REPORT AT 30 JUNE 2011

Madrid, 28 July 2011

HIGHLIGHTS OF THE FIRST SIX MONTHS OF 2011

- Consolidated net revenues amounted to 81.3 million euro, a 3.3% increase over the same period of 2010.
- In the period, the company renegotiated 42% of its loans maturing in 2011.
- It rolled over 96% of the credit lines that matured in the first half of the year, which account for 83% of the Group's credit lines.

Oncology

- Net sales of Yondelis® increased by 13.6% with respect to the same period of 2010.
- A Phase II trial with PM10083 commenced on metastatic pancreatic cancer.
- Japan's Ministry of Health granted orphan drug status to Yondelis® in translocation-related soft tissue sarcoma.

Nervous system (Alzheimer's disease)

- Approval has been granted by all countries participating in the "Argo" Phase IIb trial with tideglusib in patients with Alzheimer's disease and the trial has commenced in 55% of participating hospitals.

RNAi:

- Sylentis received authorisation from the Spanish Medicines and Health Products Agency to commence the Phase I clinical trial with SYL1001 for ocular hypertension.

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FIGURES TO JUNE 2011

Period	06/30/2011	06/30/2010	Δ%	Q2 '11	Q2 '10	Δ%
Net Revenue (€ 000)						
Consumer Chemicals	39,916	40,658	*-1.82%*	25,380	26,387	*-3.82%*
Biopharmaceuticals	41,029	37,584	*9.17%*	20,323	19,115	*6.32%*
Unallocated	360	495	*-27.27%*	183	289	*-36.68%*
Total Group	**81,305**	**78,737**	***3.26%***	**45,886**	**45,791**	***0.21%***
Cost of goods sold (€ 000)	-24,148	-23,858	*1.22%*	-14,046	-15,254	*-7.92%*
Gross Income	57,157	54,879	*4.15%*	31,840	30,537	*4.27%*
Gross Margin	70.30%	69.70%	**---**	69.39%	66.69%	**---**
EBITDA (€ 000)						
Consumer Chemicals	6,702	7,154	---	5,311	5,663	---
Biopharmaceuticals	-3,560	-1,331	---	-1,611	-1,935	---
Unallocated	-3,831	-3,606	---	-2,114	-1,793	---
Total Group	**-689**	**2,217**	---	**1,586**	**1,935**	---
R&D Expenditure						
Oncology	17,473	17,175	*1.74%*	9,245	9,479	*-2.47%*
CNS	8,569	6,282	*36.41%*	4,759	3,670	*29.67%*
Other	2,530	2,018	*25.37%*	1,132	1,117	*1.34%*
Total Group	**28,572**	**25,475**	***12.16%***	**15,136**	**14,266**	***6.10%***
Marketing & Commercial Expenses						
Consumer Chemicals	9,832	10,556	*-6.86%*	5,920	6,266	*-5.52%*
Biopharmaceuticals	12,384	10,115	*22.43%*	6,291	5,353	*17.52%*
Other	6	248	---	4	118	---
Total Group	**22,222**	**20,919**	***6.23%***	**12,215**	**11,737**	***4.07%***

(Thousand euro)

Net revenue

Group net revenues amounted to 81.3 million euro in 1H11, 3.3% more than in the same period of 2010 (78.7 million euro).

Net sales in the Biopharmaceutical business amounted to 41 million euro (37.6 million euro in 1H10), of which 38.2 million euro correspond to Yondelis sales by PharmaMar (33.6 in 1H10). Genómica contributed 2.8 million euro in sales in this segment (3.9 million euro in 1H10). Sales in this sector accounted for 50.5% of Group net sales (47.7% in 1H10).

Net sales by the consumer chemicals subsidiaries totalled 39.9 million euro (40.7 million euro in 1H10). Those companies accounted for 49.09% of the Group's total revenues in the first half of 2011 (51.6% in the first half of 2010).

EBITDA

In the first half of 2011, the Group had negative EBITDA amounting to 0.69 million euro, contrasting with positive EBITDA of 2.2 million euro in 1H10. EBITDA in the period was affected by two factors: an increase in sales costs in the Biopharmaceutical sector with respect to 2010 due to growth in the sales network in the second half of last year, and the expenses incurred as a result of cost restructuring policies, which will be broadly offset in the second half of 2011.

