRANSACTIONS – DIRECTORS' DEALINGS

Members of the Management Board and Supervisory Board of SYGNIS Pharma AG, other persons with management duties and persons closely related to them are required to disclose any purchase and sale of shares in SYGNIS Pharma AG (directors' dealings) in accordance with Section 15a of the German Securities Trading Act (WpHG). As a supplement to these requirements, SYGNIS has prepared its own guideline on inside information, which governs trading in Company shares for members of the two Boards as well as of staff and provides the necessary transparency.

No dealings by directors of the Company's or persons closely related to them were reported in the year under review.

OPEN AND TRANSPARENT CORPORATE COMMUNICATIONS

SYGNIS meets all recommendations applicable to the Company included in Item 6 of the German Corporate Governance Code. To provide the greatest possible transparency, our corporate communications strategy is designed to keep the general public informed and up to date on the Company's activities and thus confirm and strengthen the confidence in us. The Company rigorously applies the principle that no shareholder may receive privileged information. To ensure that all market players are provided with the same information at the same time, we make all press releases, ad-hoc messages and key documents available on our website www.sygnis.de under "Investor Relations" and "News and Media".

We also offer all shareholders and interested readers the possibility of staying up to date by including them in our electronic e-mail list. In addition, when important corporate news has been released, the Company immediately offers the opportunity to obtain further information and to ask questions by contacting the Company's investor relations department directly. In addition, our financial calendar contains the publication dates of regular financial reports and the date of the next Annual General Meeting.

RISK MANAGEMENT

We consider dealing with all risks with a sense of responsibility and in an appropriate manner to be a key element of good corporate governance. SYGNIS has a risk management system in place based on a systematic and periodic process that enables the Management Board to identify and assess risks and the trends associated with them at an early stage, to respond immediately to relevant changes in the risk profile in an appropriate manner. The Management Board keeps the Supervisory Board up to date on existing risks and their development. As a result of changing circumstances, the risk management system is subject to continuing development at all times and is the subject of discussions in the Audit Committee as part of the quarterly reports and the audit of the annual financial statements. You will find



details in the opportunities and risks report of the Group management report.

ACCOUNTING AND AUDITING OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the SYGNIS Group for fiscal 2010/2011 were prepared in accordance with the International Financial Reporting Standards (IFRS), applying Section 315a of the German Commercial Code (HGB). The annual financial statements of SYGNIS Pharma AG were prepared in accordance with provisions of the German Commercial Code.

The Audit Committee issued the audit mandate to Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Mannheim, in compliance with the resolution taken by the Annual General Meeting on 30 November 2010. The external auditors presented a declaration of independence to the Audit Committee before the mandate was issued.

REMUNERATION REPORT

The remuneration report summarises the key elements of the remuneration system for the Management Board of SYGNIS Pharma AG and describes in particular the structure and the amount of remuneration for the members of the Management Board. It also includes a description of the basic principles and the amount of remuneration for the members of the Supervisory Board. It is prepared on the basis of the recommendations of German Corporate Governance Code and also includes the disclosures that are required in accordance with the relevant legal regulations, primarily the German Commercial Code (HGB). With respect to these disclosures, therefore, the following remuneration report forms an integral part of the Group management report.

Management Board remuneration

The overall structure of the remuneration system for the Management Board is deliberated and reviewed on a regular basis by the Supervisory Board's plenary session, which is responsible for de-

termining the appropriate remuneration to be paid to the individual members of the Management Board. In view of the importance of Management Board's composition and the associated remuneration of the individual members, the Supervisory Board has decided not to form a separate staff and remuneration committee composed of members of the Supervisory Board. The non-performance-related components and the basic structures of the performance-related components have been included as part of the service contracts agreed with the individual Management Board members. The extension of the employment contracts with Management Board members Dr. Rathgeb and Mr. Willinger in the year under review also took into account the newly worded provisions of the German Act on the Appropriateness of Management Board Remuneration (VorstAG) that came into force on 5 August 2009.

The aim and purpose of the remuneration system for the board members of our Company is to allow the members of the Management Board to share in the development of the Company's business commensurate with their individual duties and performance and the successes achieved in managing the economic and financial position of the Company, taking into account the environment in which it competes. The total remuneration of the Management Board is performance-based and in the 2010/2011 fiscal year was made up of various components:

- non-performance-related component (basic salary) and other benefits
- performance-related component (variable bonus)
- component with a long-term incentive effect (stock options)

The non-performance-related component consists of a fixed amount specified in the service contract and paid as twelve monthly salary payments, plus benefits consisting primarily of insurance benefits, subsidies for pension, health, social and invalidity insurance contributions and an amount for the use of a company car in accordance with fiscal guidelines, the taxes for which are to be paid by the individual Management Board member.

The performance-related component will also be paid in the

form of a variable bonus for fiscal 2010/2011. The amount of the bonus in each case depends solely on the achievement of specific target parameters based on the Company's performance. The maximum achievable bonus is specified as 50% of a Management Board member's fixed annual gross salary. The amount of the variable bonus in the previous fiscal year was based on a multiple year assessment of the Company's performance that was calculated by the achievement of strategic and operational goals, such as the expansion of the internal project pipeline due to the continuing development of the pre-clinical and clinical projects, in addition to other corporate goals, such as the securing of financing for the Company and the performance of the SYGNIS share. At the end of the fiscal year, the Supervisory Board assesses the progress made in achieving the goals and specifies the bonus, taking due consideration of all relevant factors. To ensure that the remuneration system for the Management Board overall is based on a long-term and sustainable corporate performance, the remuneration system also ensures that the variable component is based on long-term criteria or projects that are used as the basis for assessment. With the same goal, the Supervisory Board can specify that the long-term variable components can account for a specific part of the total variable components granted to the individual Management Board member. This means that the Supervisory Board can specify that the variable bonus (pro rata) to be paid on an annual basis be converted into a variable component based on a multiple-year assessment basis that also takes into account negative developments within the assessment period. This can be done in such a way that the payment of what is actually an annual vested bonus can be postponed on a pro rata basis or in full, at the Supervisory Board's discretion, in order to take into account developments taking place over a number of years.

In fiscal 2010/2011, cash remunerations paid to members of the Management Board amounted to a total of 875,000 euros

(2009/2010: 855,000 euros). The table below shows in detail the remuneration paid to each member of the Management Board in the 2010/2011 fiscal year:

In € thousands	Non-performance-related	Performance-related	Other benefits**	Total cash remuneration 2010/2011
Peter Willinger	204	67	52	323
Dr. Frank Rathgeb	205	68	49	322
Dr. Alfred Bach*	164	0	66	230

* The employment contract for the Management Board Chairman Dr. Bach, who resigned from the Management Board effective 28 October 2010 ended on 31 December 2010

** These include insurance benefits, subsidies for pension, health, social and invalidity insurance contributions and private use of a company car

As a component with a long-term incentive effect, members of the Management Board were granted stock options in fiscal 2010/2011 based on SYGNIS Pharma AG's 2008 stock option programme. The number of stock options to be allocated will be determined by a decision taken at the discretion of the Supervisory Board. The Supervisory Board also adjusted the exercise price for the stock options issued in previous years to Management Board members in view of the capital increases made in the meantime. By comparison, the number of stock options allocated following the capital reduction approved at the Annual General Meeting held on 30 November 2010 by consolidation of shares at a ratio of 3:1 was reduced to one third. In the case of stock options issued to Management Board members, 50% of the options may be exercised after the expiry of a waiting period of 2 years from the date they are granted, while the remaining 50% may only be exercised at the end of 3 years, assuming that price of the SYGNIS share in the period between the issue date of the stock option in question and the permissible exercise date of the option has risen by at least 50%. Their value is spread over the vesting periods and is treated as expenditure in each fiscal year. The main features of the stock option plans from which members of the Management Board have received stock options are described in more detail in the Notes to the Group financial statements.

The table below shows in detail the number and the value of the



stock options issued to the members of the Management Board for each member:

In € thousands	No. of stock options**	Fiscal year issued	Fair value of the stock options (euros)***
Peter Willinger	66,666	2007/2008	160,000
	120,000	2010/2011	61,000
Dr. Frank Rathgeb	66,666	2008/2009	135,000
	120,000	2010/2011	61,000
Dr. Alfred Bach*	66,666	2007/2008	160,000

* The employment contract for the Management Board Chairman Dr. Bach, who resigned from the Management Board effective 28 October 2010 ended on 31 December 2010

** The number indicated for stock options issued to the members of the Management Board takes into account the completion of the capital reduction by consolidation of shares at a ratio of 3:1

***The values indicated for the stock options issued to the members of the Management Board correspond to their fair value at the time they were granted

A post-contractual non-competition clause was agreed with the departing Management Board Chairman Dr. Bach and Management Board member Dr. Rathgeb. To the extent this is applied, the members of the Management Board, following the termination of the employment contract concluded between them and SYGNIS Pharma AG, will receive for a maximum period of two years for each year that the validity of the non-competition clause applies to them compensation amounting to 50% of the contractual benefits that were last granted to them. Income earned from any gainful employment of the relevant member of the Management Board, in accordance with Section 74c of the German Commercial Code, is to be credited against such compensation. In fiscal 2010/2011 just ended, Dr. Bach received compensation amounting to 45,000 euros on this basis.

In the event that a service agreement is not extended, the Management Board member concerned is not entitled to any severance payment. The service contracts do not include a provision whereby the Management Board members would be entitled to an extraordinary right of termination in the event of a change of control or be entitled to receive any outstanding fixed salary for the agreed term of the contract if they were to resign. If, however, the service agreement of the Management

Board member concerned is terminated prematurely by the new owner, the Management Board member shall retain his entitlement to remuneration for the remaining term of the contract. In such a case, all stock options granted would also be exercisable after a period of 2 years has elapsed, calculated from the time the options were granted.

All members of the Management Board have received individual contractual commitments to the continuation of their salaries in the event of sickness for a maximum of six months, which do not, however, extend beyond their period of employment.

In the event that a member of the Management Board dies while still employed, the surviving dependants will be paid a further four months' salary after the month in which the member died.

There are no Company pension schemes. Loans, advance payments or benefits other than those mentioned in this remuneration report were not granted to the members of the Management Board in the reporting year. The members of the Management Board also did not receive benefits from third-parties that were either promised or granted in view of their position as members of the Management Board.

Supervisory Board remuneration

The remuneration of the members of the Supervisory Board is determined by the Annual General Meeting and is written in Article 10 of the Articles of Association of SYGNIS Pharma AG. In compliance with the German Corporate Governance Code, the individual members of the Supervisory Board of SYGNIS Pharma AG receive both a fixed and a performance-related remuneration.

The fixed salary each member receives amounts to 20,000 euros. The Chairman receives twice the amount and the Deputy Chairman one and a half times the amount of remuneration received by a member of the Supervisory Board. Besides this salary, each

chairman of a Supervisory Board committee receives 10,000 euros remuneration, provided the committee meets at least twice during the fiscal year. In addition, Supervisory Board members receive a variable remuneration amounting to 10 % of the fixed salary in each case for the first fiscal year in which a positive return on equity is achieved. In the following years, the percentage of the basic salary in each case, which is to be paid as a variable salary, is equivalent to the return on equity (percentage) based on the Group financial statements. Members of the Supervisory Board who are active members only for part of the fiscal year receive an appropriate pro rata reduced remuneration. All Supervisory Board members are reimbursed for any expenses arising from the performance of their duties.

In fiscal 2010/2011, the members of the Supervisory Board received a total of 170,000 euros (2009/2010: 170.000 euros), excluding reimbursement of travelling expenses. The table below shows in detail the remuneration paid to each member of the Supervisory Board:

In € thousands	Fixed salary	Performance-related salary	Total remuneration
Dr. Friedrich von Bohlen und Halbach (Chairman)	40	0	40
Prof. Dr. Christof Hettich (Deputy Chairman)	30	0	30
Friedrich Christ	30	0	30
Prof. Dr. Werner Hacke	20	0	20
Prof. Dr. Wolfgang Hartwig	30	0	30
Prof. Dr. Andrea Pfeifer	20	0	20

The Company granted no loans to members of the Supervisory Board.

On the basis of a consulting agreement with the Supervisory Board Member, Prof. Dr. Hartwig, he supports the Management Board in the field of research and development and in Mergers & Acquisitions to an extent that goes beyond his normal activities of the Supervisory Board. For these consultancy services, Prof. Dr.

Hartwig received a total of approx. 52,000 euros during the fiscal year 2010/2011.

The Rittershaus law firm, a partner of whom, Prof. Dr. Christof Hettich, is a member of the Supervisory Board, received a total of 64,000 euros in the fiscal year just ended for consultancy services.

D&O INSURANCE

SYGNIS Pharma AG has taken out liability insurance cover (D&O liability insurance) with a deductible for members of the Supervisory Board and for members of the Management Board and covers also senior management members of affiliated companies both inside and outside Germany. The deductible is based on the legal requirements and the recommendations of the German Corporate Governance Code. The insurance policy covers the legal defence costs when a claim is made and, if necessary, any damages to be paid that are covered by the insured sum of the policy. The insured sum is deliberately low in order to ensure that the premium remains appropriate to the Company's financial situation. In the case of a liability that exceeds the insured sum, each of the individual members of the Management Board and the Supervisory Board is held personally responsible in full.

GROUP MANAGEMENT REPORT



GROUP MANAGEMENT REPORT FOR FISCAL 2010/2011

I. GENERAL ECONOMIC PERFORMANCE

Global economic performance

The recovery of the global economy, which began in the second half of 2009, continued to gain speed in 2010. The internationally coordinated rescue programmes demonstrated their effectiveness and the performance of the extremely dynamic emerging markets in particular exceeded expectations. China's growth rate, for example, was at 10% compared with the previous year, with the global economy growing at a rate of 3.9% overall in 2010 (Source: World Bank). In the USA, growth at 2.7% was somewhat moderate. The development in Germany was overall positive, with the gross domestic product (GDP) up 3.6% (Source: Federal Statistical Office), primarily due to stronger export business, but in part as a result of domestic consumer demand and the willingness to invest that had increased once again. Employment figures, another key indicator, show the number of unemployed in Germany in 2010 at close to 3 million. Developments in the eurozone, however, are not quite as positive. Although economic performance was up 1.8% in 2010, increased inflation and national debt in individual countries are causing problems. Overall, further growth of the global economy is again expected for 2011, albeit with lower growth rates. It remains to be seen what effects will result from the earthquake disaster in Japan in March 2011.

The recovery of the global economy had a positive impact on the stock markets. On both the European and the US capital markets, the benchmark indices were up. In the period from April 2010 to March 2011 in Germany, the DAX and TecDAX increased 14%. In the USA, the DOW Jones Index was up 13% and NASDAQ 15%. The stock markets have now completely recovered from the severe losses experienced at the end of March 2011 following the disaster in Japan.

Capital market for biotechnology

The performance of prices on the stock markets in the biotech sector saw regional differences from April 2010 to March 2011. While the German Prime Biotech Index was down 10%, the NASDAQ Biotech Index in the USA was up 10%. According to the Ernst & Young Biotechnology Report for 2011 (EY Report), there were 15 IPOs in the USA in 2010 and 10 in Europe, none of which took place in Germany. Generally speaking, the financing options available to biotech companies have hardly improved. In spite of a number of individual capital market transactions in Germany, investors continue to remain hesitant. According to the EY Report, the capital increases carried out by German publicly traded companies in 2010 were performed with existing investors solely on the basis of so-called PIPEs (Private Investments in Public Equity). The valuations of German companies are currently on a low level.

Sector performance and competitive situation

In the pharmaceutical and biotechnology industry worldwide, there were numerous corporate acquisitions in 2010. After tough negotiations, Sanofi-Aventis, for example, finally announced its acquisition of Genzyme in February 2011 for around \$ 20 billion. There were 11 mergers and acquisitions in 2010 that involved German biotech companies (Source: biotechnologie.de). The series of M&As in the sector is not yet over and there are no signs that this situation will change in 2011. Johnson&Johnson acquired Switzerland-based Synthes in April 2011, for example, for over \$ 21 billion. The major pharmaceutical companies continue to suffer from the structural problem of not having enough clinical projects in their product pipelines and are therefore afraid of losing market share due to the expiry of patent protection for their best-selling products. For this reason, they are attempting to counter this strategic weakness with targeted M&A transactions.

According to the EY Report, the biotech field would appear to have recovered slightly in 2010. Key performance indicators such as revenues, R&D expenditure, earnings situation, in addition to the number of companies and the number of people employed in the German biotech industry revealed a positive trend by comparison with 2009. In this respect, it should also be mentioned that this development took place primarily in private companies and not in publicly traded companies.

Equity financing in Germany in 2010 increased significantly once again, although one must bear in mind that fresh capital comes primarily from two family offices and the majority of this financing was provided in a small number of large transactions. The traditional rounds of venture capital financing continue to be something of a rarity. This means that a broad section of the industry has still not noticed any recovery in terms of the financing problem. Fundraising continues to be difficult for most companies.

On the transaction side, in addition to a slight increase in traditional licensing agreements, service deals in the biotech industry, such as contract research, are also on the increase.

II. BUSINESS PERFORMANCE OF THE SYGNIS GROUP (CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS)

1. General performance

In the financial year just ended, the focus of the business operations of the SYGNIS Group (hereinafter referred to as "SYGNIS" or "the Company") was on its two strategic projects – the clinical development of its drug candidate AX200 for the treatment of acute stroke and the pre-clinical KIBRA project. In addition, SYGNIS carried out in-depth examination into the possibilities of extending its pipeline, possibly with partnerships or M&As.

Net loss in fiscal 2010/2011 at € -12.4 million was down as expected by some € 2 million compared with the previous year (€ -10.3 million). This was due on the one hand to an increase in R&D expenditure from € 6.4 million in the previous year to € 10.5 million. In contrast, net loss from available-for-sale financial investments in fiscal 2010/2011 was down to € -0.1 million compared with the previous year at € -1.8 million. Liquid funds as at 31 March 2011 amounted to € 6.8 million, down from € 15.5 million as at 31 March 2010.

Key events in fiscal 2010/2011

AXIS 2 clinical study

As a result of the amendment made to the study protocol, the progress of recruitment improved, particularly during the second half of 2010/2011. SYGNIS still expects to have the first results of the study available at the end of 2011. More details of the AXIS 2 study are included in this management report under Section IV. "Research & Development".

Retirement of Dr. Alfred Bach

On 28 October 2010, it was announced that the employment contract with Dr. Alfred Bach, which expired at the end of 2010, would not be extended. This was at his own request. With the approval of the Supervisory Board, he retired from his position as Chairman and Member of the Company's Management Board at the close of 28 October 2010. The Members of the Management Board, Peter Willinger and Dr. Frank Rathgeb, will now jointly lead the Company.

Restructuring

At the end of October 2010, the Company launched a comprehensive corporate restructuring programme with the aim of implementing significant personnel and cost reductions. As a result of restructuring the Company, SYGNIS managed to reduce its costs to ensure that it will be able to continue with its current strategic projects. In addition to completing the current AXIS 2 study, this also includes research on the KIBRA pathway.

