REPORT AT 30 SEPTEMBER 2011

Madrid, 27 October 2011

HIGHLIGHTS OF THE THIRD QUARTER 2011

Oncology

- Net sales of Yondelis® increased by 9.4% with respect to the same period of 2010.
- Patient recruitment was completed for the independent committee analysis of the pivotal trial with Aplidin® in multiple myeloma.
- Patient recruitment was completed for one of the strata of the TRS trial.
- Other countries outside the European Economic Area approved Yondelis®.

Nervous system (Alzheimer's disease)

- 260 patients have already been screened for the ARGO trial.
- The last patient in the Tauros Phase II trial with tideglusib has completed treatment.

Diagnostics

- The new CLART EnteroBac diagnostic kit was launched in July.

RNAi:

- A Phase I trial commenced in August for this area's second product, SYL 1001, for treating eye discomfort associated with dry eye syndrome.

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FIGURES TO SEPTEMBER 2011

Period	09/30/2011	09/30/2010	Δ%	Q3 '11	Q3 '10	Δ%
Net Revenue (€ 000)						
Consumer Chemicals	59,136	62,152	*-4.85%*	19,220	21,494	*-10.58%*
Biopharmaceuticals	61,064	56,888	*7.34%*	20,035	19,304	*3.79%*
Unallocated	499	981	*-49.13%*	139	486	*-71.40%*
Total Group	**120,699**	**120,021**	***0.56%***	**39,394**	**41,284**	***-4.58%***
Cost of goods sold (€ 000)	-35,172	-36,128	*2.65%*	-11,024	-12,270	*-10.15%*
Gross Income	85,527	83,893	*1.95%*	28,370	29,014	*-2.22%*
Gross Margin	70.86%	69.90%	**---**	72.02%	70.28%	**---**
EBITDA (€ 000)						
Consumer Chemicals	8,713	10,203	*-14.60%*	2,011	3,049	*-34.04%*
Biopharmaceuticals	-5,513	-2,051	*168.80%*	-1,953	-109	*1691.74%*
Unallocated	-6,178	-5,456	*13.23%*	-2,347	-1,849	*26.93%*
Total Group	**-2,978**	**2,696**	***-210.46%***	**-2,289**	**1,091**	***-309.81%***
R&D Expenditure						
Oncology	26,440	26,560	*-0.45%*	8,967	9,385	*4.45%*
CNS	12,457	9,619	*29.50%*	3,888	3,337	*16.51%*
Other	3,917	2,978	*31.53%*	1,387	960	*44.48%*
Total Group	**42,814**	**39,157**	***9.34%***	**14,242**	**13,682**	***4.09%***
Marketing & Commercial Expenses						
Consumer Chemicals	15,810	17,024	*-7.13%*	5,978	6,468	*-7.58%*
Biopharmaceuticals	18,306	15,139	*20.92%*	5,922	5,024	*17.87%*
Other	15	28	*-46.43%*			
Total Group	**34,131**	**32,191**	***6.03%***	**11,900**	**11,492**	***3.55%***

(Thousand euro)

Net revenue

Group net revenues totalled 120.7 million euro in the first nine months of 2011, 0.6% more than in the same period of 2010 (120 million euro).

Net sales in the Biopharmaceutical business amounted to 61.1 million euro (56.9 million euro in 9M10), of which 56.6 million euro correspond to Yondelis sales by PharmaMar (51.8 in 9M10). Genómica contributed 4.4 million euro in sales in this segment (5.1 million euro in 9M10). Sales in this sector accounted for 50.6% of Group net sales (47.4% in 9M10).

Net sales by the consumer chemicals subsidiaries totalled 59.1 million euro (62.2 million euro in 9M10). Those companies accounted for 49% of the Group's total revenues through September 2011 (51.8% through September 2010).

EBITDA

The Group had negative EBITDA in 9M11, amounting to -2.9 million euro and contrasting with positive EBITDA of 2.7 million euro in 9M10.

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

R&D expenditure

R&D expenditure increased by 9.3% year-on-year. A total of 42.8 million euro was spent on research and development in the first nine months of 2011, broken down as follows: PharmaMar 26.4 million euro (26.6 in 9M10), Noscira 12.5 million euro (9.6 in 9M10), Sylentis 2.6 million euro (2.2 million euro in 9M10) and Genómica 1.1 million euro (0.8 million euro in 9M10).