(EBITDA: earnings before interest, taxes, depreciation and amortisation)

R&D expenditure

R&D expenditure increased by 12.16% year-on-year. A total of 28.6 million euro was spent on research and development in the first six months of 2011, broken down as follows: PharmaMar 17.5 million euro (17.2 in 1H10), Noscira 8.6 million euro (6.3 in 1H10), Sylentis 1.5 million euro (1.4 million euro in 1H10) and Genómica 0.7 million euro (0.6 million euro in 1H10).

Marketing and commercial expenses

Marketing and commercial expenses amounted to 22.2 million euro in 1H11 (20.9 million euro in 1H10), a 6.2% increase.

Within the Biotechnology segment, 12.4 million euro (10.1 million euro in 1H10) was spent in 2H10 developing PharmaMar's network to sell Yondelis in Europe for ovarian cancer.

The Consumer Chemicals division registered 9.8 million euro of expenses under this heading in 1H11, 6.9% less than in 1H10 (10.6 million euro).

Cash

The net cash position, defined as cash and cash equivalents plus current financial assets (41.5 million euro) minus short-term financial debt (54.5 million euro), totalled -12.9 million euro in June 2011. Long-term debt amounted to 87.7 million euro, which includes 20.7 million euro in interest-free research and development loans from official bodies which are repayable over 10 years, with a three year payment holiday.

	06/30/2011	12/31/2010
Cash & cash equivalents + current financial investments	**41,464**	**66,580**
Short term interest-bearing debt	**54,453**	**62,860**
Long term interest bearing debt	**87,717**	**85,338**
Bank debt	59,005	64,426
Govt. agencies: R&D funding (interest free debt)	20,712	20,912
Others	8,000	0

(Thousand euro)

During the period, the company renegotiated 42% of its loans maturing in 2011, extending the repayment period by 12 to 24 months.

It also renewed 96% of credit lines maturing in the first six months of the year, which account for 83% of the Group's total credit lines. It is expected that the remaining 17% will be renewed in the second half of the year.

BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance in the first half of 2011.

B) Biopharmaceuticals

Oncology: PharmaMar

Revenues in 1H11 amounted to 38.2 million euro, a 13.6% increase with respect to the same period of 2010.

Yondelis® received two new approvals outside the European Economic Area: in Oman, for soft tissue sarcoma, and in Hong Kong, for relapsed platinum-sensitive ovarian cancer in combination with Caelyx® (pegylated liposomal doxorubicin).

At the 47th Annual Meeting of the American Society of Clinical Oncology (ASCO), held in Chicago from 3 to 7 June, PharmaMar presented the final results of the OVA-301 trial: the final analysis of survival, which shows an improvement in patients treated with Yondelis+DLP; median survival was 22.2 months using the combination, in contrast with 18.9 months with DLP as monotherapy.

Additional analysis of final progression-free survival data from OVA-301 confirms the previously-reported interim data on survival, in that treatment with Yondelis+DLP was favourable in all the platinum-sensitive patients treated.

Progress with the compounds undergoing clinical development in the first half of 2011:

Yondelis®

Sarcoma:
Recruitment continues on schedule for the Phase III trial on patients with translocation-related sarcomas.

Recruitment is also progressing on schedule for the trials in cooperation with Institut Gustave Roussy (IGR) in France, with the Spanish Sarcoma Research Group (GEIS), and for the observational trials in The Netherlands and Belgium.

Breast cancer:
Recruitment continued on schedule for a new Phase II trial on patients with luminal breast cancer (subtypes HR+ and HER 2-) stratified on the basis of XPG expression.

Pancreatic adenocarcinoma:
Recruitment continued on schedule for a new Phase II trial in patients with metastatic pancreatic adenocarcinoma.

New trial:
Recruitment commenced for a new trial in cooperation with the European Organisation for Research and Treatment of Cancer (EORTC) and the US Sarcoma Alliance for Research through Collaboration (SARC). The trial will compare two different doses of Yondelis® vs. doxorubicin as first-line treatment in advanced soft tissue sarcoma; it will be performed in 45 centres in 12 European countries and in the US, and a total of 370 patients will be recruited.

Aplidin

Multiple Myeloma:
Recruitment continues on schedule for the pivotal (registration) clinical trial of Aplidin® (plitidepsin) in combination with dexametasone for patients with relapsed or refractory multiple myeloma. The first cohort of patients (60) is expected to be completed in the next quarter, allowing a preliminary evaluation of the results.