As part of the programme, the size of the workforce was reduced from 51 (including employees on maternity leave) to 32. Following completion of the programme, there are some 22 full-time employees active within the Company at the end of May 2011. The core teams and the associated expertise in the two areas of pre-clinical and clinical development remained in place, which means that we are able to continue the development of AX200 and research on the KIBRA pathway.

Expenses incurred by SYGNIS as a direct result of the restructuring include one-time restructuring costs amounting to € 0.2 million, which were related primarily to the termination of employment relationships.

Annual General Meeting approves ordinary capital reduction

The Company's Annual General Meeting that was held on 30 November 2010 approved an ordinary reduction in share capital in accordance with Sections 222 et seq. of the German Stock Corporation Act. The reduction of share capital was based on a consolidation of shares at a ratio of 3:1, which resulted in the share capital being reduced in the same ratio from € 41,258,643 to € 13,752,881 and broken down into 13,752,881 no-par value shares. The entry of the capital reduction in the commercial register and the implementation of the consolidation of the shares on the stock exchange took place in December 2010.

The main purpose of the reduction in share capital by consolidation of the shares was to improve the Company's capital market viability. The released capital amounting to € 27.5 million has been used to reduce the accumulated loss.

2. Earnings position

Sales trend

Given the current state of development, the Company does not yet have any marketable products. Initial revenues are to be expected at the earliest following the successful completion of the current AXIS 2 study as a result of a possible cooperation with a pharmaceutical partner.

Sales in fiscal 2010/2011 amount to € 0.2 million (previous year: € 0.3 million) and, as expected, are of minor significance for the earnings position of the Group. They are attributable almost exclusively to revenues generated by LION bioscience Inc. from the marketing of Caco-2 licensing rights in the USA.

SYGNIS did not report public subsidies as operating revenues, but rather absorbed them in research and development costs. In fiscal 2010/2011, € 0.3 million were offset in this way and € 0.7 million in the previous year.

Changes in operating expenditure

Compared with the previous year, the total operating expenditure was up € 3.8 million to € 13.0 million. The majority of the expenditure at € 10.5 million or 81 % (previous year: € 6.4 million or 70 %) continues to be accounted for by research and development. The € 4.1 million increase in research and development costs results chiefly from higher costs related to the AXIS 2 study as a result of the improved recruitment process. While external costs incurred during the previous financial year for the preparation and launch of the study amounted to € 1.2 million, external study costs in fiscal 2010/2011 amounted to 4.6 € million.

Expenditure for sales and administration are down again compared with the previous year. This has resulted primarily from lower personnel expenditure.

Expenditure by cost type (€ millions)

	2010/2011	2009/2010
Materials and purchased services	5.2	2.0
Personnel expenditure	4.1	4.4
Amortisation and depreciation of tangible and intangible assets	1.4	0.6
Patent and licensing costs	0.7	0.7
Legal, consultancy costs and annual financial statement costs	0.6	0.9
Office rental costs	0.4	0.4
Travel costs	0.2	0.3
Public and investor relations	0.2	0.2
Supervisory Board remuneration	0.2	0.2
Other expenditure	0.3	0.2
Expenditure before offsetting	13.3	9.9
Offsetting research grants	-0.3	-0.7
Expenditure acc. to earnings statement	13.0	9.2

The overview by cost type shows that the operating expenditure – with the exception of expenditure for materials and purchased services, in addition to amortisation and depreciation – were approximately the same or slightly below the previous year's level. The cost reduction aimed at with the restructuring programme will not take effect completely until the next financial year, since the majority of the employees who were made redundant did not leave the Company until the last quarter of 2010/2011.

Personnel expenditure in fiscal 2010/2011 includes expenditure for compensation payments amounting to € 0.4 million relating to the retirement of the former CEO Dr. Bach.

The increase in amortisation and depreciation of tangible and intangible assets results from the non-scheduled amortisation of intangible assets amounting to € 0.9 million that had become necessary due to an impairment of the assets involved.

Net interest income

Net interest income amounted to € 0.1 million and was thus down again compared with the previous year (€ 0.3 million). The interest income of € 0.3 million (previous year: € 0.6 million) is offset by interest expenditure of € 0.2 million (previous year: € 0.2 million). The decline in interest income results from the lower liquidity level and lower interest rates on the assets side.

Financial result

Financial result amounting to € -0.1 million relates to impairments of the securities portfolio. In the previous year, there had been a negative effect on earnings of € 1.8 million which was with € 1.6 million due to the impairment of the securities portfolio.

Income tax

This includes income from the reversal of deferred tax liabilities amounting to € 0.3 million (previous year: € 0.1 million). The increase compared with the previous year is related to the non-scheduled amortisation of intangible assets and the corresponding decrease in deferred tax liabilities.

Net loss for the year

The Group's net loss for the financial year just ended totalled € -12.4 million, following € -10.3 million in the previous year and is lower than originally anticipated.

3. Financial position

Despite the higher operating expenditure, the negative cash flow from operating activities was down to € 8.3 million (previous year: € 8.7 million). It must be noted that part of the expenditure amounting to € 2.0 million will only affect liquidity in the following year. Cash flow from investing activities is positive due to the sale of securities and amounts to € 0.9 million after € 0.6 million in the previous year.

4. Asset position

In fiscal 2010/2011, there were no significant changes to tangible and intangible assets. Investments in tangible assets and other intangible assets at € 0.1 million remain on a low level. The decline in other

intangible assets from € 21.9 million to € 20.8 million results primarily from amortisation and depreciation amounting to € 1.2 million.

Cash and cash equivalents as at 31 March 2011 were down € 7.3 million and amounted to € 1.5 million (previous year: € 8.8 million). The total liquidity level, including securities reported under available-for-sale financial investments, amounts to € 6.8 million as at 31 March 2011, which is down from € 15.5 million as at 31 March 2010.

Long-term debt is virtually unchanged at € 10.8 million. By comparison, short-term debt was up € 2.0 million to € 3.8 million.

The balance sheet total, compared with the previous year, was down from € 42.9 million to € 32.3 million due primarily to the lower liquidity level. The equity ratio is 55%, compared with 70% in the previous year. Long-term financial liabilities represent 25% (previous year: 19%) of the balance sheet total.

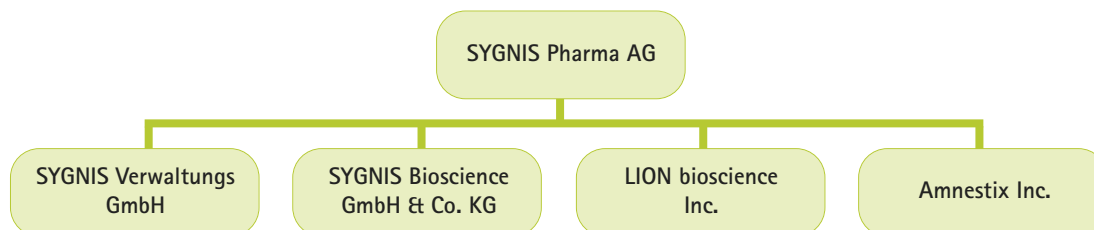
5. Procurement

As a research company, the procurement of consumables and supplies required by SYGNIS is predominantly for laboratory use. The use of internal processes has enabled us to continuously monitor the international procurement markets for the purpose of obtaining safe and high-quality materials on favourable terms. SYGNIS bundles its orders whenever possible and when this is considered to be good sense. The procurement of important materials, e.g. drugs required for the current clinical study, takes place on the basis of long-term production and supply contracts to provide a reliable basis for calculation.

6. Organisational structure/corporate structure/subsidiaries

SYGNIS has its principal place of business in Heidelberg. The Company has leased premises in the technology park there and owns no property. SYGNIS is organised as a holding structure, with SYGNIS Pharma AG registered on the stock exchange as the publicly traded parent company. Business operations in drug development are conducted at SYGNIS Bioscience GmbH & Co. KG. SYGNIS Pharma AG holds 100% of the shares in SYGNIS Bioscience GmbH & Co. KG, SYGNIS Verwaltungs GmbH, Amnestix Inc. and LION bioscience Inc., USA (LBI).

As at 31 March 2011, the following organisational structure was in place (wholly-owned subsidiaries in each case):



III. EMPLOYEES

The nature of the Company's business in an innovative sector environment means that the demands made on personnel in all sections of the Company are extremely high. To meet these requirements, an exceptionally qualified team of experts is absolutely essential.

In the financial year just ended as in previous years, the Company again applied a supplementary remuneration component. Issuing stock options to Management Board members and employees of the Company, allows them to share in the Company's future success in both the medium and the long term, and strengthens the relationship between the Company and its employees.

In the course of the corporate restructuring process, a significant reduction in staff was carried out. The final implementation of the process, taking into account the individual periods of notice, was not completed until April 2011. The total number of employees (full-time employees) decreased from 41 as at 31 March 2010 to 25 as at 31 March 2011. Over 70% are employed in research and development.

The Management Board would like to express its most sincere thanks to all members of the workforce for their commitment and dedication in the financial year just ended.

Employees by division*

	31 March 2011	31 March 2010
Research & development	19	35
Marketing & sales	0	1
Administration	6	5
Total	25	41

* Full-time employees, incl. Management Board, rounded to full FTEs

Employees by location*

	31 March 2011	31 March 2010
Heidelberg, Germany	25	40
Needham, MA, USA	0	1
Total	25	41

* Full-time employees, incl. Management Board, rounded to full FTEs

As at the balance sheet date of the previous year, 31 March 2010, there were two persons from temporary employment agencies employed in administration and as such not included in the above table. They were taken on by SYGNIS in April 2010 on the basis of employment contracts, with the result that the number of employees in administration has since increased to 7. There were no other contracts with temporary employment agencies.

IV. RESEARCH & DEVELOPMENT

SYGNIS focuses on the research and development of innovative therapies for the treatment of disorders of the central nervous system. Following the completion of the restructuring programme launched in October 2010, operating activities are currently focused on the Company's two core projects. These include the clinical development of the drug candidate AX200 for the treatment of acute stroke and the pre-clinical KIBRA project for the treatment of various forms of dementia. Both acute stroke and dementia are characterised by the fact that there is a high medical demand for treatment, but there are currently no or only inadequate therapeutic options available. Furthermore, the frequency of these disorders is steadily increasing as the population in industrialised countries gets older.

The following chapters provide an overview of the progress made in these two core projects during the 2010/2011 financial year.

AXIS 2

The efficacy of AX200 for the treatment of acute ischemic stroke is to be tested in the course of the AXIS 2 clinical study that is being conducted throughout Europe on a total of 328 patients. In spring 2010, the study protocol was extended to include suitable stroke patients in the AXIS 2 study who had previously been treated with rt-PA, an approved drug used to dissolve blood clots. This change in the study protocol was based, among other things, on more recent pre-clinical data provided by SYGNIS that indicated a

tolerability of a combined treatment of AX200 and rt-PA in appropriate stroke models, in which there had been no signs of any undesired interaction between AX200 and rt-PA.

As a result of the amendment made to the study protocol, the progress of recruitment improved, particularly during the second half of 2010/2011. SYGNIS continues to expect that the first results of the study will be available at the end of 2011.

Patient safety, in particular the occurrence of unexpected events or a high incidence of possible side effects, was constantly monitored during the study by an independent committee (Data Safety Monitoring Board). The committee, which is made up of medical and statistical experts, also examined the safety-related data in detail after 25%, 50% and 75% of the total number of planned patients had been treated and in each case unconditionally recommended that the study be continued unchanged.

The DSMB's task is to periodically monitor the data generated in the course of a clinical study and to determine whether the study raises any concerns with regard to patient safety that would require a change in the study protocol or even a premature termination of the study. Members of the DSMB are independent of SYGNIS and any party related to SYGNIS.

KIBRA

Impairment of human memory is a hallmark symptom of many neurological diseases, including Alzheimer's disease, schizophrenia and traumatic brain injuries. For the purpose of identifying genes that have an impact on human memory, U.S. and Swiss researchers carried out a Genome Wide Association Study (GWAS) on healthy volunteers. In the course of the study, they identified the so-called KIBRA gene as having the greatest single effect on human memory performance. They also noted with interest that KIBRA might have an influence on the risk of suffering from Alzheimer's disease. The protein encoded by the KIBRA gene is found in regions of the brain that play a role in memory processes.

With the KIBRA project, SYGNIS has taken a new approach in the development of innovative methods for the treatment of dementia disorders resulting from different causes. KIBRA is a gene that promises to offer a new way of understanding learning and memory and for which there are very good genetic indications in terms of its importance for human beings. Using the findings of a large number of studies, the relationship between the KIBRA gene and memory performance has been confirmed. It has been possible to demonstrate, for example, that punctual differences in the nucleotide sequence, i.e. the sequence of building blocks of the KIBRA gene, have a significant effect on human memory performance.

SYGNIS has made considerable progress on the way to developing drugs that are expected to significantly improve learning ability and memory performance through the pharmaceutical modulation of the KIBRA signalling pathway. Now that „proof of principle“ has been established on the basis of in vitro and in vivo

studies as part of the KIBRA project, based on one of its proprietary assays, the Company has launched a programme to identify suitable compounds that could have an effect on KIBRA activity. We now expect to have the first results of the screening programme in the third quarter of this year. In addition to the large number of patent applications that have already been submitted, SYGNIS intends to further extend its patent protection for KIBRA based on these results and thus increase its leading position in this field.

Expenditure on research & development in fiscal 2010/2011 amounted to around € 10.5 million after deducting public subsidies of € 0.3 million.

As at 31 March 2011, there were 19 employees working in R&D.

Occupational health, safety and the environment

In addition to complying with relevant statutory provisions and public authority requirements, we consider it our duty to contribute to safeguarding the health and safety of our employees and the environment. All new employees are required to undergo an initial medical examination. In addition, the Company offers its employees the opportunity to take part in an annual influenza vaccination programme and to be included in a Group accident insurance policy.

In the course of our R&D activities, there is very little exposure to hazardous substances, including radioactive substances. Nevertheless, the handling of such substances, which is limited to what is absolutely necessary, is governed by strict regulations, non-compliance with which may also entail financial harm for the Company. The Company has both an environmental and a radiation protection officer. Both are responsible for ensuring that the Company complies with the relevant provisions, including the prevention and avoidance of the relevant hazards. The Company regularly works with outside advisors on occupational health, safety and occupational medicine who also regularly carry out monitoring.

V. OPPORTUNITIES AND RISKS REPORT

Fundamentals of risk management

In compliance with the legal requirements, SYGNIS has set up an effective system for detecting, evaluating, communicating, and managing financial risks and risks to the Company. For this purpose, the Management Board has appointed risk officers and a risk manager within the organisational structure. Regular risk analyses are carried out at Group level for all functional levels of the Company, including Research and Development and Management. The risk officers report the risks to the risk manager, who analyses them and

submits a quarterly aggregated risk report to the Management Board. Information on major unforeseen risks is transmitted to the Management Board immediately by means of ad-hoc reports.

The key aim of risk management is to identify and monitor strategic, market-related, financial, and business-specific risks and opportunities at an early stage, in order to take whatever action is necessary, proper and appropriate after careful appraisal.

The main instruments used by SYGNIS to avoid and reduce risks are cost control and project management. The Management Board receives monthly reports on the earnings, financial and asset positions, and the status of current projects. They are used to monitor the progress of project completion as well as the requirements regarding costs and compliance with the time schedule.

The Management Board also discussed and analysed the Company's current situation, usually twice a month. In addition, the extended management team meets regularly. In fiscal 2010/2011, the Supervisory Board met at least once every quarter, and more frequently when there were important decisions to be made, and was kept informed by the Management Board of current developments. This currently takes place by means of a monthly report, which includes the current status in those areas of significance for the Company (AXIS 2 study, KIBRA, financing and business development). The Company's risk situation was also discussed with the Audit Committee during the examination of the quarterly reports and the year end report.

Accounting-related risk management system and internal control system

In accordance with Section 315 (2)(5) of the German Commercial Code, SYGNIS is required to describe the main features of the internal control and risk management system with respect to the Group accounting process, which also includes the accounting processes for companies included in the consolidated financial statements.

The risk management system and the internal control system (hereinafter referred to as "ICS") also include accounting-related processes and focus on material false statements in the annual and interim financial statements. An ICS is understood to mean the principles, procedures and measures introduced by a company that focus on the organisational implementation of management decisions

- to ensure the effectiveness and cost-effectiveness of its business activities by safeguarding the value of its assets, including preventing and revealing asset damage,
- to ensure the correctness and reliability of internal and external accounting, and
- to comply with the legal requirements applicable to the Company.

The Management Board bears overall responsibility for the ICS and the risk management system with

regard to the accounting processes when preparing the consolidated financial statements. The control measures at SYGNIS related to accounting are based primarily on the following principles:

- signature rule, including authorisation and approval levels when entering into financial commitments,
- extensive documentation of business transactions,
- clear assignment of responsibilities,
- four eyes principle,
- appropriate financial accounting system including associated authorisation concept,
- use of checklists when preparing quarterly and annual financial statements,
- use of guidelines and work procedures (e.g. accounting standards, guidelines for financial investments and purchasing guidelines), and
- job descriptions.

The monthly, quarterly and annual financial statements are analysed with the aid of appropriate controlling software with respect to budget/actual deviations and accounting implausibilities and inconsistencies. Prior to publication, the quarterly and annual financial statements are discussed with the Audit Committee, which also carries out its own audit.

The ICS is continually examined for the effectiveness of the controls, and modified if necessary. The risk management system and the ICS are reviewed during the annual audit.

Fundamental issues arising in the course of preparing the annual financial statements and financial matters arising during the year (e.g. accounting issues, financial investments and tax issues) are discussed promptly with the Audit Committee. If necessary, additional external consultants are called in to advise on various matters (e.g. valuation of stock options issued in accordance with IFRS, tax losses carried forward and deferred taxes).

During the preparation of the annual financial statements, the Audit Committee specifies additional audit areas and audit focal points for the independent auditor. The independent auditor is also required to inform the Supervisory Board of any accounting-related risks or control weaknesses and any other key weaknesses of the risk management system and ICS identified in the course of performing his audit.

Specific business risks

General industry risks

SYGNIS is exposed to the typical risks in the industry that accompany the research, development, and marketing of innovative drugs. This naturally gives the Company a high-risk profile, which may directly

affect the Company's earnings, financial and asset positions, and thus have a direct effect on the Company's valuation.

The biotech/pharmaceutical environment is very dynamic. Both the market environment and the competitive situation can change very quickly. In addition to the framework for in/out-licensing of projects, this also applies to the regulatory provisions governing the approval process for drugs and any subsequent reimbursement by the healthcare systems.

Biotechnology is exposed to the traditional research and development risk that potential drugs in the pipeline will ultimately not be given approval for medicinal use. There is an interval of up to 15 years between the manufacture of a drug and its approval. The risk of a drug candidate coming to nothing is very high. Accordingly, it is important for a company to balance the risk when it begins to put together its product pipeline.

