



Afexa Life Sciences Inc.

NEWS RELEASE

Afexa Announces 2011 Annual Financial Results

EDMONTON, AB (June 10, 2011) – Afexa Life Sciences Inc. (“Afexa” or “the Company”) (TSX:FXA) today announced its financial results for the year ended March 31, 2011.

Summary of consolidated annual financial results			
Fiscal period ended	March 31	March 31	September 30
(in thousands, except for per share amounts)	2011	2010	2009
	(12 months)	(6 months)	(12 months)
Revenue	\$39,596	\$34,374	\$47,592
EBITDA ¹	401	5,189	3,761
Net (loss) earnings	(828)	2,789	1,301
(Loss) earnings per share - basic and diluted	(0.01)	0.03	0.01

¹ This financial measure is identified and defined under the section "Non-GAAP Financial Measures".

Revenue during the year ended March 31, 2011 was \$39.6 million. This compared to revenue of \$56.1 million generated during the same twelve-month period ended March 31, 2010, \$34.4 million generated during the six-month transitional year ended March 31, 2010 and revenue of \$47.6 million reported in the year ended September 30, 2009.

Revenue was relatively high during both the six-month transitional year ended March 31, 2010 as well as the comparative twelve-month period ended March 31, 2010 as these periods included the time frame when public concern over the presence of H1N1, a pandemic strain of the flu, was at its peak. The first quarter of the six-month period ended March 31, 2010 corresponded to a period with the greatest reported H1N1 cases in Canada and was the quarter that had the highest reported revenue of \$29.5 million in the Company’s history. In contrast, revenue during the year ended March 31, 2011 was low as retailers entered fiscal 2011 well stocked with COLD-FX[®] product. Retailers were well stocked by December 2009, but consumer demand for all cold and flu products decreased in the January to March 2010 winter months as concerns over the pandemic outbreak of the flu lessened dramatically and incidence of other strains of the flu did not significantly emerge as is normal during this period. Retailers placed fewer re-stocking orders in fiscal 2011 than what the Company normally experiences in order to reduce their end of season cold and flu product inventories to a level more in line with their expectations.

“Moving into fiscal 2012, we believe revenue will improve over last year’s results,” commented Jack Moffatt, Afexa’s President and CEO. “First, we believe retailer and consumer inventory levels of COLD-FX have normalized and therefore, we expect revenue from COLD-FX to be more comparable to the revenue we reported during the year ended September 30, 2009, a period when sales were not as significantly impacted by the pandemic outbreak of the flu. We will also be launching a new product called COLDSORE-FX[™] this year, which will add to our expected revenue growth.”

“We also continue to project significant revenue growth over the coming years as we execute our strategic plan,” added Mr. Moffatt. “Within the next five years, our strategic plan is designed to deliver to our shareholders average annual revenue growth in excess of 10%. Our growth strategies are well underway to achieving this goal. We are in clinical trials for a pediatric version of COLD-FX and have commenced or are in product development and clinical trial stages for lipid and glucose, antioxidant, and allergy products.”

Please see Afexa's Management's Discussion and Analysis for the year ended March 31, 2011 for further discussion regarding the Company's product pipeline candidates and growth strategies.

Consistent with the decline in revenue, net earnings decreased to a loss of \$0.8 million or \$0.01 per share during the year ended March 31, 2011. This compared to net earnings of \$2.8 million or \$0.03 per share achieved in the comparative six-month period ended March 31, 2010 and net earnings of \$1.3 million or \$0.01 per share during the year ended September 30, 2009. The net loss in fiscal 2011 was caused primarily from lower revenue and gross profit as well as planned higher expenditures in research and development relative to the comparative periods to move forward our pipeline of new product candidates and advance our international expansion opportunities.

Gross Margin Strengthens

Despite lower revenue achieved during the year, the Company increased its gross margin to 72.0% for the year ended March 31, 2011. This compares to gross margins of 68.4% and 67.6%, for the six-month period ended March 31, 2010 and year ended September 30, 2009, respectively. During fiscal 2011, the Company continued to improve its inventory management and purchasing practices to achieve lower production costs and reduce obsolescence-related inventory write-downs. The Company is targeting to continue to achieve annual gross margins in excess of 70% in the future.

Fiscal 2011 4th Quarter Financial Results

During the fourth quarter ended March 31, 2011, revenue increased by \$1.2 million to \$6.0 million from revenue of \$4.8 million reported in the same quarter last year. The year-over-year improvement was due to lower spending on discounts and allowances with retail customers. In addition, management believes revenue also increased due to higher incidence of cold and flu within the Canadian population in this quarter compared to the same quarter in the prior year.

Revenue in both the quarters ended March 31, 2011 and March 31, 2010 was modest due to the seasonality that is inherent in sales of COLD-FX. The Company's quarter ended March 31 corresponds to the time that the incidence of colds and flu are on the decline and retailers are reducing their inventory positions as the end of the cold and flu season approaches.

The Company incurred a net loss of \$2.8 million in the fourth quarter of fiscal 2011, which reflects an improvement of \$1.2 million from the net loss of \$4.0 million reported in the comparative quarter ended March 31, 2010.