New trial:
The French Sarcoma Group has provided the funding to perform a clinical trial in France in undifferentiated liposarcomas.

Zalypsis®

Multiple Myeloma:
Recruitment continues in the Phase II trial on multiple myeloma in Spain. During the second quarter of 2011, the maximum tolerated dose (MTD) was identified and patients continued to be treated with a view to determining the recommended dose (RD).

Bladder cancer:
A total of 18 patients were treated in the first half of 2011, and the first phase of recruitment was completed. The results are currently being evaluated. Six Spanish hospitals have participated in the trial to date.

Ewing's sarcoma:
Recruitment continues on schedule for the trial in Ewing's sarcoma. There are currently six hospitals participating in the trial, in the US, France and Italy.

Irvalec®

Recruitment for two of the three Phase I trials with this compound was completed in the second quarter of 2011: the Phase I trial with Irvalec® as monotherapy (administration pattern: 3 hours every 3 weeks) and the Phase I trial in combination with erlotinib.

Recruitment continues for the expansion phase of the two administration patterns (3 hours and 24 hours) in the Phase II trial with Irvalec® in pretreated patients with unresectable, locally advanced or metastatic oesophageal, gastro-oesophageal junction and gastric tumours (IMAGE trial). Treatment is being well tolerated in both regimes.

PM01183

Pancreatic cancer
PharmaMar commenced a Phase II trial as second-line treatment of pancreatic cancer in patients where gemcitabine-based therapies have failed. Hospitals in the UK and Spain are participating in this trial.

Solid tumours
Active recruitment commenced for a Phase I clinical trial with PM01183 in combination with doxorubicin and with gemcitabine in solid tumours.

Advanced leukaemias
Recruitment continued on schedule for the Phase I trial with PM01183 as monotherapy in advanced leukaemias.

At the American Association for Cancer Research (AACR) Annual Meeting, held in Orlando in April, the company presented data on PM01183's activity on platinum-resistant cells and its ability to depress the Nucleotide Excision Repair (NER) system. PM01183 also showed synergies when combined with irinotecan, paclitaxel and dacarbazine.

PM060184

Recruitment continues for the Phase I clinical trials being performed in the US, France and Spain. The primary endpoints of this Phase I trial are to identify the dose-limiting toxicity (DLT), maximum tolerated dose (MTD) and recommended dose (RD) of PM060184.

Central Nervous System: Noscira

Nypta® (tideglusib) for Alzheimer's disease (AD)

During the quarter, the company responded to the latest queries raised by regulatory agencies and ethics committees in several countries about the ***"Argo"*** Phase IIb trial on Alzheimer patients.

The trial has been approved by all participating countries: Spain, Finland, the UK, Germany, France and Belgium (the latter's approval is conditional). The trial has commenced in 55% of the participating hospitals in those countries and the paperwork is under way for the remainder. Spain is the first country to commence the clinical trial, with randomisation of the first patient. A meeting was held in Madrid in April for 206 researchers, assistant researchers and coordinators involved in the "Argo" trial.

Zentylor™ (tideglusib) for Progressive Supranuclear Palsy (PSP)

The "Tauros" Phase II multi-centre trial is advancing as expected in the four countries where it is under way: Spain, United Kingdom, Germany and the United States. All of the patients participating in the study have now exceeded 6 months of treatment, 50% have completed one year of treatment and 25% have finished the follow-up. Work is proceeding with a view to having preliminary results by year-end.

Other significant events

Noscira, in cooperation with the Spanish Institute for Foreign Trade (ICEX) and co-financed by Genoma España, participated in the *Biotechnology International Organization* (BIO) international convention, from 27 to 30 June in Washington. It is the largest global event for the biotechnology industry and Noscira attends regularly to discuss its portfolio of compounds with potential licensees.

Noscira's Scientific Advisory Committee held its annual meeting on 12 June. The committee gained a new member this year, Dr Maria Grazia Spillantini, a researcher from the University of Cambridge in the UK and a specialist in molecular bases of neurodegenerative disorders, especially those with tau protein pathologies (collectively known as tauopathies).