SYGNIS intends to minimise such risks when a specific development stage has been reached by entering into development partnerships with established pharmaceutical and biotechnology companies that would take on the financial risk associated with the development risk, either completely or partially. The Company is also striving for early and close coordination with the regulatory authorities, in order to comply with their requirements and to this end also benefits from the knowledge of external experts.

Technological risks

The current product portfolio includes one drug in Phase II of clinical development and additional one pre-clinical project. This means that the Company's future success is dependent to a large degree on the results of AXIS 2 and the further development of KIBRA. Unless other clinical projects are acquired or in-licensed, failure of AXIS 2 or lack of success in the development of KIBRA would thus have a considerable influence on further business development and on the asset, financial and earnings position of the Company.

Risks from in/out-licensing

In order to reduce the Company's dependence on the success of a single product, it strives to expand its drug pipeline. The Company is currently considering several options for in-licensing further projects. Extending the pipeline also increases opportunities in the future marketing of drugs. There is a risk, however, that no suitable projects can be in-licensed. There is the added risk of having to pay a very high price for in-licensing, with no guarantee for the success of the project.

If the current AXIS 2 study can be successfully completed, there are excellent opportunities to out-license AX200 to a development and marketing partner. In addition to the Company receiving a direct inflow of funds,

this would enable further development costs to be reduced. There is the risk, however, that the product can only be out-licensed on economically unattractive terms or that no marketing partner can be found.

Risks from business combinations

The possibility cannot be excluded that the Company at some time in the future will acquire suitable companies or parts of companies that could contribute to a diversification of the drug portfolio. The acquisition of companies or parts of companies can expose SYGNIS to risks associated with the integration of new technologies, business units, company locations and staff. Furthermore, risks can also arise in that equity instruments are issued and that these lead to a dilution in the value of the shares held by the former shareholders. In the event that such an acquisition does not achieve the anticipated results, additional expenditure can arise from the devaluation of the acquired assets or goodwill, if appropriate.

Product development risks

In the drug development process, clinical trials are essential and patients have to be recruited to take part in such studies. When carrying out clinical trials, the Company is largely dependent on support provided by external service providers. There is a risk of being unable to recruit patients in good time or in sufficient numbers to be able to conduct the trials on schedule. In addition, the possibility cannot be excluded that the completion of the clinical trials is delayed as a result of decisions taken by the relevant authorities or ethics commissions who supervise or are responsible for clinical trials. This would delay the clinical trials, which would then have a direct adverse effect on the Company's cost and earnings position.

IP risks

Patents are an important factor in the commercialisation of products. Monitoring and protection of patents have very high priority in the Company. Patent rights can be challenged, however, or the granting of a patent for current projects refused. This would result in considerable additional internal expenditure and higher costs. In extreme cases, this might even result in projects being abandoned.

Manufacturing risks

The production of AX200 includes risks that deliveries are not made in the required quality, quantity or within the specified time schedule. This could result in situations that seriously complicate or delay the clinical development of AX200 and future marketing. SYGNIS currently has no production facilities of its own and is thus dependent on contract manufacturers. For AX200, SYGNIS has concluded a long-term

supply agreement that is intended to ensure the necessary drug quantities for clinical development and later marketing of the drug for stroke and other neurological indications in the appropriate quality.

Personnel risks

To ensure corporate success, it is extremely important for SYGNIS to hire and retain qualified experts at all times. In terms of recruitment, the Company is in competition with other companies. There is thus the risk of not being able to hire new staff with the qualifications needed and/or to secure their long-term commitment to the Company. When the recruitment efforts have been completed, the core teams and the associated know-how are retained in the strategic projects. The loss of these staff and the relevant know-how would have an adverse effect on the Company's further business development.

Financing risks

The expansion of the drug pipeline by external acquisitions, in-licensing, or in-house research activities, requires additional funds. The Company evaluates various options for securing these capital requirements. The actual amount of the future capital requirement depends, among other things, on the ability of the Company to generate revenues by out-licensing its own drug candidates. There is the risk of being unable to raise these funds on the scale required or on acceptable terms and of the Company being forced to further restrict its operating expenditure. In the event that the Company acquires additional capital by issuing shares, this could lead to a dilution in the value of the shares held by the former shareholders.

Risks associated with the recognition of tax losses carried forward

In addition to previous regulations on loss deduction in accordance with Section 8 (4) of the Corporate Tax Law (KStG), the German legislators introduced stricter legislation with Section 8c of the Corporate Tax Law, which came into force as part of the corporate tax reform on 1 January 2008, in accordance with which the injection of new business assets is no longer the issue and a transfer of more than 25% of the share capital would result in at least a proportion of the losses carried forward not being deductible. A transfer of more than 50% of the share capital, in accordance with the provisions of Section 8c of the Corporation Tax Law, would result in the entire losses carried forward ceasing to exist.

As at 31 March 2009, SYGNIS Pharma AG's corporate tax losses carried forward amounting to € 220.6 million (corporate tax) and € 209.4 million (business tax) were determined on the basis of the preliminary tax assessment issued on 4 January 2011, subject to final review by the appropriate tax office. The Company was last required to undergo a tax audit for the 2000/2001 financial year. For the assessment periods up to and including the 2003/2004 financial year, tax assessments were confirmed to be final.

As at 31 March 2011, SYGNIS Pharma AG corporate tax losses carried forward amounted to € 223.1 million (corporate tax) and € 213.9 million (business tax).

As a result of the capital increases and transfers of share capital in previous years, there is the risk that at least some of the current tax losses carried forward will no longer be available to offset future profits.

Financial risks

Various financial risks related to financial assets and financial liabilities can have an adverse effect on the asset and earnings position of the Company. These are primarily interest rate risks, credit or default risks and market price risks.

Risks from cash flow fluctuations/interest rate risks

Fluctuations in market interest rates primarily affect the cash flows of floating rate assets and liabilities. The management has intentionally turned down the conclusion of business transactions to hedge against interest rate-dependent cash flows, since the short-term availability is of prime importance for financing business operations when investing liquid funds.

No interest rate hedging has been taken out to date for the floating rate loan amounting to € 8.0 million. In this case, the estimate of trends in interest rates during the remaining life of the loan and the cost of a hedge were also included in the deliberations. Taking these parameters into account, the Company has come to the conclusion that no hedge is currently needed. SYGNIS continually updates these parameters and at the same time examines the validity of the current estimate.

Credit or default risks

The Company's cash and cash equivalents are primarily in euros and in the majority of cases capital protected. The maximum default risk of the marketable debt securities is equivalent to the book value of these instruments. The default risk is minimised by the Group's guideline on cash investments, in accordance with which investments are restricted to issuers with a high credit rating.

Liquidity risk

Liquidity risk describes the risk arising when the Group is not in a position to meet its liabilities when they

fall due or at an appropriate price. The liquidity required is calculated by means of long-term financial planning based on the business plan and on a liquidity forecast based on a planning horizon of 12 months.

With the liquidity available as at 31 March 2011, SYGNIS' business operations are financed until approximately October 2011. For financing beyond that date, the main shareholder, dievini Hopp BioTech Holding GmbH & Co. KG (referred to as "dievini Hopp"), has committed additional financial resources to the Company amounting to € 6.0 million. These funds will be made available in the form of a loan with no expiry date and will secure the financing of the business operations until the end of 2012. If the Company should take on new projects or decides to complete the further development of AX200 after the completion of the AXIS 2 study on its own, then more financial resources will be needed.

There is also a financing commitment (SEDA) provided by a US investment company, from which SYGNIS can generate additional funds.

Price risks from market price fluctuations

The Company is exposed to market price risks with respect to its available-for-sale securities. In addition to the general trends in interest rates, the general uncertainty of the market players can influence price movements. By closely monitoring fluctuations on the market, SYGNIS strives to take whatever action is necessary at an early stage, in the event of downward trends, to avoid or limit price losses.

In the case of new investments, the Company tries to secure its liquidity and to safeguard its invested capital. In fiscal 2010/2011, freed up financial resources were invested solely in money market funds and short-term deposits in banks with deposit protection.

Other risks

In addition to those named above, the Company also monitors other risks in such areas as company law, competition law, and industrial law. In order to reduce such risks to a minimum, senior management takes its decisions and drafts its guidelines and procedures following consultation with internal and external experts.

Summary of the risk situation

From today's perspective, no risks are apparent that might jeopardise the Company's continued existence in the 2011/2012 financial year. Taking into account financing possibilities mentioned earlier and based on

the present cost structure and the asset and financial position, no short-term financial risks for the Company are currently discernible.

The key areas of risk are associated with the success of the research and development activities, the securing of current liquidity and the further financing of the future development and product strategy.

Opportunities

Achieving successful developments in the current product pipeline should make it possible for the Company to earn considerable revenues in cooperative agreements with pharmaceutical companies and to develop the relevant products to market readiness together with a partner. In the financial year just ended, alliances and M&A transactions have shown that the large pharmaceutical companies are increasingly interested in investing large sums of money in drug development at an early stage and in new technologies. Furthermore, successful development results can help to make SYGNIS more attractive to investors and thus improve refinancing possibilities.

By focusing on AX200 and the pre-clinical KIBRA project, its two core projects, and the milestones achieved to date, the Company has now established a sound position that will enable it to be seen as an attractive partner for possible partnerships or M&A transactions.

To the extent that the opportunities mentioned above come about and positive results can be achieved in the AXIS 2 study, a substantial increase in the shareholder value of SYGNIS is to be expected.

VI. DISCLOSURES REQUIRED UNDER SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

1. The Company's share capital as at 31 March 2011 amounted to € 13,752,881, made up of 13,752,881 no-par value bearer shares. These are exclusively ordinary voting shares. There are no holders of shares with special rights or any other restrictions concerning voting rights. The Management Board is not aware of any restrictions on voting rights or the transfer of shares, even if they could result from agreements between shareholders.

2. In accordance with Section 315 (4) (3) of the German Commercial Code, direct or indirect holdings of share capital that exceed 10% of the voting rights are to be disclosed. As to the information given to the Company the following direct or indirect shareholdings exist that exceed 10%:

Shareholder	Percentage of voting rights	
	Direct	Attribution
dievini Hopp BioTech holding GmbH & Co. KG, Walldorf, Germany	44.90 %	
DH-Capital GmbH & Co. KG, Wiesloch, Germany		44.90 %
OH-Capital GmbH & Co. KG, Wiesloch, Germany		44.90 %
Golf-Club St. Leon-Rot Betriebsgesellschaft mbH & Co. KG, St. Leon-Rot, Germany		44.90 %
OH Beteiligungen GmbH & Co. KG, Wiesloch, Germany		44.90 %
BW Verwaltungs GmbH, Wiesloch, Germany		44.90 %
Dietmar Hopp, Walldorf, Germany		44.90 %
Oliver Hopp, Walldorf, Germany		44.90 %
Verwaltungsgesellschaft des Golf Club St. Leon-Rot GmbH, St. Leon-Rot, Germany		44.90 %
BASF SE, Ludwigshafen, Germany	11.77 %	1.72 %
Berthold Wipfler, Karlsruhe, Germany		44.90 %

3. Under Section 6 of the Company's Articles of Association, the Management Board comprises one or more members, while the actual number of additional Management Board members is determined by the Supervisory Board. The Supervisory Board can appoint a chairman and one or more deputy chairmen of the Management Board. The appointment and removal of Management Board members are governed by Sections 84 et seq. of the German Stock Corporation Act (AktG) and the supplementary provisions of the Supervisory Board bylaws. Amendment of the Company's Articles of Association is governed by Sections 133 and 179 of the German Stock Corporation Act in conjunction with Section 9(7) of the Articles of Association of SYGNIS Pharma AG. Under the Articles of Association of SYGNIS Pharma AG, a resolution of the Annual Shareholders' Meeting approving an amendment to the Articles of Association requires a simple majority of the share capital represented when the resolution is put to the vote, unless this is prohibited by mandatory statutory provisions.

4. The Annual Shareholders' Meeting granted the Management Board authority to issue the following new shares or conversion rights:

4.1 In accordance with Section 4(4) of the Articles of Association of SYGNIS Pharma AG, the Management Board is authorised with the Supervisory Board's consent to increase the share capital up to and including 26 November 2013 by issuing new ordinary bearer shares in return for cash or non-cash capital contributions on one or more occasions, the total value of which, however, may not exceed 20,629,321 euros (authorised capital). Only with the Supervisory Board's consent may the Management Board disqualify the shareholders' statutory subscription rights:

- for fractional amounts,
- for granting shares in return for non-cash capital contributions, especially in the course of mergers with companies or of company acquisitions, discrete elements of companies or equity interests in companies,
- in the event that a capital increase involves cash contributions, and the total proportion of the share capital represented by the new shares for which the subscription right has been disqualified does not exceed 10% of the share capital registered on the date this authorisation takes effect and is exercised, and the issue amount, as defined in Section 203(1) and (2) and Section 186(3)(4) of the German Stock Corporation Act, is not significantly below the market rate of the previously listed shares of the same kind and terms of issue on the date on which the issue amount is finally determined by the Management Board.

4.2 In accordance with Section 4(6) of the Articles of Association of SYGNIS Pharma AG, the Company's share capital is contingently increased (contingent capital II) by up to 1,600,000 euros by issuing up to 1,600,000 ordinary bearer shares, which are equivalent to the previously issued ordinary bearer shares. The contingent capital increase will be carried out only insofar as the holders of stock options issued by the Company prior to 26 November 2010 in accordance with the authorisation given by the Annual Shareholders' Meeting held on 28 November 2007, within the last 15 business days of each calendar month, but on the first occasion no earlier than the entry of the creation of contingent capital II in the German Commercial Register, exercise their subscription rights and the Company does not grant treasury shares in fulfilment of the subscription rights. The new ordinary bearer shares resulting from the exercising of these subscription rights are entitled to share in the profits from the beginning of the financial year in which they were created.

4.3 In accordance with Section 4(7) of the Articles of Association of SYGNIS Pharma AG, the Company's share capital is contingently increased (contingent capital III) by up to 1,800,000 euros by issuing up to 1,800,000 ordinary bearer shares, which are equivalent to the previously issued ordinary bearer shares. The contingent capital increase will be carried out only insofar as the holders of stock options issued by the Company prior to 25 November 2011 in accordance with the authorisation given by the Annual Shareholders' Meeting held on 27 November 2008, within the last 15 business days of each calendar month, but on the first occasion no earlier than the entry of the creation of contingent capital III in the German Commercial Register, exercise their subscription rights and the Company does not grant treasury shares in fulfilment of the subscription rights. The new ordinary bearer shares resulting from the

exercising of these subscription rights are entitled to share in the profits from the beginning of the financial year in which they were created.

5. At the reporting date, no material agreements involving the Company existed that would take effect in the event of a change of control following an acquisition bid.

The option terms of the stock options granted to the Management Board and employees of the Company, however, stipulate that, in the event of a change of control, the three-year waiting period for 50% of the stock options granted can be reduced by the Company to two years.

6. The Company has made no agreements with members of the Management Board or with personnel on compensation payments in the event of an acquisition bid.

VII. REMUNERATION REPORT

Regarding the basic features of the Company's remuneration system in accordance with Section 315(2)(4) of the German Commercial Code (HGB), we refer to the statements on the remuneration report, which is an integral part of the Corporate Governance Report. The Corporate Governance Report is included in the SYGNIS annual report, which can be downloaded at www.sygnis.de.

VIII. EVENTS OF SPECIAL SIGNIFICANCE SINCE THE END OF FISCAL 2010/2011

At the beginning of May 2011, the Company released information that the European Patent Office (EPO) and the US Patent and Trademark Office (USPTO) had announced they would be issuing elementary KIBRA patents. The issuing of the first patents in this important future field for the treatment of memory disorders improves the patent position of SYGNIS and thus strengthens the value of the KIBRA project.

At the beginning of June 2011, dievini Hopp committed additional financial resources to the Company amounting to € 6.0 million, which are to be made available in the form of a subordinated unsecured loan, with no expiry date. The main terms of the loan agreement have already been negotiated with dievini Hopp and the Company. The signing of the loan agreement is expected to take place shortly.

IX. OUTLOOK

The following section may contain forward-looking statements that are based on the Management Board's estimates and expectations on future developments, including financial forecasts and the Company's future business situation. These expectations are subject to risks and uncertainties, as described in the section entitled "Opportunities and Risks Report". Actual results, due to a large number of factors that are beyond the control of the Management Board, may differ significantly from the estimates given.

General economic conditions

For 2011, institutes such as the World Bank, the European Central Bank and the International Monetary Fund continue to expect robust economic growth of over 3%, which would, however, be less than in 2010. This growth is expected to vary greatly by region. Generally speaking, the growth rate is expected to slow down in industrialised countries and emerging economies have excellent opportunities of becoming the drivers of global growth again in 2011. The high national debt in the USA and Europe is considered to be the main risk to global economic growth. Strong economic growth and a renewed decline in unemployment are expected again in Germany in 2011.

The institutes expect to see global economic growth pick up again in 2012 and exceed 4%. Here again, the emerging economies will remain the drivers of growth. Whereas a slight decline to 2.7% (2011: 3.0%) is expected for 2012 in the USA, a slight increase is expected in the EU to 2% (2011: 1.7%).

Biotechnology industry

If the hopeful trends seen in financing from 2010 do not bear fruit in 2011 and 2012, there are troubled times ahead for biotechnology. For the biotechnology companies, it is important therefore to obtain alternative sources of financing as long as access to the traditional sources, such as the capital market, venture capital and private equity, remains difficult. Business models are likely to be further adapted with the aim of generating revenues at an early stage, e.g. in the form of service deals. Pharmaceutical companies will continue do what they can to fill their product pipeline – also with outside support. This has become necessary because, as a result of the expiry of patents, particularly in blockbuster indications, pharmaceutical companies are likely to see losses in revenue. This means there is now pressure on the pharmaceutical industry to enter into development partnerships, product licensing agreements and M&As. This should provide excellent opportunities to German biotech companies – in particular to those companies that have innovative product development approaches and technology platforms. The process of consolidation is expected to continue in the pharmaceutical and biotech industry in 2011 and 2012.

Employees

In accordance with current plans, the number of Company employees will remain constant in the next financial year. Further changes in the size of the workforce beyond the next financial year will depend on the strategic opportunities (acquisition of new projects or M&A transactions) that are ultimately implemented.

Revenues

Depending on the results of the AXIS 2 study and the subsequent out-licensing possibilities, a significant increase in revenues in the next two financial years is possible. SYGNIS will continue to hold talks on cooperation agreements for the KIBRA project. If the Company should decide not to out-license either of the two projects or to set up partnerships, or the marketing of the two projects should prove to be impossible, then revenues in the next two financial years are expected to remain at approximately the same level of the financial year just ended.

Expenditure

Expenditure for the next two financial years will depend very much on the results of the AXIS 2 study and on the decision as to whether the Company is to continue the development of AX200 with a partner or on its own. If a partnership agreement is concluded, it is expected that no substantial development costs will arise for SYGNIS. The partnering process that will then have to be organised would increase expenditure for marketing and sales. In the event of further development without a partner, significant costs for the Company could arise as early as fiscal 2011/2012 and particularly in fiscal 2012/2013. The plans for the KIBRA project provide for a significant increase in expenditure in the next two financial years. It is expected that expenditure to cover general administration costs will remain constant.

