REPORT AT 31 DECEMBER 2010

Madrid, 24 February 2011

2010 MILESTONES

- Consolidated revenues increased 24.4% year-on-year to 153.5 million euro.
- The Group improved EBITDA by 74% due to sales in the biopharmaceutical sector.
- Net income attributable to the parent company improved 71.6% with respect to December 2009.
- R&D expenditure amounted to 55.7 million euro.

Oncology

- Gross sales of Yondelis® increased by 70.3% with respect to 2009.
- At year-end, Yondelis® had been approved for sale in 63 countries, 33 of which are outside the European Economic Area.
- A Phase III trial commenced with Aplidin in combination with dexametasone for treating recurrent multiple myeloma®.

Nervous system (Alzheimer's disease)

- The Phase IIa trial with Nypta® (tideglusib) in patients with Alzheimer's disease was completed. The drug was tolerated and produced positive effects on Alzheimer's patients in four of the five efficacy variables examined in the trial.
- Recruitment of patients concluded for the "Tauros" Phase II multicentre trial, which will determine the efficacy of Zentylor™ (Tideglusib) in patients with Progressive Supranuclear Paralysis (PSP).
- The FDA granted Fast Track status to Tideglusib (Zentylor™) for Progressive Supranuclear Palsy.
- Noscira, S.A. increased capital by 19 million euro.

RNAi:

- RNAi activity: The Spanish Medicines and Health Products Agency authorised commencement of the second Phase I/II clinical trial with SYL040012 for ocular hypertension.

Clinical diagnostics

- The contract was renewed with the Castilla León Regional Government's Health Ministry for the genotyping of human papillomavirus (HPV) using molecular biological in vitro diagnosis as part of the Programme for the Prevention and Early Detection of Cervical Cancer.

Mª Luisa de Francia
CFO
ZELTIA, S.A.
José Abascal, 2 Madrid
Telephone 91.444.45.00

José Luis Moreno
Head of Investor Relations
ZELTIA, S.A.
José Abascal, 2 Madrid
Telephone 91.444.45.00

FIGURES TO DECEMBER 2010

Period	12/31/2010	12/31/2009	Δ%	Q4 '10	Q4 '09	Δ%
Net Revenue (€ 000)						
Consumer Chemicals	73,186	71,172	*2.83%*	10,919	12,597	*-13.32%*
Biopharmaceuticals	79,440	51,134	*55.36%*	22,410	15,351	*45.98%*
Unallocated	882	1,081	*-18.41%*	-158	252	*-162.68%*
Total Group	**153,508**	**123,387**	***24.41%***	**33,171**	**28,200**	***17.63%***
Cost of goods sold (€ 000)	-46,011	-43,949	*-4.69%*	-9,654	-10,734	*10.06%*
Gross Income	107,497	79,438	*35.32%*	23,517	17,467	*34.64%*
Gross Margin	70.03%	64.38%	**---**	70.90%	61.94%	**---**
EBITDA (€ 000)						
Consumer Chemicals	10,001	11,268	*-11.24%*	-302	1,802	*-116.76%*
Biopharmaceuticals	-5,919	-20,177	*70.66%*	-3,607	-8,819	*59.10%*
Unallocated	-8,060	-6,424	*-25.47%*	-2,866	-2,245	*-27.66%*
Total Group	**-3,978**	**-15,333**	***74.06%***	**-6,775**	**-9,262**	***26.85%***
R&D Expenditure						
Oncology	-37,044	-35,813	*-3.44%*	-10,481	-9,361	*-11.97%*
CNS	-13,854	-13,871	*0.12%*	-4,235	-4,220	*-0.37%*
Other	-4,779	-3,664	*-30.44%*	-1,801	-1,164	*-54.76%*
Total Group	**-55,677**	**-53,347**	***-4.37%***	**-16,517**	**-14,744**	***-12.03%***
Marketing & Commercial Expenses						
Consumer Chemicals	-20,592	-20,210	*-1.89%*	-3,568	-4,033	*11.53%*
Biopharmaceuticals	-22,217	-19,157	*-15.97%*	-7,078	-6,033	*-17.32%*
Other	-30	-18	*-66.67%*			
Total Group	**-42,839**	**-39,385**	***-8.77%***	**-10,646**	**-10,066**	***-5.76%***

(Thousand euro)

Net revenue

Group net revenues totalled 153.5 million euro in 2010, 24.4% more than in 2009 (123.4 million euro).

Revenues in the Biopharmaceutical business amounted to 79.4 million euro (51.1 million euro in 2009): 72.3 million euro at PharmaMar from Yondelis sales (43.8 million euro in 2009) and 7.1 million euro at Genómica (7.3 million euro in 2009). This sector accounted for 52% of Group net sales (41% in 2009).

Net sales by the consumer chemicals subsidiaries totalled 73.2 million euro (71.2 million euro in 2009). Those companies accounted for 48% of the Group's total revenues in 2010 (58% in 2009).

EBITDA

Group EBITDA improved by 74% year-on-year. Group EBITDA in 2010 amounted to -3.9 million euro, compared with -15.3 million euro in 2009. This improvement is due to the increase in net sales by the biopharmaceutical division to 79.4 million euro (72.3 million euro of which were total net sales of Yondelis®), a 2.8% increase in chemical division sales, and cost optimisation efforts.

Other operating revenues in 2009 included 7.8 million euro collected from Taiho Pharmaceutical Co. for the Yondelis® licence for Japan.

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

R&D expenditure

R&D expenditure increased by 4.37% year-on-year. A total of 55.6 million euro was spent on research and development in 2010, broken down as follows: PharmaMar 37.0 million euro (35.8 in 2009), Noscira 13.9 million euro (13.9 in 2009), Sylentis 3.4 million euro (2.6 in 2009) and Genómica 1.3 million euro (0.9 in 2009).