The 1st Scientific Conference of the Spanish Toxicologists Group was held on 31 May 2011, coordinated by Noscira under the auspices of ASEBIO and the Zeltia Observatory, and financed by Italian company RTC, S.p.A. The Spanish Toxicologists Group was created by Noscira at the end of 2010 with a view to bringing together Spanish toxicologists to exchange expertise and serve as a source of information for the authorities (Ministry of Health and the Medicines Agency).

Diagnostics: Genómica

Genómica's 1H11 revenues amounted to 2.8 million euro (3.9 million euro in 1H10).

The Clinical Diagnostics area was the top performer in the period, with 2.6 million euro in revenues (2.9 million euro in 1H10). Sales of the CLART® platform amounted to 1.7 million euro in Spain and 0.8 million euro outside Spain, both in line with expectations, with a decline of almost 8% due primarily to budget restrictions at institutional clients (public hospitals in Spain's national healthcare system).

Revenues are expected to recover in the second half of the year due to reactivation of Genómica's contract to provide human DNA identification services to the Spanish Civil Guard Forensics Unit, and to the launch in May of CLART® SeptiBac+, a diagnostic kit which uses positive blood cultures to detect Gram+ bacteria and fungi that cause sepsis. The kit reduces the overall diagnosis time by more than 24 hours in many cases, enabling medication and/or therapy to be tailored to each patient's needs. CLART® SeptiBac+ is able to detect the *mecA* resistance marker, which confers Methicillin resistance in the *Staphylococcus* genus.

RNAi: Sylentis

The company advanced its R&D lines in the first half of 2011, working to develop new structures and formulations for compounds based on RNAi technology.

Recruitment continued for the Phase I/II clinical trial of SYL040012 in glaucoma, which commenced in November 2010.

The company received authorisation from the Spanish Medicines Agency in June to commence a Phase I trial on healthy volunteers using its second compound, SYL1001, to treat eye discomfort associated with dry eye syndrome.

B) Consumer chemicals:

Xylazel

Sales in 1H11 amounted to 10.1 million euro, up 2.8% with respect to the same period of 2010. This is positive news in view of the persistent adverse economic scenario.

Sales performance varied notably between distribution channels. While sales expanded 19% in the DIY-Large Retail Outlet channel, 10% in the Industrial channel and 6% in the home improvement channel, they fell 8% in the Large Paint Wholesaler channel.

The incipient export market performed positively and, although its current contribution to total revenues is less than 3%, exports increased by 70% year-on-year.

As a result, EBITDA amounted to 1.92 million euro in the first six months of 2011, up 3.7% compared with the same period last year, and the EBITDA margin was 21.1%.

Net profit in the first six months improved 4.6% year-on-year to 1.2 million euro, 13.3% of sales.

Zelnova

In the first six months, combined sales by Zelnova-Copyr experienced a decline of 2.9% (-0.9 million euro) with respect to 1H10. This decline is due to weak consumer spending in domestic markets (Spain and Italy), which is affecting the product lines that are most exposed to the economic cycle (primarily air fresheners and retailer-brand products).

However, sales outside Spain and Italy continue to be successful. Exports increased in 1H11 by 0.4 million euro (+7%).

The table below shows the change in revenues in the various channels.

(Thousand euro)	June 2010	June 2011	Change	
Domestic (*)	25,954	24,654	-1,300	- 5.0%
Exports	5,616	6,002	+ 386	+ 6.9%
Total net sales	31,570	30,656	- 914	- 2.9%

(*) Domestic: Spain and Italy

The price of oil derivatives such as butane and solvents continued to increase in the first half of the year, but declined slightly in the last two months.

This reduced Zelnova-Copyr's combined EBITDA by 0.5 million euro to 5.2 million euro (vs. 5.7 million euro in 1H10).

Net profit in the first six months of 2011 totalled 2.8 million euro, compared with 3.0 million euro in 1H10.

The interyear differences are expected to narrow in the second half of the year if domestic demand increases during the fourth quarter and the market performs better than in the last quarter of 2010, which was extremely weak.

Risks and uncertainties in the second half of 2011:

With respect to the Consumer Chemicals segment, which is very mature and stable, the greatest uncertainties in 2H11 are weak consumer spending, which is affecting Spain, and counterparty risk. Broadly speaking, Zelnova and Xylazel clients have good credit quality.