Liquidity

The financial resources recently committed by the Company's main investor, dievini Hopp, will extend the liquidity available to SYGNIS until the end of 2012. This estimation, however, only includes expenditure for the completion of the AXIS 2 study and the further development of KIBRA. It does not take into account any revenue or cost estimates for AX200 that could arise after completion of the AXIS 2 study. If the Company decides to continue the development of AX200 on its own after the completion of the AXIS 2 study, then more financial resources will be needed.

In the event that the Company should acquire new products or companies, the necessary financing would

be obtained via new capital measures. To further improve liquidity, SYGNIS can also draw funds as needed on the basis of certain conditions via SEDA equity financing, which is available until October 2012.

Corporate goals

In the coming 2011/2012 financial year, the focus will be on securing further financing, completing the AXIS 2 study and preparing the results of the study. Dependent on the results of the study, the Company will then evaluate options for a continuing AX200 development strategy. This will include possible out-licensing or the further development of the project with own resources. In addition, the effects of the results of the study for the possible use of AX200 in other indications must be examined.

SYGNIS also intend to intensify the pre-clinical work being performed during the KIBRA project. The first possible drug candidates are expected in 2011.

The Company will also evaluate M&A and partnering opportunities in future.

Heidelberg, 8 June 2011



Peter Willinger
CFO



Dr. Frank Rathgeb
CMO

CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

In € thousands	Notes		
	No.	31 March 2011	31 March 2010
ASSETS			
Property, plant and equipment	4	415	627
Available-for-sale financial assets	5	159	6,017
Goodwill	6	3,332	3,332
Other intangible assets	7	20,783	21,914
Non-current assets		24,689	31,890
Trade receivables		49	40
Available-for-sale financial assets	5	5,365	824
Other current assets	8	684	1,344
Cash and cash equivalents	9	1,473	8,830
Current assets		7,571	11,038
Total assets		32,260	42,928
EQUITY AND LIABILITIES			
Issued capital	10	13,753	41,259
Capital reserves	10	317,317	317,119
Other comprehensive income	10	160	440
Accumulated loss		(313,538)	(328,671)
Equity		17,692	30,147
Deferred tax liabilities	12	2,670	3,007
Financial liabilities	13	8,000	8,000
Other non-current liabilities	14	128	0
Non-current liabilities		10,798	11,007
Trade payables		636	202
Other current liabilities	15	3,134	1,572
Current liabilities		3,770	1,774
Total equity and liabilities		32,260	42,928

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

In € thousands, apart from share information	Notes	Fiscal year ended 31 March	
		2011	2010
	No.		
Revenue	25	213	251
Expenses			
Sales		(776)	(1,005)
Administration		(1,670)	(1,766)
Research and development		(10,545)	(6,390)
Other operating income and expenses		6	(22)
Total operating expenses		(12,985)	(9,183)
Results of operating activities		(12,772)	(8,932)
Finance costs		(228)	(244)
Financial income		352	559
Financial result	19	(58)	(1,803)
Earnings before taxes		(12,706)	(10,420)
Income tax	16	333	84
Net profit/loss for the period		(12,373)	(10,336)
thereof allocable to non-controlling interests		0	0
thereof allocable to owners of SYGNIS Pharma AG		(12,373)	(10,336)
Exchange rate adjustments (after deducting deferred taxes of € 0 thousand)		(15)	18
Unrealized gains/losses on available-for-sale financial assets (after deducting deferred taxes of € 0 thousand)		(265)	3,904
Other comprehensive income (after taxes)	20	(280)	3,922
Total comprehensive income		(12,653)	(6,414)
thereof allocable to non-controlling interests		0	0
thereof allocable to owners of SYGNIS Pharma AG		(12,653)	(6,414)
Earnings per share (diluted and undiluted)	26	(0.90)	(0.75)
Average number of shares outstanding	26	13,752,881	13,752,881

CONSOLIDATED STATEMENT OF CASH FLOW (IFRS)

In € thousands	Notes	Fiscal year ended 31 March	
	No.	2011	2010
Operating activities			
Net profit/loss for the period		(12,373)	(10,336)
Reconciliation of net profit/loss to cash flow from operating activities			
Depreciation of property, plant and equipment	4	207	233
Amortisation of intangible assets	7	1,216	334
Impairment losses on available-for-sale financial assets	19	54	1,569
Losses on the sale of available-for-sale financial assets	19	4	450
Gains on the sale of available-for-sale financial assets	19	0	(216)
Gains on the sale of property, plant and equipment	4	(9)	0
Share-based payment expense	11	198	391
Change in operating assets and liabilities			
Trade receivables		(9)	(15)
Other current assets	8	35	(416)
Trade payables		434	(525)
Other current liabilities	15	1,581	(592)
Other non-current liabilities	14	128	0
Deferred tax liabilities	12	(337)	(87)
Cash outflow from operating activities		(8,871)	(9,210)
Interest received		308	705
Interest paid		(220)	(244)
Income taxes paid		(80)	(188)
Income taxes reimbursed		600	204
Net cash outflow from operating activities		(8,263)	(8,733)
Investing activities			
Investments in property, plant and equipment and intangible assets	4, 7	(103)	(133)
Proceeds from the sale of property, plant and equipment	4	30	0
Proceeds from the sale of available-for-sale financial assets		994	732
Cash inflow from investing activities		921	599
Net change in cash and cash equivalents		(7,342)	(8,134)
Exchange differences		(15)	18
Cash and cash equivalents at the beginning of the period		8,830	16,946
Cash and cash equivalents at the end of the period		1,473	8,830

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

In € thousands, apart from disclosures on shares

	Ordinary shares		Capital reserves	Accumulated loss	Other comprehensive income			Total equity
	Number	Amount			Accumulated exchange differences	Available-for-sale financial assets	Total	
1 April 2009	41,258,643	41,259	316,728	(318,335)	(337)	(3,145)	(3,482)	36,170
Share-based payment expense			391					391
<i>Total income and expense recognised directly in equity</i>					18	3,904	3,922	3,922
Net loss for the year				(10,336)				(10,336)
<i>Total comprehensive income</i>				(10,336)	18	3,904	3,922	(6,414)
31 March 2010	41,258,643	41,259	317,119	(328,671)	(319)	759	440	30,147
1 April 2010	41,258,643	41,259	317,119	(328,671)	(319)	759	440	30,147
Share-based payment expense			198					198
<i>Total income and expense recognised directly in equity</i>					(15)	(265)	(280)	(280)
Net loss for the year				(12,373)				(12,373)
<i>Total comprehensive income</i>				(12,373)	(15)	(265)	(280)	(12,653)
Ordinary capital reduction at a ratio of 3:1	(27,505,762)	(27,506)		27,506				0
31 March 2011	13,752,881	13,753	317,317	(313,538)	(334)	494	160	17,692

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

A. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Business objective and business divisions of the Company

SYGNIS Pharma AG, Heidelberg (hereinafter referred to as "SYGNIS" or "the Company") is a specialty pharmaceutical company listed on Prime Standard segment of Deutsche Börse, the main German stock exchange, focusing on the research and development of innovative therapies for the treatment of disorders of the central nervous system. SYGNIS is currently focusing on the clinical development of its drug candidate AX200 for the treatment of acute ischemic stroke and, in its preclinical KIBRA project, on the treatment of various forms of dementia.

In the past fiscal year the Company carried out corporate restructuring measures with the aim of reducing current costs and safeguarding the financing for strategic projects. The Company incurred non-recurring costs in relation to the restructuring, primarily for the termination of employment contracts, of € 0.2 million.

The Company's consolidated financial statements were prepared as of 31 March 2011 in accordance with the International Financial Reporting Standards (IFRSs) and the International Accounting Standards (IASs) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretation Committee (IFRIC) as adopted by the EU. All those standards (IFRSs/IASs) and interpretations (IFRICs) subject to mandatory adoption for fiscal year 2011 were observed. The consolidated financial statements further satisfy all standards and interpretations as ratified by the IASB.

Unless a different currency unit is used in individual cases, all amounts in the consolidated financial statements are stated in euro ("€"). Due to rounding differences, figures in tables and cross-references may differ slightly from the actual figures.

Preparation of these consolidated financial statements was completed by the Management Board on 8 June 2011.

2. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous reporting year except as follows:

The Group has adopted the following new and revised IFRSs and IFRICs during the year. Adoption of these new and revised standards and interpretations did not have any effect on the financial statements of the Group.

The following new standards became effective in 2010

- Improvements to IFRSs 2009
- In April 2009, the IASB issued the "Improvements to IFRSs" standard to implement minor amendments to the existing IFRS standards. It contains 15 supplements to 12 standards. Most of the amendments are effective for fiscal years beginning on or after 1 January 2010. The amendments did not have any material effect on the net assets, financial position or results of operations of the Group.

- IAS 27 Consolidated and Separate Financial Statements
- The amended IAS 27 was issued in January 2008. The revisions are applicable for the first time for fiscal years beginning on or after 1 July 2009. The revisions are a product of the joint project by IASB and FASB to revise accounting regulations relating to business combinations. These amendments primarily relate to accounting for non-controlling interests that will in future participate in full in the Group's losses and to transactions that lead to loss of control of a subsidiary and the effects of which are recognised in profit or loss. In contrast, the effects of the disposal of shares that do not lead to loss of control are recognised in other comprehensive income. The transitional provisions that generally require retrospective application of the amendments provide for prospective application in the cases listed above. Assets and liabilities that arose from such transactions prior to the first-time application of the new standard are therefore not affected.

Since there were no such transactions and no deficit balance arose for non-controlling interests in the Group in the reporting period, application of this standard did not have an effect on the consolidated financial statements.

- IFRS 3 Business Combinations
- The amended IFRS 3 was issued in January 2008 and is effective for the first time for fiscal years beginning on or after 1 July 2009. The standard was subject to comprehensive revision as part of the IASB and FASB convergence project. The significant revisions relate in particular to the introduction of an option for the measurement of non-controlling interests using either the purchased goodwill method or the full goodwill method, in which the entire goodwill of the acquired entity must be recognised, including that part attributable to non-controlling interests. Other important aspects include the remeasurement through profit or loss of existing investments when control is initially obtained (business combination achieved in stages), mandatory accounting for contingent consideration at the date of acquisition and the recognition of transaction costs in profit or loss. The transitional provisions provide for prospective application of the new regulation. There are no changes to assets and liabilities arising from business combinations prior to the first-time adoption of the new standard. Since no business combinations took place in the Group in the reporting year, application of this standard did not have an effect on the consolidated financial statements.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- In July 2008, the IASB published an amendment to IAS 39 "Eligible Hedged Items – Amendment to IAS

39 Financial Instruments: Recognition and Measurement". The amendment clarifies how the principles of hedge accounting should be applied in two particular situations – the designation of inflation as a hedged risk and the designation of a one-sided risk in a hedged item. The amendment is mandatory and is retroactively applicable for fiscal years beginning on or after 1 July 2009. First-time adoption of the amended standard did not have an effect on the Group.

- Amendment to IFRS 2 Group Cash-settled Share-based Payment Transactions
- The amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions was issued by the IASB in June 2009 and offers clarification on the accounting of group cash-settled share-based payment transactions recognised in separate financial statements. The amendment to IFRS 2 also contains guidance previously included in the provisions of IFRIC 8 Scope of IFRS 2 and IFRIC 11 Group and Treasury Share Transactions. IFRIC 8 and IFRIC 11 were withdrawn as a result. Application of the amended standard is mandatory for fiscal years beginning on or after 1 January 2010. First-time adoption of the amended standard did not have an effect on the Group.

- IFRIC 17 Distributions of Non-cash Assets to Owners
IFRIC 17 governs how an entity should measure non-cash assets distributed to owners. A dividend payable should be recognised when declaration of the dividend is approved by the relevant company boards and no longer at the discretion of the entity. The liability to distribute a dividend should be recognised at the fair value of the net assets to be distributed. The difference between the liability to distribute a dividend and the carrying amount of the assets to be transferred must be recognised in profit and loss. The Group has not distributed any non-cash assets and this amendment therefore did not have an effect on the consolidated financial statements.

- IFRS 1 First-time Adoption of International Financial Reporting Standards (revised 2008)
Only editorial changes and changes in the structure have been made to the standard. The revision did not result in any changes to the accounting policies for first-time adopters of IFRSs.

- Amendment to IFRS 1 – Additional Exemptions for First-time Adopters
The revision of this standard also covered two additional exceptions. The revision led to changes in the recognition and measurement of assets for first-time adopters in the oil and gas industry.

- Amendment to IAS 32 – Classification of Rights Issues
The IASB issued amendments to IAS 32 "Classification of Rights Issues" in October 2009. The changes relate to the accounting treatment to be applied by the issuer of rights issues, options and option certificates to acquire a defined number of equity instruments denominated in a different currency to the functional currency. The amendments are effective for reporting periods beginning on or after 1 February 2010. First-time adoption of the amended standard did not have an effect on the Group.

New accounting standards

The list below shows the IFRSs and interpretations that will be effective in subsequent years:

Standard/Interpretation	Published in	Applicable
Endorsed		
Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	January 2010	1 July 2010
IAS 24 Related Party Disclosures (revised 2009)	November 2009	1 January 2011
Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement	November 2009	1 January 2011
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	November 2009	1 July 2010
Improvements to IFRSs 2010	May 2010	various
Not yet endorsed		
Amendment to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	December 2010	1 July 2011
Amendments to IFRS 7 Financial Instruments: Disclosures	October 2010	1 July 2011
IFRS 9 Financial Instruments: Classification and Measurement	November 2009	1 January 2013
Additions to IFRS 9 Fair Value Option for Financial Liabilities	October 2010	1 January 2013
Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets	December 2010	1 January 2012

Endorsed Standards/Interpretations

The IASB and the IFRIC have published the standards and interpretations listed in the above table under "Endorsed", which have already been adopted by the EU in the comitology procedures, but whose adoption was not mandatory for the fiscal year 2010/2011. The Group has not early adopted these standards and interpretations.

Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

The amendment Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters offers first-time adopters of IFRS a simplification option when applying the additional disclosure requirements of IFRS 7 applicable from March 2009.

IAS 24 Related Party Disclosures (revised 2009)

In November 2009 the IASB issued amendments to IAS 24 "Related Party Disclosures". Previously, government-related entities were obliged to disclose information on all transactions with entities related to the

same government. The amendments to IAS 24 include simplifying the disclosure requirements of government-related entities. The amendments to IAS 24 also involve specifying the definition of a related party in more detail. The amendments are effective for reporting periods beginning on or after 1 January 2011. SYGNIS does not expect that application of the amendment will affect the net assets, financial position and results of operations of the Company.

Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement

The amendment is relevant for entities required to make prepayments of a minimum funding requirement relating to their pension plans. The amendment allows entities to recognise the economic benefit from such prepayments as an asset. The amendment is applicable for reporting periods beginning on or after 1 January 2011. Early adoption is permitted.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

In November 2009, the IFRIC issued IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". IFRIC 19 offers additional explanation of the accounting treatment applicable under IFRS when an entity settles a financial liability by issuing shares or other equity instruments. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with IAS 39.41. The corresponding equity instruments must be measured at fair value. If this cannot reliably be determined, the equity instruments should be measured at the fair value of the financial liability extinguished and the difference between the carrying amount of the financial liability to be derecognised and the first-time measurement of the issued equity instruments should be recognised in profit and loss. IFRIC 19 must be applied for reporting periods beginning on or after 1 July 2010. Early adoption is permitted.

Improvements to IFRSs 2010

In May 2010, the IASB issued Improvements to IFRSs (2010) to implement minor amendments to the existing IFRSs. This standard comprises amendments to eight standards (IFRSs/IASs) and one interpretation (IFRIC). Most of the amendments are effective for reporting periods beginning on or after 1 January 2011.

Standards/Interpretations not yet endorsed

The IASB and the IFRIC have published the standards and interpretations listed in the above table under "Not yet endorsed", but their adoption was not yet mandatory for the fiscal year 2010/2011. These standards and interpretations have not yet been adopted by the EU and have therefore not been applied by the Group.

Amendment to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The IASB issued two amendments to IAS 1 in December 2010. The first amendment replaces all references to the fixed date "1 January 2004" by "the date of transition to IFRSs", such that first-time adopters of IFRSs do not need to subsequently account, in accordance with IFRSs, for the derecognition of transactions

that occurred before the date of transition to IFRSs and change the presentation. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period of severe hyperinflation, during which the entity had been unable to comply with IFRSs. The amendments are effective for reporting periods beginning on or after 1 July 2011.

Amendments to IFRS 7 Financial Instruments: Disclosures

In October 2010, the IASB issued amendments to IFRS 7 Financial Instruments: Disclosures. The amendments introduce additional disclosure requirements relating to transfers of financial assets, supplementing the other disclosure requirements, and are intended to help users of financial statements evaluate the effect of the risks retained by the entity transferring the asset. The amendments are effective for reporting periods beginning on or after 1 July 2011. Early adoption is permitted. In the first year of application, entities do not need to provide comparative information.

IFRS 9 Financial Instruments: Classification and Measurement

The IASB issued IFRS 9 Financial Instruments: Classification and Measurement in November 2009. This standard is part of the project for a follow-up standard for IAS 39. The standard governs the classification and measurement of financial assets. In IFRS 9, the previous measurement categories "loans and receivables", "assets held to maturity", "available-for-sale financial assets" and "assets at fair value through profit or loss" were replaced by the categories "amortised cost" and "fair value". Whether an instrument can be classified at amortised cost depends on the business model of the entity as well as the product characteristics of the individual instruments. Instruments which do not meet the definition characteristics of the category amortised cost should be measured at fair value through profit or loss. Measurement at fair value recognised directly in equity is permissible for certain equity instruments. The amendments are effective for reporting periods beginning on or after 1 January 2013.

Additions to IFRS 9 Fair Value Option for Financial Liabilities

The IASB issued additions to IFRS 9 Financial Instruments: Classification and Measurement in October 2010. The version of IFRS 9 published in November 2009 (IFRS 9 (2009)) only contained pronouncements on the classification and measurement of financial assets. The new version IFRS 9 (2010) now contains additional regulations on the classification and measurement of financial liabilities as well as the derecognition of financial assets and liabilities. IFRS 9 is effective for fiscal years beginning on or after 1 January 2013.

Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

The IASB issued amendments to IAS 12 Income Taxes in December 2010. The amendment constitutes a pragmatic approach to solving the issue of whether the carrying amount of an asset is recovered through use or through sale by introducing a rebuttable presumption that the carrying amount is usually recovered through sale. As a consequence of the amendment, SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets no longer applies for investment property measured at fair value. The other guidelines

have been integrated in IAS 12 and SIC 21 has been withdrawn accordingly. The amendments are effective for fiscal years beginning on or after 1 January 2012.

3. Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements are generally prepared in accordance with the historical cost convention, except for the first-time recognition of assets and liabilities in connection with business combinations and available-for-sale financial assets that were measured at fair value.