Marketing and commercial expenses

Marketing and commercial expenses amounted to 34.1 million euro in 9M11 (32.2 million euro in 9M10), a 6% increase.

Within the Biotechnology segment, 18.3 million euro was spent in 9M11 (15.1 million euro in 9M10).

The Consumer Chemicals division registered 15.8 million euro of expenses under this heading in 9M11, 7.1% less than in 9M10 (17 million euro).

Cash

The net cash position, defined as cash and cash equivalents, plus current financial assets (42.3 million euro) minus short-term financial debt (58 million euro), totalled -15.7 million euro at the end of September 2011. Long-term debt amounted to 86.9 million euro, which includes 19.4 million euro in interest-free research and development loans from official bodies which are repayable over 10 years, with a three year grace period.

	30/09/2011	31/12/2010
Caja y equivalentes + inversiones financieras corto plazo	**42,337**	**66,580**
Recursos ajenos a corto plazo	**58,054**	**62,860**
Recursoso ajenos a largo plazo	**86,949**	**85,338**
Con entidades de crédito	58,552	64,426
Organismos oficiales:Deuda libre de interés	19,397	20,912
Otros	9,000	0

(Thousand euro)

BUSINESS PERFORMANCE.

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

B) Biopharmaceuticals

Oncology: PharmaMar

Net sales in 9M11 amounted to 56.6 million euro, a 9.4% increase with respect to the same period of 2010.

During the quarter, Yondelis® was approved by other countries outside the European Economic Area: Bahrain, Belarus, Qatar and El Salvador for soft tissue sarcoma (STS) and Honduras, El Salvador and Belarus for relapsed platinum-sensitive ovarian cancer in combination with Caelyx® (pegylated liposomal doxorubicin).

The European Union approved the sale of Yondelis® in combination with Caelyx® for relapsed platinum-sensitive ovarian cancer at the end of 2009. Janssen-Cilag, a subsidiary of Johnson & Johnson which markets Caelyx®, informed the European Medicines Agency (EMA) of supply problems that could cause intermittent interruptions in several EU countries from the end of August this year and, in some cases, until the end of the year. Janssen is working to re-establish a stable supply of Caelyx® as quickly as possible, focusing primarily on distributing its current stock most effectively.

As regards presentations of scientific results at international conferences:

- At the ESGO (European Society of Gynaecological Oncology) International Meeting in Milan (Italy), from 11-14 September, the company presented four posters and an oral presentation on Yondelis® in connection with ovarian cancer. The company had a booth, and led a round table discussion for experts on ovarian cancer and a satellite symposium.

- At the joint conference of the ESMO (European Society for Medical Oncology) and ECCO (European Cancer Organisation), held on 23-27 September in Stockholm, the company presented three posters and an oral presentation on Yondelis® in ovarian cancer. It also had a booth and other marketing initiatives.

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

Yondelis®

Sarcoma:
Recruitment continues on schedule for the Phase III trial on patients with translocation-related sarcomas (TRS); one of the strata of patients is complete.

Recruitment is progressing on schedule for the trials in cooperation with the Spanish Sarcoma Research Group (GEIS), the European Organisation for Research and Treatment of Cancer (EORTC), the US Sarcoma Alliance for Research through Collaboration (SARC), as well as for the observational trial in The Netherlands.

Recruitment was completed for PharmaMar's observational trial in STS in Belgium, carried out by regulatory imperative. The interim dossier was submitted to the authorities, thereby fulfilling the requirements of the Belgian health agency for the reimbursement of Yondelis® in that country.

Recruitment was completed in excess of initial estimates for the trial in cooperation with the Gustave Roussy Institute (IGR) in France as a first-line treatment for patients with uterine leiomyosarcoma or soft tissue sarcoma.

Breast cancer:
More than half of expected recruitment was completed for the first stage of the trial for luminal breast cancer (subtypes HR+ and HER 2-) stratified on the basis of XPG expression.

Pancreatic adenocarcinoma:
Recruitment continued for the Phase II trial with Yondelis® as rescue treatment in metastatic pancreatic adenocarcinoma, in cooperation with the San Raffaele Scientific Institute in Italy.