Normal Course Issuer Bid Continues

Effective October 18, 2010, Afexa renewed its normal course issuer bid ("NCIB") with the Toronto Stock Exchange. The NCIB permits the Company to purchase, over a one-year period, up to 5% (5,212,941) of its issued and outstanding common shares. During the year ended March 31, 2011, the Company repurchased and cancelled 1,309,618 common shares at a weighted average trading price of \$0.53 per share. Afexa's management believes the current market price of the Company's common shares does not reflect their underlying value.

A complete set of Afexa's most recent Financial Statements and Management's Discussion and Analysis will be filed on SEDAR (www.sedar.com) and posted on the Company's web site. Readers are advised that this news release presents highly summarized information only and is not a suitable source of information for readers who are unfamiliar with Afexa and is not in any way a substitute for reading the complete financial statements and Management's Discussion and Analysis.

ABOUT AFEAX LIFE SCIENCES INC

Afexa Life Sciences Inc., founded in 1992, strives to deliver the most trusted health brand on the planet through pioneering evidence-based natural medicines that empower people to achieve their health potential. The Company's patented ChemBioPrint discovery and standardization technology enables the development of effective and safe medicines from complex natural sources, while ensuring reliable health benefits and batch-to-batch consistency. COLD-FX, a ChemBioPrint® product, is the Company's flagship product and Canada's leading over-the-counter ("OTC") cold and flu remedy. It is officially indicated in Canada to help reduce the frequency, severity

and duration of cold and flu symptoms by boosting the immune system. COLD-FX products have NPNs and are supported by scientific evidence, including randomized, double-blind, placebo-controlled clinical trials.

COLD-FX was Canada's best selling cold and flu remedy for the 52-week period ended March 12, 2011, according to The Nielsen Company. In addition, COLD-FX remains the number one natural cold remedy recommended by pharmacists and doctors in Canada, based on 2009/2010 surveys of over-the-counter counseling and recommendations reported by *Drugstore Canada* and *L'actualité pharmaceutique*, as well as *The Medical Post*.

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Non-GAAP Financial Measures

EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. The Company uses EBITDA as a supplemental financial measure of its operational performance. The Company believes EBITDA to be an important measure as it excludes the effects of items that primarily reflect the impact of long-term investment decisions, rather than the performance of its day-to-day operations and is used by its lenders in computing certain bank covenants. As compared to net earnings according to Canadian generally accepted accounting principles ("GAAP"), this measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company's business. The Company evaluates such items through other financial measures such as capital expenditures and cash flow provided by operating activities. Management of Afexa believe this measurement is useful to assess a company's ability to service debt and to meet other payment obligations and as a valuation measurement.

Please see Afexa's Management Discussion & Analysis for the year ended March 31, 2011 for a reconciliation of EBITDA to net earnings, the most directly comparable financial measure calculated and presented in accordance with GAAP.

Advisory Regarding Forward-looking Statements

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "would", "project", "could", "should", "contemplate", "potential", "depend", "forecast", "believe", "plans", "targets", "intends" and similar expressions are intended to identify such forward-looking statements. These forward-looking statements reflect our beliefs and are based on information currently available to us. These statements require the Company to make assumptions which it believes are reasonable, and which are subject to inherent risks and uncertainties. Actual results and developments may differ materially from the results and developments discussed in the forward-looking statements, as certain of these risks and uncertainties are beyond Afexa's control. The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon.

Examples of such forward-looking statements include, but are not limited to: Afexa's expectation that revenue in fiscal 2012 will improve over last year's results; belief that the launch of COLDSORE-FX will add to revenue growth in fiscal 2012; expectation that through improved inventory management and purchasing practices, the company is targeting to achieve annual gross margins in excess of 70% in the future; goal to achieve average annual revenue growth in excess of 10% by the end of the next five years; and management's belief that the current market price of the Company's common shares does not reflect their underlying value.

In addition, forward-looking statements are subject to the following risks and uncertainties which include, among other matters, the impact of competition; consumer confidence and spending levels; general economic conditions; interest rates; unseasonable weather patterns; the incidence of illnesses in the general population; the cost and availability of capital; the cost and availability of grants/funding; product development; reliance on third parties; dependence on a small number of major customers; adequacy of the Company's cash position to mitigate potential tightening of credit terms; success and adequacy of the Company's long-term strategic objectives; and the risk that actual results may differ from management's assumptions and estimates.

The Company believes that the expectations and assumptions reflected in the forward-looking information and statements contained herein are reasonable, but no assurance can be given that these expectations and assumptions are correct and that the results, performance or achievements expressed in, or implied by, forward-looking statements within this disclosure will occur, or, if they do, that any benefits may be derived from them. Afexa assumes no duty to update or revise forward-looking information, except as may be required pursuant to applicable laws. All forward-looking information is expressly qualified in its entirety by this cautionary statement. Further information regarding risks and uncertainties relating to Afexa and its securities can be found in the disclosure documents filed with the securities regulatory authorities, available at www.sedar.com. The Company claims exemptions under U.S. SEC Rule 12g3-2(b).