The group entities' fiscal year ends on 31 March. The financial statements of the subsidiaries are prepared for the same reporting year as for the parent, using consistent accounting policies. All intercompany clearing accounts and transactions were eliminated in the course of consolidation.

Subsidiaries are consolidated in full on the date of acquisition, i.e., the date on which control is transferred to the Group, and are deconsolidated as soon as the parent loses control over the subsidiary.

Basis of consolidation

These consolidated financial statements include the financial statements of SYGNIS Pharma AG and its subsidiaries. The Company holds all of the shares in each of the following subsidiaries:

- SYGNIS Bioscience GmbH & Co. KG, Heidelberg
- SYGNIS Verwaltungs GmbH, Heidelberg
- LION bioscience Inc., Needham, MA, USA
- Amnestix Inc., Needham, MA, USA

IFRS 2 Share-based Payment

IFRS 2 Share-based Payment requires the recognition through profit or loss of transactions in which the Group acquires assets or services as consideration for shares or rights to shares ("settlement in equity instruments") or as consideration for other assets corresponding in value to a certain number of shares or rights to shares ("settlement in cash").

In the previous year as well as in fiscal 2011, SYGNIS granted stock options (equity-settled share-based payment transactions) to employees of the Group and Management Board members. These stock options

are measured at fair value as of the date on which they are granted. The fair value of the obligation is recognised as personnel expenses over the vesting period and, at the same time, as an increase in equity. The fair value is calculated using an option pricing model (binominal model). Further details on the stock options are presented in note 11 of these notes to the consolidated financial statements.

Currency translation

The annual financial statements of the Company's subsidiaries were prepared in their functional currency, which corresponds to the local currency. Accounts in the financial statements are translated into the reporting currency (euro) at the rates prevailing at the end of the reporting period, apart from equity which is translated at the rates prevailing on the closing date of each transaction. The income and expense accounts were translated at the weighted average exchange rate over the fiscal year. Any differences arising from currency translation are recognised in a separate item within equity (other comprehensive income).

In the fiscal year 2011, exchange rate gains of € 15 thousand (2010: exchange rate losses of € 16 thousand) were recognised in the item "Other operating income and expenses"; these resulted from the translation of foreign currency assets and liabilities. In addition, unrecognised exchange rate losses of € 15 thousand from consolidation at group level were recognised in other comprehensive income in the fiscal year 2011 (previous year: exchange rate gains of € 18 thousand).

These do not include differences on foreign currency borrowings and receivables that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

The exchange rates of the currency material to the consolidated financial statements developed as follows:

		Rate at the end of the reporting period		Average rate for the fiscal year	
		31 March 2011	31 March 2010	2011	2010
		Equivalent of 1 €	Equivalent of 1 €	Equivalent of 1 €	Equivalent of 1 €
US Dollar	USD	1.4207	1.3479	1.3225	1.4137

Significant accounting judgments, assumptions and estimates

Accounting judgments

In the process of applying the accounting policies, management has made the following judgments which have a material effect on the amounts recognised in the financial statements. Decisions based on estimates are not considered.

Obligations from operating leases

The Company has determined that all the risks and rewards of ownership of these properties which are leased under operating leases are to be assigned to the owner.

Estimates and assumptions

Preparation of the consolidated financial statements requires estimates and assumptions by the Management Board that affect the amount of assets, liabilities, income, and expenses reported in the consolidated financial statements and the contingent assets and contingent liabilities reported. Actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

Impairment of goodwill

The Company tests goodwill for impairment at least once a year. This requires an estimation of the value in use of the underlying cash generating units (CGUs) to which the respective goodwill is allocated. In order to estimate the value in use, management must estimate the anticipated future cash flows of the individual CGUs, assess the prospects for success of the underlying projects and an appropriate discount rate. The review of goodwill is based on planning periods of up to 16 years. A perpetual annuity is not intended. This estimate is based on the assumption of correspondingly long patent terms and consideration of a marketing period following expiry of patent protection. The long-term nature of the planning horizon means that the related assumptions and forecasts are subject to great uncertainty in particular with regard to whether the clinical studies currently running and planned for the future will come to a successful conclusion, whether drugs are approved for public use and whether the budgeted market sales can be generated. The carrying amount of goodwill of € 3.3 million as of 31 March 2011 is allocated to two CGUs (see note 6).

Impairment of other intangible assets

As of 31 March 2011, the Company has other intangible assets of € 20.8 million; these are primarily attributable to a development project (€ 17.7 million) from the acquisition of SYGNIS Bioscience GmbH & Co. KG ("SYGNIS Bioscience"). This development project (AX200) is currently undergoing phase II clinical trials. Amortisation will begin once the respective drug candidates have been approved for public use. Consequently, no amortisation is currently being charged on this asset – instead it is tested for impairment on an annual basis. The same calculation basis is used for this as for the impairment test for the goodwill arising from the acquisition of SYGNIS Bioscience.

The remaining other intangible assets totalling € 2.9 million mainly relate to the acquisition of Amnestix, Inc. ("Amnestix") in the fiscal year 2009. These assets are attributable with € 2.2 million to the

development and marketing potential of acquired patents and know-how. As this asset is not yet available for use, it is not yet subject to amortisation but rather to an annual impairment test.

In addition, an amount of € 0.7 million relates to the carrying amount of anticipated new research projects in cooperation with Translational Genomics Research Institute, Arizona, USA ("TGen"). This asset is amortised over its expected useful life. If there is any indication for an impairment over the course of the amortisation period, an impairment loss will be recognised on the asset. In the 2011 reporting year, impairment losses of € 0.9 million (previous year: € 0.0 million) were recognised on this asset.

Impairment of financial assets

SYGNIS reviews at least at the end of each reporting period whether a financial asset or group of financial assets is impaired.

If an available-for-sale- financial asset is impaired, the impairment loss will be reclassified from equity to the consolidated statement of comprehensive income. This impairment corresponds to the difference between the acquisition costs (less any amounts repaid or amortised) at the current fair value reduced by any impairment losses recognised on these financial assets in profit and loss at an earlier date. Reversals in respect of securitised equity instruments classified as available for sale are not recognised in the consolidated statement of comprehensive income. Reversals of impairment losses on securitised debt instruments are recognised in profit or loss if the increase in the instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

SYGNIS assumes a permanent impairment on its investments in securitised debt instruments if one or more (loss) events occur and objective indications point to an impairment, and such loss event will have an effect on the anticipated future cash flow of the asset that can be estimated reliably. Objective indications of the impairment of securitised debt instruments include but are not limited to failure to pay or delay in interest or principal payments.

In the fiscal year 2011 an impairment loss of € 54 thousand (fiscal year 2010: € 1,569 thousand) was recognised on securitised debt instruments within the item "Financial result" in the statement of comprehensive income. For further details, please refer to note 19.

Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. The carrying amounts of property, plant and equipment are tested for impairment as soon as there is any indication that the carrying amount of an asset exceeds its recoverable amount.

Depreciation is performed over the useful life of the fixed assets on a straight-line basis as follows:

Office fixtures and fittings	5 to 10 years
Laboratory equipment	3 to 10 years

Leasehold improvements are depreciated over their useful lives or, if shorter, over the term of the lease.

An item of property, plant and equipment is derecognised on disposal. Any gain or loss arising on derecognition of the asset – calculated as the difference between the net realisable value and the carrying amount of the asset – is recognised in the statement of comprehensive income in the period in which the asset is derecognised.

The residual values of the assets, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Business combinations and goodwill

Acquisitions are accounted for in accordance with IFRS 3 "Business Combinations". Correspondingly, the results of the acquired entity are included in the consolidated financial statements from the date of acquisition. Acquisition accounting is performed in accordance with the acquisition method. Any excess of cost over the Group's interest in net assets measured at fair value is recognised as goodwill.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that benefit from the synergies. A CGU to which the goodwill is allocated

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment as defined pursuant to IAS 8 "Operating Segments".

The impairment loss is determined by calculating the recoverable amount of the CGU to which goodwill relates. If the recoverable amount of the CGU (group of CGUs) is lower than its carrying amount, an impairment loss is recorded.

Intangible assets acquired separately and during a business combination

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its acquisition-date fair value. Following initial recognition, intangible assets

are carried at cost less any accumulated amortisation and any accumulated impairment losses. As regards intangible assets, it is initially important to determine whether they have a finite or an indefinite useful life.

Intangible assets with finite useful lives are amortised as follows on a straight-line basis over their economic useful lives:

Software licenses and other licenses	3 to 10 years
Rights of use and patents	4 to 15 years

In addition, such intangible assets with a finite useful life are tested for impairment whenever there is any indication that the intangible asset could be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each fiscal year at the latest. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates in accordance with IAS 8.32 et seq.

Intangible assets with an indefinite useful life are tested for impairment each year instead of being amortised.

Intangible assets that are not yet available for use are similarly not amortised but are rather tested for impairment on an annual basis. As part of the acquisition of SYGNIS Bioscience and Amnestix, the Company acquired intangible assets that are not yet available for use of € 17.7 million and € 2.2 million, respectively.

Leases

The determination of whether an arrangement forms the basis for a lease is based on the substance of the arrangement and requires an estimate of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed immediately.

The Group does not have any finance leases at the end of the reporting period. Operating lease payments are recognised as an expense directly in the statement of comprehensive income on a straight-line basis over the lease term. The details of any material future expenses are provided under other financial obligations.

Impairment of non-current and intangible assets

The Group assesses whether there is any indication that an asset may be impaired as of the end of each reporting period. If there are signs of impairment or if an annual impairment test is required, the Group makes a formal estimate of the recoverable amount. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is described as impaired and written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairments are recorded in the statement of comprehensive income as expenses incurred in the respective function.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognised for an asset in previous years may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If applicable, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount may not exceed the carrying amount that would have been determined after amortisation or depreciation had no impairment loss been recognised for the asset in previous years. The amount of the reversal is posted to profit or loss, unless the asset is recognised at the revalued amount in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation/amortisation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Impairment losses of € 0.9 million were recognised on intangible assets in 2011 (previous year: € 0.0 million).

Investments and other financial assets

Financial assets as defined by IAS 39 are classified as receivables, financial assets or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments which are not at measured fair value through profit or loss, any directly attributable transaction costs. Securitised equity instruments for which there is no active market price, meaning their fair value is difficult to establish, are reported at the lower of cost or market. The Group determines the classification of its financial assets upon initial recognition and, where allowed and appropriate, reassess this designation at each fiscal year-end.

Regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date on which the entity entered into the obligation to purchase the asset. Regular way purchases or sales are

purchases or sales of financial assets that require delivery of the asset within the period generally established by regulation or convention in the marketplace.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Gains and losses are recognised through profit or loss when the receivables are derecognised or impaired.

Interest-bearing loans

The initial recognition of a loan is at cost, which corresponds to the fair value of the consideration given after deducting any transaction costs needed to take out the loan. After initial recognition, all interest-bearing loans are measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss for the period when the liabilities are derecognised, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, and any gain or loss is recognised in a separate item under equity. On derecognition of the investment or identification of impairment, any cumulative gain or loss that had previously been recognised directly in equity is recognised in the statement of comprehensive income. Impairments on available-for-sale financial assets are not recorded until one or more (loss) events occur pursuant to initial recognition and there are objective indications of an impairment and such loss will have an effect on the future cash flow of the asset that can be estimated reliably. Objective indications of the impairment of securitised debt instruments include but are not limited to failure to pay or delay in interest or principal payments.

The fair value of investments that are actively traded in organised financial markets is determined by reference to stock exchange quoted market bid prices at the close of business as of the end of the reporting period. Where financial assets are sold after the end of the reporting period but before preparation of the consolidated financial statements, fair value is determined based on the sales proceeds. The fair value of investments that are not quoted on an active market is estimated using valuation techniques. Such methods are based on recent regular way transactions or on the current market value of another instrument which is essentially the same instrument or an analysis of the discounted cash flows and option pricing models. Investments of which the fair value cannot be reliably determined are measured at amortised cost and written down for impairments. Available-for-sale financial assets are disclosed under current assets if management intends to sell them within 12 months of the end of the reporting period.

Fair value of financial instruments

The carrying amount of cash and cash equivalents, receivables, current assets and current liabilities approximates fair value due to the relatively short-term maturity of these instruments.

The carrying amount of financial assets approximates the fair value on the basis of the market price.

Trade receivables

Trade receivables, which generally have 30–90 day terms, are recognised at the original invoice amount less an allowance for any uncollectible amounts. A bad debt allowance is recognised when there is sufficient objective evidence indicating that the receivables are fully or partially uncollectible or it is likely that they cannot be collected, and the amount of the allowance can be determined sufficiently reliably. Receivables are written off as soon as they become uncollectible.

The trade receivables existing as of 31 March 2011 include bad debt allowances of € 65 thousand (31 March 2010: € 51 thousand).

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term deposits with a term of less than three months.

Liabilities

Current liabilities are disclosed at the amount repayable. After initial recognition, non-current liabilities are generally subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the Group expects at least a partial reimbursement of the expenses for which provision has been made (e.g., from an insurance policy) the reimbursement is only recognised as a separate asset if the reimbursement is practically certain. The expense relating to a provision is presented net of any reimbursement in the

statement of comprehensive income. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Derivative financial instruments and hedge accounting

The Company did not have any derivative financial instruments as of 31 March 2011 or 31 March 2010.

Revenue recognition

The revenue recognised in the consolidated statement of comprehensive income essentially contains revenue from the ongoing Caco-2 license business of LION bioscience Inc.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Furthermore, the definitive risks and rewards of ownership of the goods have to have passed to the buyer.

Revenue from license fees are recognised over the respective contractual period on a straight-line basis. If a perpetual license has been agreed in license agreements, the license fees are recorded in the period in which the fees are due and receipt of payment is likely. Service fees in connection with research and development cooperation work are reported in the period in which the service is rendered.

Government grants

The Company receives government grants and subsidies from various government support programmes. Depending on the structure of the support program in question, the Company will decide whether these grants and subsidies are recognised as revenue or are offset against the costs incurred. Government grants and subsidies for the research and development costs incurred directly in the various programs are offset against the corresponding expenses. In fiscal year 2011 € 323 thousand was offset against the corresponding expenses and € 704 thousand in 2010.

Research and development costs

Research and development costs are expensed in the period in which they are incurred. Research and

development costs, before offsetting against government grants and subsidies, totalled € 10,868 thousand in 2011 and € 7,094 thousand in 2010.

An intangible asset resulting from development in the course of an individual project is only recognised if the Group can provide evidence of the technical feasibility of completing the intangible asset so that it will be available for internal use or for sale and of its intention to complete the intangible asset and to use or sell it. In addition, the Group must substantiate the creation of a future economic benefit by the asset, the availability of resources to complete the asset and the ability to determine reliably the expenses allocable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied. This requires that the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. The amounts capitalised are amortised over the period of expected future sales revenue from the related project.

The Group did not capitalise any development costs in either the year under review or the previous year.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

If there are qualifying assets which can be allocated to borrowing costs, these borrowing costs must be capitalised under IAS 23. The Group does not currently have any qualifying assets in the meaning of IAS 23.

Income taxes

Current tax assets and liabilities

Current tax assets and liabilities for the current and previous periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognised using the liability method on all temporary differences as of the end of the reporting period between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax liabilities are recognised for taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and unused tax loss carryforwards and unused tax credits, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carryforward of unused tax loss carryforwards and tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reviewed at the end of each reporting period and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For transactions and other events recognised in other comprehensive income, any taxes on income are also recognised in other comprehensive income, not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity.

Earnings per ordinary share

Earnings per share are calculated by dividing the group result by the weighted average number of outstanding ordinary shares. Outstanding share options were not taken into consideration in calculating diluted earnings per ordinary share, as the performance target (increase in the price of the SYGNIS share by at least 50%) had not been reached by the end of the reporting period. Consequently, basic earnings correspond to diluted earnings.

In connection with the capital reduction in the reporting year 2011, the number of outstanding shares was reduced without leading to an inflow or outflow of resources. In accordance with IAS 33.64 the weighted number of outstanding ordinary shares was adjusted as of the reporting date 31 March 2011 and retroactively as of 31 March 2010.

B. NOTES TO THE STATEMENT OF FINANCIAL POSITION

4. Property, plant and equipment

In € thousands	31 March 2011	31 March 2010
Laboratory equipment	341	496
Office fixtures and fittings	58	97
Leasehold improvements	16	32
Assets under construction	0	2
	415	627

Depreciation of property, plant and equipment came to € 207 thousand in 2011 and € 233 thousand in 2010.

Gains of € 9 thousand were generated on the disposal of property, plant and equipment in fiscal year 2011 (previous year: € 0 thousand).

5. Available-for-sale financial assets

In € thousands	31 March 2011	31 March 2010
Non-current	159	6,017
Current	5,365	824
	5,524	6,841

Available-for-sale financial assets can be broken down as follows:

In € thousands	31 March 2011	31 March 2010
Securitized debt instruments	4,649	5,867
Securitized equity instruments	725	824
Shares in BioSolveIT GmbH	150	150
	5,524	6,841

Shares in BioSolveIT GmbH

In June 2001 the Company acquired shares in BioSolveIT GmbH, Sankt Augustin, upon its foundation. The Company acquired 15% of the shares for a price of € 549 thousand, including incidental acquisition costs.

The Company has carried this investment at its prospective recoverable amount of € 150 thousand since

fiscal year 2007. This amount generally corresponds to the fair value of the investment less the costs to sell. Fair value is determined on the basis of the latest earnings projections and the situation on the market for shares in publicly listed companies. As of 31 March 2011 there were no significant changes in the fair value of the investment.

Securitised equity instruments and securitised debt instruments

In € thousands	31 March 2011			
	Costs	Market value	Unrecognised gains	Unrecognised losses
Securitised equity instruments	0	725	725	0
Securitised debt instruments	5,221	4,649	1	573
	5,221	5,374	726	573

In € thousands	31 March 2010			
	Costs	Market value	Unrecognised gains	Unrecognised losses
Securitised equity instruments	0	824	824	0
Securitised debt instruments	7,501	5,867	0	1,634
	7,501	6,691	824	1,634

As of 31 March 2011 securitised debt instruments fall due as follows:

In € thousands	Costs	Market value
1 to 5 years	1,721	1,722
More than 10 years	3,500	2,927
	5,221	4,649

The portfolio of securitised debt instruments comprise two fixed-interest securities. One of the securities has an interest rate of 6.15% and can be terminated by the issuer at the end of each quarter. It had not been terminated by the time the consolidated financial statements had been prepared.

Another security has a fixed interest rate of 3.63% and was acquired at the end of April 2010 in exchange for a floating-rate bond. The exchange ratio was set at approximately 68% of the nominal amount of the old bond, meaning that SYGNIS now has a new bond with a cost of approximately € 2,720 thousand. The Company sold a portion of about € 1,000 thousand by the end of the 2011 reporting period.

Another security had a fixed interest rate of 7% until early 2011 and bears interest for one year at a rate of 0.5% since then. The interest rate is adjusted annually depending on certain parameters. The issuer has a termination right at every interest adjustment date.