Aplidin

Multiple Myeloma:
Recruitment is complete for the analysis to be conducted by an independent committee in order to advise on the continuity of this pivotal trial for marketing authorisation in this therapeutic use.

Differentiated liposarcomas:

The French Sarcoma Group is preparing the paperwork for this trial, to be submitted to the competent authorities and ethics committees.

Zalypsis®

Multiple Myeloma:
Recruitment continues in the Phase II trial on multiple myeloma in nine hospitals in Spain. Escalation continues with a view to determining the recommended dose.

Ewing's sarcoma:
Recruitment continues for the Phase II trial in this indication. Another US hospital was included during the quarter; as a result, there are currently seven hospitals participating in this trial, in the US, France and Italy.

Irvalec®

Recruitment for the Phase I trial with Irvalec® in combination with gemcitabine or carboplatin was completed in the third quarter of 2011, the maximum tolerated dose for both schemes having been identified.

Recruitment is complete for the first cohort of the Phase II trial with Irvalec® with two administration patterns (3 hours and 24 hours) in pretreated patients with unresectable, locally advanced or metastatic tumours, including oesophageal, gastro-oesophageal junction and gastric tumours (IMAGE trial).

PM01183

Pancreatic cancer
Recruitment continues on schedule for the Phase II trial as second-line treatment in patients where gemcitabine-based therapies have failed.

Solid tumours
Recruitment continues for two Phase I clinical trials with PM01183 in combination with doxorubicin and with gemcitabine in solid tumours.

The company is awaiting authorisation from the US authorities to commence a Phase I clinical trial evaluating an alternative infusion pattern (days 1 and 8 every three weeks).

Advanced leukaemias
Active recruitment continues for the Phase I clinical trial with PM01183 as monotherapy to treat advanced leukaemias.

Platinum-resistant/refractory advanced ovarian cancer

The Phase II clinical trial in patients with platinum-refractory/resistant ovarian cancer is expected to commence. It is currently pending authorisation by the French and Spanish authorities.

PM060184

Recruitment continues on schedule for the two Phase I trials in the US, France and Spain. In a few months, the recommended dose will be defined in the two treatment patterns with a view to commencing the Phase II trials in the next year.

Central Nervous System: Noscira

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

In the third quarter, 170 patients in Spain, Finland, the UK, Germany and France were screened for the ERGO trial (Phase IIb trial in Alzheimer's disease). Of those, 77 had been randomised at 30 September

2011.We continue working to complete the activation of the 58 hospitals participating in the trial. An average of 15 new patients per week were recruited in the final weeks of the quarter. At the time this report was published, 260 patients had been included, 122 of them randomised.

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

The first year of treatment in the TAUROS multicentre Phase II trial has been completed. The final patients are in the two-month run-off period (i.e. without treatment) established in the protocol. The final refined data is expected to be ready for preliminary analysis before the end of the year.

Other significant events

As part of the Alzheimer's International 2011, Year of Research on Alzheimer's, on 22 and 23 September 2011, the Global Alzheimer's Research Summit was held in Madrid, organized by the Queen Sofía and Pasqual Maragall Foundations. The latest innovations in research on Alzheimer's were presented at the conference, which was attended by renowned international scientists, who offered their views on the main lines of research under way worldwide that represent a qualitative leap in research into this illness.
Several members of Noscira's Scientific Advisory Committee participated actively. Drs. Jesús Ávila, of "Severo Ochoa" Molecular Biology Centre, and Juan Carlos López, editor of the prestigious *Nature Medicine* journal, were on the organization committee and coordinated the Basic and Clinical Research Area. Drs. Sangram Sisodia, from the University of Chicago, and Khalid Iqbal, of the Institute for Basic Research in Developmental Disabilities (IBR) in New York, both made oral presentations, and Dr. Kenneth Kosic, from the University of California, Santa Barbara gave the plenary talk. The communiqué presented by Noscira's R&D department was selected for oral presentation in one of the sessions. Noscira presented an overview of the discovery and development of tideblusib and an update on its clinical development to treat Alzheimer's disease.
Additionally, the Research Department, in cooperation with the Biochemistry Department at the Autonomous University of Madrid's School of Medicine, presented a poster entitled: "NP61, A small molecule that promotes targeting of APP to the autophagic pathway and decreases production of Abeta".