The main uncertainties and risks for the biopharmaceutical segment in the second half of 2011 include (in addition to the standard risks of research) the risk of medicine price pressure in Europe as a result of adjustment measures in countries where we market our drugs. There is also risk associated with the long payment periods in southern European countries and with the delay in obtaining pricing and reimbursement for new indications.

BALANCE SHEET *(Thousand euro)*	06-30-2011	12-31-2010
ASSETS		
Non-current assets	**88,194**	**87,416**
Property, plant & equipment	35,307	36,570
Investment properties	6,014	6,014
Intangible assets	15,920	14,448
Deferred tax assets	26,244	25,504
Long-term financial assets	2,161	2,332
Goodwill	2,548	2,548
Current assets	**139,527**	**143,407**
Inventories	30,072	29,197
Customer and other receivables	61,766	41,408
Other current assets	2,411	2,456
Receivable from public authorities	3,814	3,766
Current financial assets	16,633	25,985
Cash & cash equivalents	24,831	40,595
TOTAL ASSETS	**227,721**	**230,823**

BALANCE SHEET *(Thousand euro)*	06-30-2011	12-31-2010
EQUITY		
Shareholders' equity	**33,052**	**35,205**
Share capital	11,110	11,110
Share premium	323,286	323,286
Treasury shares	(8,379)	(9,741)
Retained earnings and other reserves	(292,965)	(289,450)
Minority interest	**-3,603**	**-345**
TOTAL EQUITY	**29,449**	**34,860**
LIABILITIES		
Non-current liabilities	**96,181**	**92,644**
Financial debt	87,717	85,338
Deferred tax liabilities	6,749	6,154
Non-current deferred revenues	1,257	836
Other non-current liabilities	458	316
Financial debt	54,453	62,860
Provisions for other liabilities & expenses	3,672	5,285
Current deferred revenues	54	701
Other current liabilities	2,538	1,796
TOTAL LIABILITIES	**198,272**	**195,963**
TOTAL LIABILITIES AND EQUITY	**227,721**	**230,823**

INCOME STATEMENT		
Thousand euro	**06-30-2011**	**12-31-2010**
Net revenues	81,305	78,737
Cost of sales	(24,148)	(23,858)
Gross income	**57,157**	**54,879**
Other operating revenues	3,965	3,048
Marketing & commercial organisation expenses	(22,222)	(20,919)
General and administration expenses	(11,134)	(8,853)
Research & development expenses	(28,572)	(25,475)
Capitalised in-house work	1,489	610
Other operating expenses	(4,384)	(3,866)
Net operating profit (loss) (EBIT)	**(3,701)**	**(576)**
Net financial results	(2,600)	(2,153)
Profit (Loss) before taxes	**(6,301)**	**(2,729)**
Corporate income tax in the period	0	(445)
Profit (Loss) for the year	**(6,301)**	**(3,174)**
Attributable to minority interest	3,258	0
Attributable to equity holders of the parent	**(3,043)**	**(3,174)**

Net operating profit (loss) (EBIT)	(3,701)	(576)
Amortisation and depreciation	3,011	2,793
EBITDA	**(690)**	**2,217**

CONSOLIDATED CASH FLOW STATEMENT	06-30-2010
NET CASH FLOW FROM ORDINARY ACTIVITIES	**(17,964)**
Profit/(loss) before tax	**(6,301)**
Adjustements for:	**4,123**
Amortisation and depreciation	**3,011**
Other adjustements	**1,112**
Variation in working capital	**(13,213)**
Other net cash flow	**(2,572)**
Financial expenses	(2,986)
Financial revenues	385
Other adjustements	29
NET INVESTMENT CASH FLOW	**8,330**
Purchases of property, plant & equipment and intangible assets	(1,611)
Other financial assets	9,941
CASH FLOW IN FINANCING ACTIVITIES	**(6,130)**
Amortisation	(74)
Acquisition	(28)
Debt with credit entities (+)	11,168
Repayment from debt with credit entities (-)	(12,423)
Other net financing activities cash flow	(4,773)
NET DECREASE/INCREASE IN CASH AND CAHS EQUIVALENTS	**(15,764)**
STARTING BALANCE OF CASH AND CASH EQUIVALENTS	**40,595**
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**24,831**

NET CASH POSITION	
CASH AND CASH EQUIVALENTS	24,831
CURRENT FINANCIAL ASSETS	16,633
FINANCIAL DEBT	(54,453)
TOTAL NET CASH POSITION	**(12,989)**