In fiscal year 2011, the Company realised interest income of € 296 thousand from the securitised debt instruments in its portfolio compared to € 306 thousand in fiscal year 2010.

As of 31 March 2011, the Company had unrealised share price losses of € 573 thousand from securitised debt instruments. According to the Company's assessment an amount of € 341 thousand thereof is subject to impairment as defined by IAS 39.58 et seq. An impairment loss of € 288 thousand had been recognised in profit or loss in the fiscal year 2010. Due to the decrease in market value, another impairment loss of € 54 thousand became necessary in the reporting year 2011.

The remaining unrealised share price losses of € 232 thousand continue to be recognised in other comprehensive income. SYGNIS does not currently anticipate permanent impairment of the securitised debt instrument in the meaning of IAS 39.58 et seq.

The Company sold all securitised equity instruments in April 2011 (NoemaLife S.p.A. shares), generating sales proceeds of € 725 thousand. This figure was used for measuring the fair value of the securities as of 31 March 2011.

6. Goodwill

Of total goodwill an amount of € 2,361 thousand originates from the acquisition of SYGNIS Bioscience in the fiscal year 2007 and € 971 thousand from the acquisition of Amnestix in the fiscal year 2009. The goodwill has been allocated to the cash generating units of SYGNIS Bioscience and Amnestix. The Company conducted an annual impairment test of this goodwill in accordance with IAS 36 on 31 March 2011.

SYGNIS Bioscience

The fair value of the SYGNIS Bioscience CGU as of 31 March 2011 exceeds the carrying amount of this CGU. The fair value of the CGU is based on the projected discounted cash flows that have been derived from the business planning of this unit. The planning horizon is 16 years, which is based on the most advanced development project in this CGU (AX200 for stroke).

Management made a number of assumptions when determining the fair value of the CGU. The sales projections for AX200 (stroke) are based on the assumption that the product will be licensed and the Company will participate in market sales in the form of royalties. The sales figures used in this calculation are based on the assumption that sales will peak within five years of market launch. The average growth rates are based on the customary assumptions made by the industry for the development of sales of new products. The likelihood of the product being successful on the market has been set at 29% (previous year: 29%) and is based on the customary averages applied by the industry for projects in phase II clinical trials. As in the previous year, the discount rate has been set at 17.5%.

If AX200 (stroke) fails on the market, it may be necessary to write off the entire value of goodwill. An impairment test is performed at the end of each fiscal year.

Amnestix

The fair value of the Amnestix CGU as of 31 March 2011 exceeds its carrying amount. The fair value of the CGU is based on the projected discounted cash flows from the assets allocated to the CGU (expected new research projects and marketing of purchased patents and know-how). The values of the expected research projects and the marketing of purchased patents and know-how are based on the customary assumptions of market prices that are made within the industry. These assumptions take into account the corresponding likelihood of success using probabilities and the expenses yet to be incurred to arrive at a final result for each asset. This final result is then discounted using an interest rate of 17.5%.

If no new research projects are generated by Amnestix within this planning period and the acquired patents and know-how cannot be successfully marketed, it may be necessary to fully write off the goodwill. An impairment test is performed at the end of each fiscal year.

The Company tested the Amnestix goodwill for impairment as of 31 March 2011 in view of the restructuring measures carried out in the third quarter of 2010/2011. In the Company's assessment, there is no impairment of goodwill based on the current business realignment. The Company will review the carrying amount again for the year ending 31 March 2012 or if there is any indication of impairment in the course of the year.

7. Other intangible assets

In € thousands	Useful life	31 March 2011	31 March 2010
Acquired development projects, patents and know-how	Not yet defined	19,890	19,890
Other acquired rights	4 years	705	1,864
Software licenses and other licenses	3 to 10 years	188	160
		20,783	21,914

Amortisation and impairment losses on other intangible assets came to € 1,216 thousand in 2011 and € 334 thousand in 2010. Impairment losses accounted for an amount of € 856 thousand thereof (previous year: € 0 thousand). We refer to the further details given below.

Of the total development projects, patents and know-how acquired from third parties, an amount of € 17,700 thousand originates from the acquisition of SYGNIS Bioscience. Within the framework of the purchase price allocation, the Company recognised the existing development projects at their fair values in accordance with IFRS 3. These projects refer to the AX200 (stroke) development project that is currently un-

dergoing phase II clinical trials. These projects are not subject to amortisation. The useful life will be determined (and amortisation will begin) as soon as the AX200 (stroke) has been approved for public use. For this reason, the development project is subject to an annual impairment test at the end of the fiscal year. This did not reveal any need to record an impairment loss as of 31 March 2011.

In addition, development projects, patents and know-how valued at € 2,190 thousand were acquired in the business combination with Amnestix. The value of the development potential and marketing possibilities for patents and know-how relate to KIBRA, a new pathway for learning and memory in various indications of the central nervous system. Due to the fact that these assets are not yet ready for use, they are not subject to amortisation but to an annual impairment test at the end of the fiscal year. This did not reveal any need to record an impairment loss as of 31 March 2011.

The acquired other assets also originate from the business combination with Amnestix. They relate to the value of an expected research project within the framework of the contractually agreed cooperation with TGen. The Company tested this carrying amount for impairment as of 31 March 2011 and recognised impairment losses amounting to € 856 thousand. The amortisation and impairment recognised in the 2011 reporting year (including amortisation of € 302 thousand) totalled € 1,159 thousand. In addition, the Company reassessed useful life based on new information and taking into account the future strategic realignment and has reduced the useful life from eight to four years. This change in estimates will give rise to an additional amortisation charge of € 303 thousand in the upcoming fiscal year.

In the purchase price allocation the Company was forced to make a number of assumptions to determine the fair values of the assets of the AX200 development project, the development potential and marketing possibilities of the KIBRA, and the expected new research projects. In this regard, we also refer to the comments made in note 6, "Goodwill".

8. Other current assets

In € thousands	31 March 2011	31 March 2010
Deductible capital gains tax	268	791
Payment claim for government subsidies	156	192
VAT credits	114	69
Prepaid expenses	91	109
Accrued interest recognised on financial assets	55	12
Deferred interest on fixed-term deposits	0	7
Other	0	164
	684	1,344
<i>thereof financial assets</i>	<i>211</i>	<i>330</i>

9. Cash and cash equivalents

Cash and cash equivalents decreased by € 7.3 million to € 1.5 million compared to € 8.8 million on 31 March 2010. The decrease stems primarily from the cash flow from operating activities of € -8.3 million.

10. Equity

The development of equity in the Group is shown in the statement of changes in equity.

Issued capital

The issued capital amounts to € 13,752,881 as of 31 March 2011 (31 March 2010: € 41,258,643) and is divided into 13,752,881 no-par value bearer shares with an imputed share in capital of € 1.00 each.

By resolution of the annual general meeting of 30 November 2010, the Company's issued capital was reduced by € 27,505,762 from € 41,258,643 to € 13,752,881. The reduction was performed in accordance with the rules governing ordinary capital reductions (Sec. 222 et seq. AktG ["Aktiengesetz": German Stock Corporations Act]) by combining three previous shares in one new share. The resulting amount of € 27,506 thousand was used to reduce the accumulated loss. The capital reduction was filed in the commercial register on 13 December 2010.

Authorised capital

Subject to the approval of the Supervisory Board, the Management Board was authorised by resolution of the annual general meeting on 27 November 2008 to increase the capital stock of the Company once or several times by a maximum amount of € 20,629,321 in total until 26 November 2013 by issuing new no-par bearer shares in return for contributions in cash or kind.

Conditional capital

The capital stock of SYGNIS has been conditionally increased by a maximum of € 1,600,000 (conditional capital II) by issue of up to 1,600,000 no-par bearer shares which are equivalent to the no-par value ordinary bearer shares already issued. The conditional capital increase serves to cover the conversion rights of the bearers of any stock options issued by the Company prior to 26 November 2010.

The capital stock of SYGNIS has been conditionally increased by a maximum of € 1,800,000 (conditional capital III) by issue of up to 1,800,000 no-par bearer shares which are equivalent to the no-par value ordinary bearer shares already issued. The conditional capital increase serves to cover the conversion rights of the bearers of stock options which may be issued by the Company prior to 25 November 2011.

Capital reserves

The € 198 thousand increase in capital reserves in 2011 and by € 391 thousand in the previous year relates exclusively to the recognition of expenses from share-based payments.

Other comprehensive income

Other comprehensive income decreased by € 280 thousand in fiscal year 2011. A further € 265 thousand relates to unrealised share price losses on securities and € 15 thousand to unrealised exchange rate losses.

The € 3,922 thousand increase in other comprehensive income in the previous year was attributable to the reclassification adjustments of € 2,615 thousand recognised in profit or loss relating to the impairment of securitised debt instruments. Further details are set out in notes 19 and 20. A further € 1,289 thousand relates to unrealised share price gains on securities and € 18 thousand to unrealised exchange rate gains.

11. Stock options

2007 stock option plan

On the basis of the authorisation granted by the annual general meeting dated 28 November 2007, the Management Board is authorised to issue stock options to the members of the Management Board and the employees of the Group, subject to the approval of the Supervisory Board, entitling the holders to buy up to 1,600,000 no-par bearer shares in the Company. Conditional capital II of € 1,600,000 has been recorded in the commercial register to secure and serve the obligations from these stock options. To effect this authorisation, the Management Board passed a resolution to install a stock option plan (2007 stock option plan). A total of 1,593,000 stock options had been issued by 31 March 2011; after performance of the capital reduction (see below) the number fell to 531,000. An amount of 199,998 stock options thereof have been granted to the Management Board and 331,002 stock options to employees.

The Management Board decided at the end of November 2010 with the approval of the Supervisory Board

to adjust the exercise prices of the stock options issued in 2007 and 2008 under the 2007 stock option plan. The adjustment is in accordance with the regulations of the 2007 stock option plan, under which the Company is entitled to adjust the exercise price when capital increases are performed granting shareholders a subscription right. The exercise prices were reduced on this basis in proportion to the capital increase. A comparison shows that this change in the conditions of the options did not lead to a material change in the fair value of the stock options concerned. The Company has therefore come to the conclusion that it does not constitute a plan modification as defined by IFRS 2.

2008 stock option plan

On the basis of the authorisation granted by the annual general meeting on 27 November 2008, the Management Board is authorised to issue stock options to the members of the Management Board and the employees of the Group, subject to the approval of the Supervisory Board, entitling the holders to buy up to 1,800,000 no-par bearer shares in the Company. Conditional capital III of € 1,800,000 has been recorded in the commercial register to secure and serve the obligations from these stock options. To effect this authorisation, the Management Board passed a resolution to install a stock option plan (2008 stock option plan). A total of 1,799,800 stock options had been issued by 31 March 2011; after performance of the capital reduction (see paragraph below) the number fell to 599,933. An amount of 240,000 stock options thereof have been granted to the Management Board and 359,933 stock options to employees. With the exception of the term, the 2008 stock option plan is structured identically to the 2007 stock option plan.

Effects of the capital reduction

Following the capital reduction performed with regard to the share capital of SYGNIS, outstanding shares were combined at a ratio of 3:1. In accordance with the terms and conditions of the 2007 and 2008 stock option plans, the capital reduction had an effect on the number of outstanding stock options and the exercise price. The number of outstanding stock options from the 2007 and 2008 stock option plan was reduced to one third and the corresponding exercise price increased threefold. A comparison shows that this change in the conditions of the options did not lead to a material change in the fair value of the stock options concerned. The Company has therefore come to the conclusion that it does not constitute a plan modification as defined by IFRS 2.

The tables presented below as of 31 March 2010 have been adjusted retroactively with respect to the exercise prices, the number of stock options and other relevant parameters in order to improve comparability with the figures as of 31 March 2011.

Structure of the stock option plan

According to the terms of the stock option plan, each option entitles the holder to acquire one no-par value share in the Company at the exercise price by 31 December 2013 (2007 stock option plan) or 31 December 2014 (2008 stock option plan). The Company has the right to pay cash compensation instead of issuing shares to the holders of the stock options to settle their subscription rights.

The exercise price is determined on the basis of the more closely defined average price of SYGNIS shares over the last 30 days of trading prior to the date on which the options are issued. The options can only be exercised in stages. After a vesting period of two years commencing on the date they are issued, 50% of the stock options can be exercised. The remaining 50% of the stock options can be exercised after a vesting period of three years commencing on the date they are issued. The stock options cannot be exercised within certain periods. These periods relate, for example, to the period from March 15 to the close of day on which the ratified financial statements of the Company are published for the fiscal year ending on 31 March of the same year. The same applies to the period of two weeks after the end of a quarter and prior to the close of the first day of trading after publication of the quarterly results.

In addition to the vesting period, the stock options are subject to the share price of SYGNIS rising by at least 50% in the period between the date on which the respective options are issued and the date on which they may be exercised.

The following summary shows the development of the stock option plans for the Management Board and the employees of the Group in fiscal years 2011 and 2010:

	Stock options	Weighted average exercise price (€)
Outstanding on 1 April 2010	586,933	3.86
Granted	592,500	2.34
Exercised	0	0.00
Lapsed*	(48,500)	3.74
Expired	0	0.00
Outstanding on 31 March 2011	1,130,933	3.07
Outstanding on 1 April 2009	582,933	3.86
Granted	10,333	3.81
Exercised	0	0.00
Lapsed*	(6,333)	3.88
Expired	0	0.00
Outstanding on 31 March 2010	586,933	3.86

* Expired on account of employee exits

No stock options were exercised in fiscal years 2011 and 2010. As of 31 March 2011 and 31 March 2010 no stock options were exercisable.

The following summary displays the weighted average issue prices and weighted residual term of all stock options outstanding as of 31 March 2011:

Exercise price (€)	Outstanding (no.)	Weighted average residual term (in years)	Weighted average exercise price (€)	Exercisable (no.)	Weighted average exercise price (€)
4.35	145,867	3.39	4.35	0	0.00
3.81	10,333	2.75	3.81	0	0.00
3.75	341,200	2.75	3.75	0	0.00
3.18	41,033	2.75	3.18	0	0.00
2.34	592,500	3.60	2.34	0	0.00
	1,130,933	3.28	3.07	0	0.00

The following summary displays the weighted average exercise prices and weighted residual term of all stock options outstanding as of 31 March 2010:

Exercise price (€)	Outstanding (no.)	Weighted average residual term (in years)	Weighted average exercise price (€)	Exercisable (no.)	Weighted average exercise price (€)
4.35	148,867	4.39	4.35	0	0.00
3.81	10,333	3.75	3.81	0	0.00
3.75	382,533	3.75	3.75	0	0.00
3.18	45,200	3.75	3.18	0	0.00
	586,933	3.91	3.86	0	0.00

Stock options were granted in accordance with the requirements of IFRS 2. The fair value of the stock options at the time they were granted is calculated using a binomial model and posted to personnel expenses over the vesting period of two to three years with an effect on income. Personnel expenses of € 198 thousand were recorded in the consolidated financial statements (previous year: € 391 thousand), which increased the capital reserves by the same amount.

The following parameters were used to measure stock options:

	Fiscal year 2011 (Issued November 2010)	Fiscal year 2010 (Issued August 2009)
Vesting period	2 years (50 %) 3 years (50 %)	2 years (50 %) 3 years (50 %)
Contractual term of the option	6 years	6 years
Expected term of the option		
Management Board	4 years	-
Employees	3 years	3 years
Exercise price	€ 2.34	€ 3.81
Required rise in share price	50 %	50 %
Expected volatility		
Management Board	37 %	-
Employees	36 %	50 %
Risk-free interest rate		
Management Board	1.53 %	-
Employees	1.22 %	1.89 %
Share price at the end of the reporting period	€ 2.16	€ 3.81
Expected dividends	0 %	0 %
Fair value per stock option		
Management Board	€ 0.51	-
Employees	€ 0.39	€ 1.26

To determine the expected volatility, the historical volatility of the SYGNIS share over a period that is commensurate with the expected term of the option was referred to. The risk-free interest rates has been derived on the basis of the interest yield data issued by Deutsche Bundesbank for the expected term.

12. Deferred tax liabilities

Deferred tax liabilities are related to the acquisition of SYGNIS Bioscience (€ 1,861 thousand) and Amnestix (€ 809 thousand) and were created solely for the recognition of individually identifiable intangible assets. In fiscal year 2011, the reduction of deferred tax liabilities recognised on intangible assets of Amnestix led to tax income of € 337 thousand (previous year: € 87 thousand). The increase compared to the previous year is attributable to the impairment loss recognised on intangible assets of Amnestix and the corresponding higher reduction of deferred tax liabilities. This income is recognised under income taxes in the consolidated statement of comprehensive income.

13. Financial liabilities

The financial liabilities relate to a loan that will fall due for repayment on 30 June 2015. However, SYGNIS has the right to repay the loan prematurely at any time. Interest is charged at the 3-month EURIBOR plus a customary mark-up. Patents were pledged to the creditor to secure the loan.

14. Other non-current liabilities

Other non-current liabilities relate to outstanding compensation payments to the former CEO Dr. Alfred Bach. For further details, please refer to note 27 "Composition of company boards." As of 31 March 2011, an amount of € 307 thousand thereof was still outstanding and was presented under other current liabilities (€ 179 thousand) and other non-current liabilities (€ 128 thousand). The non-current portion of liabilities (due after 1 April 2012) was discounted in accordance with IAS 37.45 et seq.

15. Other current liabilities

In € thousands	31 March 2011	31 March 2010
Outstanding invoices	1,736	351
Bonuses	348	283
Other personnel expenses	179	75
Supervisory Board remuneration	170	170
Annual report and annual general meeting	163	180
Deferred income	123	91
Consulting services	93	34
Audit of the financial statements	61	61
Outstanding interest payments	60	54
Accrued vacation	52	65
Contributions to employers' liability insurance	12	12
Other	137	196
	3,134	1,572
<i>thereof financial liabilities</i>	<i>3,134</i>	<i>1,572</i>

16. Income tax expense and deferred taxes

Income tax expenses are classified by origin as follows:

In € thousands	Fiscal year ended 31 March	
	2011	2010
Current Taxes	4	3
Deferred Taxes	(337)	(87)
	(333)	(84)

The theoretical tax expenses on the basis of the loss before tax of € 12,706 thousand (previous year: net loss of € 10,420 thousand) and the applicable tax rate of 30% (effective trade tax of 14% and corporate income tax plus solidarity surcharge of 16%) are reconciled with the current tax expense as follows:

In € thousands	Fiscal year ended 31 March	
	2011	2010
Loss for the year before taxes	12,706	10,420
Theoretical tax expense	(3,812)	(3,126)
Foreign taxes	4	3
Change in unused tax losses	3,450	2,884
Tax increases due to non-deductible operating expenses	25	155
Income taxes	(333)	(84)

Deferred tax assets from temporary differences between the carrying amount and the tax base of assets and liabilities are shown in the table below. The deferred tax liabilities of € 2,670 thousand (previous year: € 3,007 thousand) relate solely to intangible assets that were identified in the course of the purchase price allocation.