Diagnostics: Genómica

Genómica's 9M11 revenues amounted to 4.430 million euro (5.103 million euro in 9M10).

The Clinical Diagnostics area, which accounts for 88% of sales, ended the quarter with sales of 3.893 million euro (3.866 million euro in 2010).

In the Spanish diagnostics market, the company obtained revenues of 2.561 million euro (2.530 million in 2010), improving its performance with respect to the previous quarter and remaining on par compared with the previous year, despite the problems resulting from institutional clients' budget restrictions.

Diagnostics sales outside Spain totalled 1.258 million euro, up 9% with respect to 2010. This improvement is attributable to sales of CAR (Clinical Array Reader) platforms, manufactured by Genómica.

The CAR gives an automatic reading and interpretation of the diagnostic results processed with CLART® technology. The SAICLART® image processing software was developed entirely by Genómica.

The company's second largest business line, Forensic Genetics, obtained revenues of 538 thousand euro in the third quarter of 2011 (1.258 million euro in the same period last year). The company expects to make up at least some of the year-on-year difference in the last quarter of the year.

A milestone in the period was the July launch of CLART® EnteroBac, a kit designed to detect the presence in stool samples of the main types of enteric bacteria causing diarrhoea using genetic

amplification. This provides significant advantages with respect to traditional identification techniques (i.e. stool cultures).

RNAi: Sylentis

The company advanced its R&D lines in the third quarter of 2011, working to develop new structures and formulations for compounds based on RNAi technology.
Recruitment continued on schedule for the Phase I/II clinical trial of SYL040012 in glaucoma, which commenced in November 2010.

A Phase I trial with the company's second product, for treating eye discomfort associated with dry eye syndrome, commenced in August, with the recruitment and treatment of healthy volunteers.

B) Consumer chemicals:

Xylazel

The slowdown in consumer spending that commenced in the second quarter continued in the third; as a result, the increase in revenues visible in the first quarter (16% year-on-year) has been diluted. Nevertheless, the company maintained gross sales on par with the first nine months of 2010, obtaining 14.92 million euro, compared with 14.96 million euro the previous year.

Sales at big-box DIY stores and modern hardware stores increased, while sales through paint wholesalers declined.

Exports currently account for 4% of total sales, having increased by 59% with respect to September 2010.

In line with our R&D and innovation policy, 14.9% of total sales (2.2 million euro) in the first nine months of 2011 were obtained with new products and presentations launched on the market in the last 3 years.

Raw materials and packaging prices have increased.

As a result, EBITDA in 9M11 amounted to 2.72 million euro, i.e. 20% of revenues and 4.2% less than the same period last year.

Net profit amounted to 1.72 million euro, i.e. 12.7% of revenues and 4.2% less than the same period last year.

Zelnova

Combined sales by Zelnova-Copyr declined by 2.9 million euro in 9M11, i.e. 6.0% compared with the same period last year. In recent months consumer spending in Spain and Italy has continued to deteriorate, which has had a very negative impact on the companies' most cyclical items, especially air fresheners and private label products.

The sector continues to perform positively despite the fact that the majority of countries to which it exports are mired in crises. In this difficult situation, exports increased by 0.1 million euro, i.e. by 1.4% with respect to the same period last year.

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

(Thousand euro)	September 2010	September 2011	Change	
Domestic (*)	39,236	36,205	-3,031	- 7.7%
Exports	9,084	9,207	+ 123	+ 1.4%
Total net sales	48,320	45,412	- 2,908	- 6.0%

(*) Domestic: Spain and Italy

After increasing moderately at the beginning of the year, prices of oil derivatives such as butane and solvents have stabilised in the last six months. The prices of other raw materials have also increased, although to a lesser extent.

This had a negative impact, reducing Zelnova-Copyr's combined EBITDA by 1.4 million euro to 6.4 million euro (7.8 million euro in 9M10).

The interyear differences are expected to narrow in the remaining months of the year if the market performs better in the fourth quarter of 2011 compared with the same period of 2010, which was extremely weak.