In € thousands	Fiscal year ended 31 March	
	2011	2010
Deferred tax assets		
Available-for-sale financial assets	0	8
Other current and non-current liabilities	128	39
Unused tax losses	97,390	96,899
less allowance	(97,518)	(96,946)
Deferred tax assets, net	0	0

Valuation allowances on the carrying amount of the deferred tax assets are recorded if realisation of the expected benefits from the deferred taxes is not probable. The estimate made can be subject to change over time, which can then lead to a write-up in subsequent periods.

The unused tax losses amounted to approx. € 325 million as of 31 March 2011 (31 March 2010: € 323 million). Of the total unused tax losses, around € 247 million is due to Germany with the remainder spread among the US subsidiaries. Deferred tax assets are offset by a valuation allowance of equal amount. As a consequence they did not have any impact on the statement of comprehensive income or statement of financial position. In Germany, unused tax losses can be carried forward indefinitely. Under US tax legislation, they can be used within a period of 20 years, and 15 years (for losses prior to August 1997). Since 2004, the use of tax losses has been limited in Germany to € 1 million plus 60% of the amount in excess of the first € 1 million.

Due to the capital increases and the transfer of shares in the course of the previous years, there is a risk that the unused tax losses in Germany will no longer be available for offsetting against future earnings, at least to some extent.

C. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

17. Restructuring expenses

The Company carried out extensive corporate restructuring in the third quarter of fiscal year 2011, which involved a significant decrease in headcount and costs. It incurred non-recurring personnel expenses of € 165 thousand in relation to the termination of employment contracts. These expenses are mostly contained in the research and development expenses reported.

In addition, the Company incurred consulting costs of € 40 thousand in connection with the employee layoffs.

18. Personnel expenses

Personnel expenses break down as follows:

In € thousands	Fiscal year ended 31 March	
	2011	2010
Wages and salaries	2,808	3,204
Social security	537	812
Compensation payments	350	0
Severance payments	165	0
Personnel expenses for stock options	198	391
Total personnel expenses	4,058	4,407

Personnel expenses contain € 142 thousand (previous year: € 374 thousand) that were paid to pension plans (such as welfare funds) within the framework of defined contribution plans. Of this amount, € 101 thousand (previous year: € 112 thousand) is to the benefit of members of the Management Board of the Company. In addition, the Group pays contributions to the German statutory pension scheme, which also constitutes a defined contribution plan. Benefit payments in the fiscal year came to € 343 thousand and € 377 thousand in the previous year.

The majority of the employees of SYGNIS Bioscience have a right to receive a company pension funded by BASF Pensionskasse VVaG.

Pension benefits via independent supplemental pension organisations are classified as defined benefit plans under IAS 19, as the individual post-employment benefits of the pension funds to former employees of the member companies are not dependent upon the contributions paid in. Because employees of numerous member companies are insured by BASF Pensionskasse VVaG, this form of pension is considered to be a multi-employer plan, which is subject to special provisions under IAS 19. As the necessary information for a detailed calculation of the portion of future benefit obligations relating to SYGNIS Bioscience paid to BASF Pensionskasse VVaG is not available, the recognition of a provision is not permissible under IAS 19. The obligations are therefore accounted for as a defined contribution plan in accordance with IAS 19.30a.

The current contributions paid to BASF Pensionskasse VVaG are disclosed in the operating result as post-employment expenses. The contribution payments for the fiscal year totalled € 42 thousand (previous year: € 45 thousand).

The compensation payments are related to the exit of the former CEO Dr. Bach. For further details, please refer to note 27 "Composition of company boards."

19. Financial result

The financial result can be broken down as follows:

In € thousands	Fiscal year ended 31 March	
	2011	2010
Impairment losses on securitised debt instruments	(54)	(1,569)
Realised accounting loss on the sale of securitised debt instruments	(4)	(450)
Realised accounting gains on the sale of ChemNavigator.com Inc.	0	216
	(58)	(1,803)

Impairment losses on securitised debt instruments

SYGNIS recognised an impairment loss of € 54 thousand in fiscal 2011 on a bond subject to fixed interest rates until early 2012, which the Company estimates to be permanently impaired in the meaning of IAS 39.58 et seq.

In calculating the impairment loss, SYGNIS took into account factors such as the current financial market, present and expected interest rates, price developments of the security in question and the anticipated holding period. In consideration of the factors mentioned, the Company is of the opinion that the fair value of the bond in question cannot be expected to improve permanently in the near future.

20. Composition of other comprehensive income

In € thousands	Fiscal year ended 31 March	
	2011	2010
Exchange differences	(15)	18
Unrealised gains/losses from the disposal of available-for-sale financial assets		
Gains/losses in the period	(265)	1,289
Reclassification of losses to net profit/loss for the period	0	2,615
	(265)	3,904
	(280)	3,922

D. OTHER NOTES

21. Other notes on financial instruments

Based on the relevant items of the statement of financial position, the relationship between the categories of financial instruments pursuant to IAS 39, classification pursuant to IFRS 7 and the carrying amounts of financial instruments is presented in the table below.

In € thousands		31 March 2011		31 March 2010	
		Carrying amount	Fair value	Carrying amount	Fair value
	Measurement category pursuant to IAS 39				
Financial assets					
Cash and cash equivalents	(1)	1,473	1,473	8,830	8,830
<i>thereof cash on hand and bank balances</i>		<i>1,473</i>	<i>1,473</i>	<i>8,830</i>	<i>8,830</i>
Financial assets	(2)	5,524	5,524	6,841	6,841
<i>thereof current</i>		<i>5,365</i>	<i>5,365</i>	<i>824</i>	<i>824</i>
<i>thereof non-current</i>		<i>159</i>	<i>159</i>	<i>6,017</i>	<i>6,017</i>
Trade receivables	(1)	49	49	40	40
Other assets	(1)	211	211	330	330
	Total	7,257	7,257	16,041	16,041
Financial liabilities					
Financial liabilities	(3)	8,000	8,000	8,000	8,000
<i>thereof current</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>thereof non-current</i>		<i>8,000</i>	<i>8,000</i>	<i>8,000</i>	<i>8,000</i>
Trade payables	(3)	636	636	202	202
Other liabilities	(3)	3,262	3,262	1,572	1,572
<i>thereof current</i>		<i>3,134</i>	<i>3,134</i>	<i>1,572</i>	<i>1,572</i>
<i>thereof non-current</i>		<i>128</i>	<i>128</i>	<i>0</i>	<i>0</i>
	Total	11,898	11,898	9,774	9,774
Thereof aggregated into the measurement categories of IAS 39					
(1) Loans and receivables		1,733	1,733	9,200	9,200
(2) Available-for-sale financial assets		5,524	5,524	6,841	6,841
(3) Liabilities carried at amortised cost		11,898	11,898	9,774	9,774

Fair values

Cash and cash equivalents, trade receivables, other assets, trade payables and other liabilities mostly fall due within the short term. Consequently, their carrying amounts at the end of the reporting period approximate their fair value.

The fair value of non-current financial liabilities is based on the current interest rate for borrowing at similar terms and conditions with the same due date and credit rating and approximates the carrying amount.

Fair value hierarchy

The fair values of the marketable securities and other available-for-sale financial assets are determined according to their quoted market price (Level 1, quoted prices in active markets) or other observable market data (Level 2, other input parameters available for either directly or indirectly for observable market data). The fair values are allocable to the individual levels as follows:

There were no reclassifications of fair values between the levels in fiscal 2011 or fiscal 2010.

In € thousands	Fiscal year ended 31 March	
	2011	2010
Level 1		
Fair value of available-for-sale financial assets	5,215	3,758
Level 2		
Fair value of available-for-sale financial assets	309	3,083
	5,524	6,841

The table below shows the net results and the results recognised directly in equity for the respective measurement categories:

In € thousands	Net gain/loss		Recognised directly in equity	
	Fiscal year ended 31 March		Fiscal year ended 31 March	
	2011	2010	2011	2010
Measurement category pursuant to IAS 39				
Loans and receivables	42	239	0	0
Available-for-sale financial assets	238	(1,497)	(265)	3,904
Liabilities carried at amortised cost	(228)	(244)	0	0
	52	(1,502)	(265)	3,904

The net results per measurement category are determined as follows:

In € thousands	Net gain/loss	
	Fiscal year ended 31 March	
	2011	2010
Measurement category pursuant to IAS 39		
Loans and receivables		
Interest income	56	253
Impairment	(14)	(14)
	42	239
Available-for-sale financial assets		
Interest income	296	306
Impairment of securitised debt instruments	(54)	(1,569)
Loss on sale of securitised debt instruments	(4)	(450)
Gain on sale of shares in Chemnavigator	0	216
	238	(1,497)
Liabilities carried at amortised cost		
Interest expenses	(228)	(244)
	52	(1,502)

There were no reclassification adjustments in fiscal year 2011. In the previous year an amount of € 2,615 thousand relating to available-for-sale financial assets had been reclassified from equity to profit or loss.

Total interest income and total interest expenses for financial assets and financial liabilities that are not measured at fair value through profit or loss correspond to the amounts reported in the consolidated statement of comprehensive income.

Hedge of net investments in foreign entities

The Company carries receivables from and liabilities to subsidiaries denominated in US dollar that are generally non-current by nature. Gains and losses from translating receivables and liabilities into the presentation currency are recognised directly in equity.

22. Financial risk management

The business activities of SYGNIS are concentrated on the research and development of new kinds of drugs

for the treatment of disorders of the nervous system. This research and development activity is not yet covered by sales of products. Consequently, high expenses are incurred. The operating activities are largely financed by equity. In addition, cash inflows will be generated in the mid-term by licensing the drug candidates to development and marketing partners.

The possibility of obtaining additional equity or receiving payments from marketing partners critically depends on the progress made in pre-clinical and clinical trials of the various drugs. In this regard, the capital structure of the Group only plays a subordinate role. For this reason, management focuses on the management and monitoring of the individual development projects, the amount of available liquidity and on securing future cash requirements. In addition to the absolute level of cash and cash equivalents, the most important indicator for management is the liquidity ratio, i.e., the ratio of cash and cash equivalents and marketable securities to total assets. As of 31 March 2011 this stood at 21 %, and 36% as of 31 March 2010.

Financial and operational risks are effectively monitored and communicated within the framework of the risk management system set up by the Management Board. In the process, the risks are reported by the risk officer to the risk manager who analyzes the results and aggregates the results in a regular risk report to the Management Board. The financial risks of the Group are described below.

Cash flow risks / interest risks

Fluctuations in market interest rates have a particular impact on the cash flows from floating-rate assets and liabilities. The management has made a conscious decision not to enter into any cash flow hedges for interest risks as it places more importance on the investing its cash and cash equivalents in short-term investments to ensure their availability to fund operating activities.

As of the end of the reporting period, the Company has invested € 0.6 million in short-term fixed-term deposits at banks, corresponding to around 9% of available liquidity. Most of the investments (€ 4.5 million) were in fixed-interest securities with terms to maturity in May 2013 or later. Accordingly there is no material risk from interest fluctuation when reinvesting the amounts as they fall due. The primary goal of the investing activities of SYGNIS is not to lose the funds it invests. Further details are set out in note 5.

No interest hedge was concluded for the floating-rate loan of € 8.0 million. The decision-making process considers estimates of the development of interest rates over the term of the loan as well as the costs of a hedge. Taking these parameters into account, the Company reached the decision not to conclude a hedge at present. SYGNIS updates these parameters on an ongoing basis and reviews the assessment reached to date.

A rise or fall in interest rates of 50 base points in the fiscal year 2011 would have led to a rise or fall in the consolidated net profit/loss and consolidated equity by approximately € 17 thousand (previous year: € 65 thousand).

Foreign currency risk

The consolidated financial statements of the Company have been prepared in euro. Currency risks exist in particular where receivables or liabilities are carried in another currency or will arise in the ordinary course of business. The assets and liabilities of the Company carried in foreign currency relate primarily to those denominated in US dollars and result, among other things, from the business activities of our subsidiaries, Amnestix Inc. and LION bioscience, Inc. The Company reviews the need for currency hedges over the course of the year in order to mitigate the currency risk.

A rise or fall of 10% in the USD/EUR exchange rate as of 31 March 2011 and 31 March 2010 would have reduced consolidated net profit/loss and equity by around € 20 thousand (previous year: € 24 thousand) or increased consolidated net profit/loss and equity by around € 25 thousand (previous year: € 30 thousand) respectively.

Credit risk

Financial instruments which could possibly result in a concentration of credit and default risks for the Company mainly constitute cash and cash equivalents, marketable securitised debt instruments and trade receivables. Cash and cash equivalents are primarily denominated in euro and are generally secured by capital. The maximum default risk corresponds to the carrying amount of financial instruments.

The maximum default risk for marketable securitised debt instruments comes to € 4.6 million (previous year: € 5.9 million). The default risk is minimised by the investment guidelines of the Group. They require all new investments to be made with issuers enjoying high credit ratings.

The Company only carries a small amount of trade receivables. Where necessary, allowances have been recognised for uncollectible receivables.

Liquidity risk

The liquidity risk is the risk that the Group may not be in a position in the future to meet its obligations, or to meet them at a reasonable price, when they fall due. The Group's liquidity is calculated by long-term financial planning based on the business plan and a cash flow projection based on a planning horizon of 12 months.

Based on the liquidity available as of 31 March 2011, business operations are financed until around October 2011. The principal shareholder, dievini Hopp BioTech holding GmbH & Co. KG ("dievini Hopp") has committed to provide the Company with additional funds of € 6 million for financing purposes thereafter.

These funds are to be provided in the form of a loan with an indefinite term to maturity and secure the Company's financing until the end of calendar year 2012. Should the Company acquire new projects or perform the further development of AX200 itself upon completion of the AXIS 2 study, further funds will be required.

In addition, the standby equity distribution agreement (SEDA) with a US investment company gives SYGNIS the possibility to draw further funds.

Financial liabilities of € 8.0 million consist primarily of a floating-rate loan (see note 13) which matures in 2015. Other financial liabilities of € 3.9 million are almost exclusively due within 12 months. For fiscal years 2011/12 to 2014/15 the contractually agreed (not discounted) interest payments due on the loan amount to € 240 thousand p.a. In the process it is assumed that SYGNIS will not exercise its option to repay the loan prematurely. The floating-rate interest payments are based on the interest rates most recently fixed before 31 March 2011.

Price risks from share price fluctuations

The Company is exposed to share price risks with respect to its available-for-sale financial assets. Apart from the general development of interest rates, the general uncertainty of market participants can have an influence of the development of share prices. SYGNIS aims to closely monitor market fluctuation to be in a position to take action at an early stage in the case of negative developments in order to avoid or limit the occurrence of share price losses. In fiscal 2011, the Company recorded impairment losses of € 54 thousand on securitised debt instruments through profit or loss. Further unrealised share price losses on securitised debt instruments of € 231 thousand were disclosed within equity as of 31 March 2011. SYGNIS has not currently identified any impairment of the security in question.

For new investments, the Company will endeavour to safeguard both the liquidity and the security of the capital invested. The cash and cash equivalents which became available in fiscal year 2011 were almost exclusively invested in fixed-term and overnight deposits at banks covered by deposit security arrangements.

23. Contingent liabilities and other financial obligations

Rental agreements

The Company's financial obligations from rental agreements and other long-term contracts are insignificant compared to the results of operations generated by the Company.

Total rental expenses amounted to € 287 thousand in 2011 and € 278 thousand in fiscal year 2010.

Litigation

The Company is occasionally involved in legal disputes in the course of its business activities. The Company is not aware of any events which would have a significantly adverse effect on the results of operations, liquidity position or financial position. Risks arising from litigation are covered by the recognition of suitable provisions.

24. Transactions with related parties

Pursuant to IAS 24 "Related Party Disclosures", transactions with related parties must be disclosed. Related parties within the meaning of IAS 24.9 mainly include the Management Board and Supervisory Board. With regard to the remuneration and shareholdings of members of the Management Board and Supervisory Board, please refer to the comments in note 27 on "Composition of company boards".

The Rittershaus law firm (one of whose partners is deputy chairman of the Supervisory Board, Prof. Dr. Christof Hettich) received a total of € 64 thousand and € 14 thousand for legal consulting services in fiscal years 2011 and 2010 respectively. An amount of € 3 thousand thereof was still outstanding as of 31 March 2011 (previous year: € 2 thousand).

The member of the Supervisory Board Prof. Dr. Hartwig received remuneration of € 52 thousand for consulting services in the fiscal year 2011 (previous year: € 0 thousand). This amount was still outstanding as of 31 March 2011. Prof. Dr. Hartwig supports the Management Board in the areas of research and development, and mergers and acquisitions in a scope that goes beyond customary supervisory board activity.

The parent company, SYGNIS Pharma AG, maintains business relationships with its subsidiaries SYGNIS Bioscience GmbH & Co. KG, SYGNIS Verwaltungs GmbH, LION bioscience Inc. and Amnestix Inc., primarily in the form of contracts for services and loans.

25. Segment reporting and entity-wide disclosures

In accordance with IFRS 8 the financial result of the segments is reported using the "management approach". The internal organisation and management reporting system did not lead to a different segmentation. The allocation of resources and the internal assessment of SYGNIS' performance by management is performed for the SYGNIS Group as a whole. Therefore, the Group is managed in one single segment for segment reporting purposes, such that no separate reporting is required.

In accordance with IFRS 8.32 et seq., the following information can be provided for the Group as a whole in the consolidated financial statements.

Information about products and services

In € thousands	Fiscal year ended	
	31 March 2011	31 March 2010
Revenue		
License revenue Caco-2	206	241
Professional Services	7	10
Total	213	251

Information about geographical areas

In € thousands	Fiscal year ended	
	31 March 2011	31 March 2010
Revenue		
Germany	7	10
USA	206	241
Total	213	251
Non-current assets*		
Germany	20,663	20,832
US	3,867	5,041
Total	24,530	25,873

* Disclosure is in accordance with IFRS 8.33 (b) without available-for-sale financial assets

Revenue is allocated to the geographical areas based on the registered office of the reporting business unit. Non-current assets are allocated on the one hand with reference to the amounts reported in the separate financial statements, while intangible assets identified in the course of purchase price allocations were allocated to the acquirees in question.

Information about major customers

In € thousands	Fiscal year ended	
	31 March 2011	31 March 2010
Revenue		
Revenue with major customers*	31	46
Other revenue	182	205
Total	213	251

* Customers accounting for a share in total revenue of 10% or more

Revenue with major customers was generated with one customer in fiscal year 2011 and likewise in the previous year.

26. Earnings per ordinary share

The following table shows the calculation of basic and diluted earnings per ordinary share:

In € thousands, apart from number of shares and earnings per share	Fiscal year ended 31 March	
	2011	2010
Numerator		
Net profit or loss for the period	(12,373)	(10,336)
Denominator		
Weighted average number of outstanding ordinary shares	13,752,881	13,752,881
Earnings (basic and diluted) per ordinary share	(0.90)	(0.75)

(basic = diluted)

Outstanding share options were not taken into consideration in calculating diluted earnings per ordinary share, as the performance target (increase in the price of the SYGNIS share by at least 50%) had not been reached by the end of the reporting period.

After performance of the capital reduction in December 2010, the number of outstanding shares was reduced from 41,258,643 to 13,752,881. In accordance with IAS 33.64, the number of shares has to be adjusted retroactively in the event of a capital reduction not involving any change to the resources available to the Company.

27. Composition of company boards

Management Board

Peter Willinger, Chief Financial Officer

Dr. Frank Rathgeb, Chief Medical Officer

Dr. Alfred Bach, Chief Executive Officer (stepped down from office at the end of 28 October 2010)

The cash remuneration for members of the Management Board totalled € 855 thousand in the previous year; it breaks down as follows in the fiscal year 2011:

In € thousands	Basic salary	Variable portion	Other remuneration	Cash payment total
Peter Willinger	204	67	52	323
Dr. Frank Rathgeb	205	68	49	322
Dr. Alfred Bach*	164	0	66	230
Total	573	135	167	875

* The employment contract of the CEO, Dr. Bach, who stepped down from the board as of 28 October 2010 ended on 31 December 2010.

The employment contract of the former CEO Dr. Bach, which ended on 31 December 2010, includes a post-contract non-compete clause. Under the terms of the contract, for a period of no more than two years, Dr. Bach has a right to monthly compensation payments of 50% of the most recent remuneration received under the contract. SYGNIS recognised the total, discounted compensation payment of € 350 thousand in profit or loss in the fiscal year 2011. Dr. Bach received a proportionate amount of € 45 thousand in fiscal year 2011.

Shareholdings and number of stock options held by the Management Board

	Number of shares	Number of stock options
Peter Willinger	12,036	186,666
Dr. Frank Rathgeb	0	186,666
Dr. Alfred Bach*	4,812	66,666
Total	16,848	439,998

* As of 31 December 2010

120,000 stock options were issued to the members of the Management Board Peter Willinger and Dr. Frank Rathgeb each in fiscal 2011, while no stock options were granted to members of the Management Board in fiscal year 2010. The fair value of the stock options issued in 2011 came to € 61 thousand in each case on the grant date.

The total expense from the granting of stock options to the Management Board was recognised at € 94 thousand in 2011 and € 167 thousand in 2010.

Supervisory Board

Dr. Friedrich von Bohlen und Halbach, Chairman of the Supervisory Board
Managing Director of the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf

Prof. Dr. Christof Hettich, Deputy Chairman of the Supervisory Board
Managing Director of the general partner of dievini Hopp BioTech holding GmbH & Co. KG, Walldorf
Lawyer, partner at RITTERSHAUS Rechtsanwälte Partnerschaftsgesellschaft, Mannheim

Friedrich Christ, Chairman of the Audit Committee
Head of the global M&A unit at BASF SE, Ludwigshafen

Prof. Dr. Werner Hacke
Director of the Neurology Department of the University Clinic, Heidelberg

Prof. Dr. Wolfgang Hartwig, Chairman of the Research and Development Committee
Managing Director of Pharma R&D Consulting GmbH, Wuppertal

Prof. Dr. Andrea Pfeifer
CEO of AC Immune SA, Lausanne, Switzerland

The remuneration paid to members of the Supervisory Board (excluding travel expenses) again came to € 170 thousand, as in the previous year. The breakdown for the fiscal year 2011 is as follows:

In € thousands	Remuneration (fixed)	Remuneration (variable)
Dr. Friedrich von Bohlen und Halbach	40	0
Prof. Dr. Christof Hettich	30	0
Friedrich Christ	30	0
Prof. Dr. Werner Hacke	20	0
Prof. Dr. Wolfgang Hartwig	30	0
Prof. Dr. Andrea Pfeifer	20	0
Total	170	0

Shareholdings and number of stock options held by the Supervisory Board

	Number of shares	Number of stock options
Dr. Friedrich von Bohlen und Halbach	702,386	0
Prof. Dr. Christof Hettich	3,119	0
Friedrich Christ	0	0
Prof. Dr. Werner Hacke	0	0
Prof. Dr. Wolfgang Hartwig	691	0
Prof. Dr. Andrea Pfeifer	0	0
Total	706,196	0

The members of the Supervisory Board are also members of the following supervisory boards and other control bodies:

Dr. Friedrich von Bohlen und Halbach

- Member of the Board of Directors of Cosmo S.p.A., Milan, Italy
- Member of the Supervisory Board of Curacyte AG, Munich
- Member of the Supervisory Board of Cytonet GmbH & Co. KG, Weinheim
- Chairman of the Supervisory Board of Heidelberg Pharma AG, Ladenburg
- Chairman of the Board of Directors of Life Biosystems AG, Basle, Switzerland
- Member of the Supervisory Board of Willex AG, Munich
- Member of the Advisory Board of immatics biotechnologies GmbH, Tübingen
- Member of the Advisory Board of febit holding GmbH, Heidelberg
- Member of the Supervisory Board of Agennix AG, Heidelberg
- Chairman of the Advisory Board of CureVac GmbH, Tübingen
- Chairman of the Advisory Board of Apogenix GmbH, Heidelberg

Prof. Dr. Christof Hettich

- Chairman of the Supervisory Board of ACTRIS AG, Mannheim
- Chairman of the Supervisory Board of Agennix AG, Heidelberg
- Chairman of the Supervisory Board of InterComponentWare AG, Walldorf
- Chairman of the Supervisory Board of WILEX AG, Munich
- Member of the Supervisory Board of LTS Lohmann Therapie-System AG, Andernach
- Chairman of the Advisory Board of Cytonet GmbH & Co. KG, Weinheim
- Chairman of the Advisory Board of febit holding GmbH, Heidelberg
- Member of the Advisory Board of immatics biotechnologies GmbH, Tübingen
- Member of the Advisory Board of Vetter Pharma-Fertigung GmbH & Co. KG, Ravensburg
- Member of the Supervisory Board of SRH Holding SdbR, Heidelberg
- Member of the Board of Directors of AC Immune SA, Lausanne, Switzerland
- Chairman of the Board of Directors of febit Inc., Massachusetts, USA

Friedrich Christ

– Chairman of the Supervisory Board of AXARON Bioscience AG, Ludwigshafen

Prof. Dr. Werner Hacke

– Member of the Supervisory Board of SRH Kliniken GmbH, Heidelberg

Prof. Dr. Wolfgang Hartwig

– Deputy Chairman of the Supervisory Board of Revotar Biopharmaceuticals AG, Henningsdorf

– Member of the Supervisory Board of Xention Discovery Ltd., London, UK

– Member of the Advisory Board of BAYER Innovation GmbH, Düsseldorf

– Deputy Chairman of the Advisory Board of CureVac GmbH, Tübingen

– Member of the Advisory Board of Intermed Discovery GmbH, Dortmund

Prof. Dr. Andrea Pfeifer

– Chair of the Board of Directors of BioMedinvestor AG, Basle, Switzerland

28. Employees

In the past fiscal year, an average of 37 persons were employed (full-time positions, including Management Board) in comparison to 44 in fiscal 2010.

29. Declaration on the German Corporate Governance Code

The Management Board and Supervisory Board of SYGNIS Pharma AG have made the declaration of compliance with the German Corporate Governance Code pursuant to Sec. 161 AktG.

The declaration was made accessible to the shareholders on the Company's website at <http://www.sygnis.de>.

30. Services rendered by the auditor

At the annual general meeting held on 30 November 2010, the shareholders of SYGNIS Pharma AG elected Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft (Ernst & Young GmbH) as auditor of the financial statements and consolidated financial statements of SYGNIS Pharma AG for the fiscal year 2010/11. Expenditure totalling € 94 thousand (previous year: € 89 thousand) was recognised for the services of Ernst & Young GmbH in the fiscal year 2010/11. Of this amount, € 66 thousand is attributable to audit services (previous year: € 61 thousand), € 24 thousand to tax advisory services (previous year: € 27 thousand) and € 4 thousand to other services (previous year: € 1 thousand).

31. Events after the reporting date

The Company announced at the start of May 2011 that it received notification from the European Patent Office (EPO) and the US Patent and Trademark Office (USPTO) that they expect to issue patents for elementary KIBRA applications. The issuing of the first patents in the important future field of the treatment of memory disorders improves SYGNIS's patent position, reinforcing the value of the KIBRA project.

In early June 2011, dievini Hopp committed to provide the Company with additional funds of € 6 million. These funds are to be provided in the form of a subordinated loan with an indefinite term to maturity. The key terms and conditions of the loan have been negotiated between dievini Hopp and the Company and the loan agreement is expected to be signed shortly.

Heidelberg, 8 June 2011



Peter Willinger
CFO



Dr. Frank Rathgeb
CMO

ANNEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS) AS OF 31 MARCH 2011

Development of non-current assets as of 31 March 2011

In € thousands	1 April 2010	Exchange differences	Reclassification	Costs	
				Additions	Disposals
I. Property, plant and equipment					
Other equipment, furniture and fixtures	8,634	(174)	0	15	147
	8,634	(174)	0	15	147
II. Financial assets					
Available-for-sale financial assets	16,880	0	(5,769)	2,719	4,500
	16,880	0	(5,769)	2,719	4,500
<i>thereof adjustments posted directly to equity</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
III. Intangible assets					
1. Goodwill	61,858	0	0	0	0
2. Capitalized software	2,293	0	0	0	0
3. Other intangible assets	36,793	(26)	0	88	0
	100,944	(26)	0	88	0
	126,458	(200)	(5,769)	2,822	4,647
<i>thereof adjustments posted directly to equity</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

Development of non-current assets as of 31 March 2010

In € thousands	1 April 2009	Exchange differences	Costs	
			Additions	Disposals
I. Property, plant and equipment				
Other equipment, furniture and fixtures	8,550	(46)	130	0
	8,550	(46)	130	0
II. Financial assets				
Available-for-sale financial assets	19,964	(26)	0	3,058
	19,964	(26)	0	3,058
<i>thereof adjustments posted directly to equity</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
III. Intangible assets				
1. Goodwill	61,858	0	0	0
2. Capitalized software	2,293	0	0	0
3. Other intangible assets	36,796	(6)	3	0
	100,947	(6)	3	0
	129,461	(78)	133	3,058
<i>thereof adjustments posted directly to equity</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

Accumulated amortisation, depreciation and impairment							Carrying amount		
31 March 2011	1 April 2010	Exchange differences	Reclassification	Additions	Disposals	31 March 2011	31 March 2011	31 March 2010	
8,328	8,007	(175)	0	207	126	7,913	415	627	
8,328	8,007	(175)	0	207	126	7,913	415	627	
9,330	10,863	0	(630)	219	1,281	9,171	159	6,017	
9,330	10,863	0	(630)	219	1,281	9,171	159	6,017	
0	66	0	(231)	165	0	0	0	0	
61,858	58,526	0	0	0	0	58,526	3,332	3,332	
2,293	2,293	0	0	0	0	2,293	0	0	
36,855	14,879	(23)	0	1,216	0	16,072	20,783	21,914	
101,006	75,698	(23)	0	1,216	0	76,891	24,115	25,246	
118,664	94,568	(198)	(630)	1,642	1,407	93,975	24,689	31,890	
0	66	0	(231)	165	0	0	0	0	

Accumulated amortisation, depreciation and impairment						Carrying amount		
31 March 2010	1 April 2009	Exchange differences	Reversal of impairment losses	Additions	Disposals	31 March 2010	31 March 2010	31 March 2009
8,634	7,818	(44)	0	233	0	8,007	627	732
8,634	7,818	(44)	0	233	0	8,007	627	732
16,880	15,167	(25)	(1,780)	59	2,558	10,863	6,017	4,797
16,880	15,167	(25)	(1,780)	59	2,558	10,863	6,017	4,797
0	1,125	0	(1,059)	0	0	66	0	0
61,858	58,526	0	0	0	0	58,526	3,332	3,332
2,293	2,293	0	0	0	0	2,293	0	0
36,793	14,551	(6)	0	334	0	14,879	21,914	22,245
100,944	75,370	(6)	0	334	0	75,698	25,246	25,577
126,458	98,355	(75)	(1,780)	626	2,558	94,568	31,890	31,106
0	1,125	0	(1,059)	0	0	66	0	0

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Heidelberg, 8 June 2011



Peter Willinger
CFO



Dr. Frank Rathgeb
CMO

AUDIT OPINION

We have audited the consolidated financial statements prepared by the SYGNIS Pharma AG, Heidelberg, comprising the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity, and the notes to the consolidated financial statements, together with the group management report for the fiscal year from April 1, 2010 to March 31, 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [„Handelsgesetzbuch“: „German Commercial Code“] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole, provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, June 14, 2011

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Matner

Wirtschaftsprüfer [German Public Auditor]

Reiter

Wirtschaftsprüfer [German Public Auditor]

This is a translation from German language. The audit opinion issued in German language refers to the consolidated financial statements and group management report originally prepared in German language and not to the English translation of the consolidated financial statements and group management report.

GLOSSARY

ALS

Amyotrophic lateral sclerosis (ALS) is a degenerative disorder of the motor nervous system. It involves a progressive degeneration above all of the upper (primary, in the brain), but also of the lower (secondary) motor neurons (in the spinal cord) or peripheral nerves. The result is irreversible muscular paralysis throughout the entire body and respiratory muscles. Life spans vary, with most patients dying within a few months to years.

AX200

AX200 is a biological molecule, developed by SYGNIS for the treatment of neurodegenerative diseases. In the indication stroke it is the most advanced drug candidate in SYGNIS' product pipeline. It is currently being tested in a multinational phase II efficacy trial (AXIS 2). AX200 (G-CSF) is an endogenous protein. As part of the body's own protective action the production of AX200 is boosted after brain damage. If the molecule is given as a medication it increases the existing endogenous response to the damage.

ALZHEIMER'S DISEASE

The most frequent form of dementia. Around 60 % of all cases of dementia are caused by Alzheimer's disease.

CENTRAL NERVOUS SYSTEM (CNS)

The CNS consists of the brain and spinal cord. It is responsible for a variety of functions, such as the perception of stimuli from inside or outside the body. It coordinates all the body's motor activity and controls all the responses to environmental stimuli. The nervous system that lies outside the brain and the spinal cord is known as the peripheral nervous system.

CLINICAL TRIALS

Testing a drug candidate on human beings in strictly controlled procedures. The prerequisite is the consent of an independent ethics council and the relevant authority.

CLINICAL TRIALS PHASE I

In Phase I, small quantities of the drug being tested are administered to human volunteers to determine whether the knowledge in terms of safety gained in the preclinical phase can be applied to human beings. The prime focus of the trials is to verify the safety and tolerability of the drugs.

CLINICAL TRIALS PHASE II

In Phase II, the drug is tested for the first time therapeutically in patients in order to analyse efficacy and safety. In particular, dosing and drug regimen are explored under predefined strict conditions in a carefully selected patient population.

CLINICAL TRIALS PHASE III

The purpose of Phase III is to test the drug candidate on a large number of patients, in order to obtain evidence of the efficacy and safety. Side effects and interaction with other drugs are also documented. After the successful completion of Phase III, an application for approval is generally made to the relevant authority.

EMEA – SINCE DECEMBER 2009: EMA

European Medicines Evaluation Agency – European agency for the evaluation of medicinal products

FDA

Food and Drug Administration

G-CSF

Granulocyte-Colony Stimulating Factor

HEMORRHAGIC STROKE

Hemorrhagic (also bleeding) stroke is triggered by damaged blood vessels in the cranium. The brain cells can be damaged both as a result of the insufficient blood supply and the pressure of the blood in the cranium that cannot escape.

HGB

German Commercial Code

IFRS

International Financial Reporting Standards

IN-VITRO

In a test tube

IN-VIVO

In a living organism

ISCHEMIC STROKE

Ischemic stroke or cerebral infarct is by far the most frequent form of stroke. It is caused by a blood clot blocking an artery in the brain, with the result that the rear part of the brain is no longer supplied with blood.

KIBRA

KIBRA is a gene coding for a protein that is involved in the signal transduction of neurons. It was named KIBRA due to the fact that it was first identified in kidney and brain (kidney and brain). It has now been shown that KIBRA plays a central role in learning and memory processes.

M&A

Mergers & Acquisitions

NEURODEGENERATIVE DISORDERS

The term neurodegenerative disorders is used to describe a group of disorders that in most cases develop gradually, the main characteristic of which is the inexorable loss of nerve cells. The loss of neurons leads to neurological symptoms – e.g. to dementia and impaired motor activity.

NEUROGENESIS

Neurogenesis (birth of neurons) is the process by which neurons are created from stem or progenitor cells.

Neurogenesis is most active during pre-natal development e.g. in formation of the brain. However, recent research has revealed that neurogenesis also occurs in the adult brain of humans.

NEUROGENOMICS

Neurogenomics refers to a relatively new scientific area applying recent genomics technologies to neuroscience. By comparing the genomes of healthy and sick individuals, the purpose of neurogenomics is to identify genes and pathways that play a role in disorders of the CNS and therefore might be therapeutic targets.

NEURON

Nerve cell, neurons are used to transmit signals. Signals are transmitted to other nerve cells via synapses.

NEUROPROTECTIVE AGENTS

Compounds that protect the nerve cells and in this way preserve brain functions.

ORPHAN DRUG DESIGNATION

The EMEA orphan drug designation program is dedicated to stimulating and supporting the development of pharmaceuticals for the treatment of very serious and rare diseases that cannot be treated or can only be treated insufficiently. For the development of therapeutics for these so called "orphan diseases" (orphans amongst the diseases), EMEA offers support in developing concepts for trial plans (scientific advice) and gives reductions in approval fees. After the approval of the products, these "orphan drugs" are assigned market exclusivity for 10 years.

PARKINSON'S DISEASE

Parkinson's disease is a disorder of the central nervous system, in which primarily voluntary and involuntary motor processes are impaired. It is one of the most frequent neurological disorders.

PRECLINIC/PRECLINICAL DEVELOPMENT

Drugs are tested for effectiveness and safety in laboratory tests carried out in preclinical development, in order to assess the opportunities and risks associated with the drugs before administering them to human beings.

PROTEIN

Polymer consisting of amino acids, e.g., antibodies, enzymes

SPINAL CORD INJURY

A spinal cord injury (SCI) is a damage or trauma to the spinal cord which interrupts communications between the brain and body regions below the site of the injury. In the majority of cases, spinal cord injury results in life-long loss of control of motor functions and sensation.

STROKE

Stroke is sudden damage to the brain, caused by an insufficient supply of blood to the brain or certain regions of the brain. This can result from either a blockage of a blood vessel or a brain hemorrhage.

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The German version is available for download, as is this English version, on the company's website at www.sygnis.de, where you will also find the latest information on the company.

FINANCE CALENDAR

Presentation of the Annual Report 2010/2011
and press and analyst conference

29 June 2011

Three month report (1 April – 30 June 2011)

11 August 2011

Half year report (1 April – 30 September 2011)

14 November 2011

Nine month report (1 April – 31 December 2011)

14 February 2012

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