BALANCE SHEET *(Thousand euro)*	09-30-2011	12-31-2010
ASSETS		
Non-current assets	**87.392**	**87.416**
Property, plant & equipment	34.498	36.570
Investment properties	6.014	6.014
Intangible assets	16.736	14.448
Goodwill	2.548	2.548
Long-term financial assets	2.162	2.332
Deferred tax assets	25.434	25.504
Current assets	**133.636**	**143.407**
Inventories	27.674	29.197
Customer and other receivables	58.851	42.829
Current financial assets	23.512	25.985
Receivable from public authorities	1.730	1.705
Other current assets	3.044	3.096
Cash & cash equivalents	18.825	40.595
TOTAL ASSETS	**221.028**	**230.823**

BALANCE SHEET *(Thousand euro)*	09-30-2011	12-31-2010
EQUITY		
Shareholders' equity	**27.973**	**35.205**
Share capital	11.110	11.110
Share premium	323.286	323.286
Treasury shares	(8.379)	(9.741)
Revaluation and other reserves	0	0
Retained earnings and other reserves	(298.044)	(289.450)
Minority interest	**-5.189**	**-345**
TOTAL EQUITY	**22.784**	**34.860**
LIABILITIES		
Non-current liabilities	**95.718**	**92.644**
Financial debt	86.949	85.338
Derivatives	179	0
Deferred tax liabilities	6.896	6.154
Non-current deferred revenues	1.215	836
Other non-current liabilities	479	316
Current liabilities	**102.526**	**103.319**
Supplier and other accounts payables	36.393	32.677
Financial debt	58.054	62.860
Provisions for other liabilities & expenses	5.960	5.285
Current deferred revenues	51	701
Other current liabilities	2.068	1.796
TOTAL LIABILITIES	**198.244**	**195.963**
TOTAL LIABILITIES AND EQUITY	**221.028**	**230.823**

INCOME STATEMENT		
Thousand euro	**09-30-2011**	**09-30-2010**
Net revenues	120.699	120.021
Cost of sales	(35.172)	(36.128)
Gross income	**85.527**	**83.893**
Other operating revenues	4.847	4.926
Marketing & commercial organisation expenses	(34.131)	(32.191)
General and administration expenses	(16.445)	(13.901)
Research & development expenses	(42.814)	(39.157)
Capitalised in-house work	2.280	1.105
Other operating expenses	(6.798)	(6.225)
Net operating profit (loss) (EBIT)	**(7.534)**	**(1.550)**
Net financial results	(4.438)	(3.428)
Profit (Loss) before taxes	**(11.972)**	**(4.978)**
Corporate income tax in the period	(998)	(547)
Profit (Loss) for the year	**(12.970)**	**(5.525)**
Attributable to minority interest	4.844	3.676
Attributable to equity holders of the parent	**(8.126)**	**(1.849)**

Net operating profit (loss) (EBIT)	(7.534)	(1.550)
Amortisation and depreciation	4.556	4.246
EBITDA	**(2.978)**	**2.696**

CONSOLIDATED CASH FLOW STATEMENT	09-30-2011
NET CASH FLOW FROM ORDINARY ACTIVITIES	**(20.174)**
Profit/(loss) before tax	**(11.972)**
Adjustements for:	**6.634**
Amortisation and depreciation	**4.556**
Other adjustements	**2.078**
Variation in working capital	**(10.657)**
Other net cash flow	**(4.179)**
Financial expenses	(4.866)
Financial revenues	606
NET INVESTMENT CASH FLOW	**1.701**
Purchases of property, plant & equipment and intangible assets	(2.296)
Other financial assets	3.997
CASH FLOW IN FINANCING ACTIVITIES	**(3.297)**
Amortisation	(74)
Acquisition	(28)
Debt with credit entities (+)	17.423
Repayment from debt with credit entities (-)	(18.661)
Other net financing activities cash flow	(1.957)
NET DECREASE/INCREASE IN CASH AND CAHS EQUIVALENTS	**(21.770)**
STARTING BALANCE OF CASH AND CASH EQUIVALENTS	**40.595**
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**18.825**

NET CASH POSITION	
CASH AND CASH EQUIVALENTS	18.825
CURRENT FINANCIAL ASSETS	23.512
FINANCIAL DEBT	(58.054)
TOTAL NET CASH POSITION	**(15.717)**