Marketing and commercial expenses

Marketing and commercial expenses amounted to 42.8 million euro in 2010 (39.4 million euro in 2009), an 8.8% increase.

The Biotechnology segment spent 22.2 million euro in 2010 developing the network to sell Yondelis in Europe for ovarian cancer (19.2 million euro in 2009).

The Consumer Chemicals division registered 20.6 million euro of expenses under this heading in 2010, 2% more than in 2009 (20.2 million euro).

Treasury

The net cash position—defined as cash and cash equivalents, plus current financial assets (66.6 million euro) minus short-term financial debt (62.9 million euro)—totalled 3.7 million euro at the end of 2010. Long-term debt amounted to 85.3 million euro, which includes 21.1 million euro in interest-free research and development loans from official bodies which are repayable over 10 years, with a three-year grace period.

	12/31/2010	12/31/2009
Cash & cash equivalents + current financial investments	**66,580**	**63,296**
Short term interest-bearing debt	**62,860**	**32,776**
Long term interest bearing debt	**85,338**	**91,703**
Bank debt	*64,387*	*57,449*
Govt. agencies: R&D funding (interest free debt)	20,951	26,254
Others	0	8,000

(Thousand euro)

BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance in 2010.

A) Biopharmaceuticals

Oncology: PharmaMar

Gross sales of Yondelis® in 2010 amounted to 72.2 million euro, a 70.3% increase on 2009 (42.4 million euro). This notable increase in sales evidences that our product is now firmly established in the oncology market for soft tissue sarcomas (STS).

Yondelis® is currently approved in 63 countries, 33 of which are outside the European Economic Area. The drug obtained approval in 2010 in Argentina, Brazil, Canada and India, and sales are expected to commence there in the near future.

Progress with the compounds undergoing clinical development in 2010:

Yondelis®

Two observational Phase IV trials on Yondelis® for soft tissue sarcoma are under way, one in Belgium and the other in the Netherlands. The latter commenced in 2010 and is aimed at patients with advanced leiomyosarcoma or myxoid liposarcoma who have not responded to treatment with anthracyclines and ifosfamide and patients who cannot receive that treatment. Recruitment for both trials advanced on schedule in 2010.

Recruitment also continues on schedule for the Phase III trial as a first-line treatment for patients with sarcomas related to chromosomal translocations.

The Phase II trial being performed in cooperation with the Spanish Sarcoma Research Group is also notable; it involves Yondelis®+doxorubicin vs. doxorubicin as first-line treatment for patients with advanced or metastatic soft tissue sarcoma. A new Phase II trial commenced in 2010 in cooperation with the Gustave Roussy Institute (IGR) in France to determine the efficacy of Yondelis® in combination with doxorubicin as a first-line treatment in patients with metastatic and/or relapsed uterine leiomyosarcoma.

Recruitment concluded for the two paediatric trials being performed in the US and Canada, specifically the Phase I clinical trial in cooperation with the National Cancer Institute (NCI) in children and adolescents with resistant solid tumours, and the Phase II trial with the Children's Oncology Group (COG) in children with rhabdomyosarcoma, Ewing's sarcoma, and recurrent non-rhabdomyosarcomatous STS.

The Phase II clinical trials in patients with breast cancer and the Phase I trial with Yondelis®+cisplatin are continuing.

New preclinical trials were presented at the annual meeting of the American Association for Cancer Research (AACR), held in Washington in April. Several of those trials study the role of the endonuclease ERCC5 (XPG) in patients with soft tissue sarcoma treated with Yondelis® and its potential as a predictive factor of therapeutic benefit. New data demonstrates the viability of combining experimental trials with virtual prediction to identify tumours that are potential candidates for new preclinical and clinical trials.

Thirteen studies of Yondelis® were presented at the Annual Meeting of the American Society of Clinical Oncology (ASCO), held in Chicago in June 2010. In the area of gynaecology, four of the studies evidence positive results against ovarian cancer based on the OVA-301 trial data; and a Phase II trial coordinated by the US Gynaecological Oncology Group (GOG) showed that a combination of Yondelis® with docetaxel in primary peritoneal cancer or recurrent or persistent ovarian cancer is well tolerated and more active than monotherapy with taxanes. And six studies were presented with new data on Yondelis® activity in sarcoma, plus recent data with regard to breast cancer.

At the 35th Congress of the European Society for Medical Oncology (ESMO), held in Milan in October, the company presented three posters on Yondelis® during the sarcoma session, two in the area of gynaecological cancer and one referring to therapeutic developments.

New data on Yondelis was presented at the International Gynecologic Cancer Society (IGCS) congress, in October in Prague, and two symposiums were held.

Five posters on Yondelis® were presented at the Annual Meeting of the Connective Tissue Oncology Society (CTOS), held in Paris in November.

Aplidin

As for multiple myeloma, in 2010 a pivotal (registration) Phase III clinical trial commenced with Aplidin® in combination with dexametasone for patients with relapsed or refractory multiple myeloma; it is being carried out in 33 centres in 10 countries.

Recruitment of patients with Hodgkin lymphomas and with mature noncutaneous T-cell non-Hodgkin lymphomas, for treatment in combination with gemcitabine, commenced in hospitals in France, Spain, Italy and the US. The pivotal trial for this indication was designed in 2010, and we expect it to commence in 2011.

The first stage of recruitment for the Phase II trial in myelofibrosis was completed, and the results are being analysed.

Promising results from the Phase II trial with Aplidin® as monotherapy in patients with relapsed or refractory peripheral T-cell lymphomas were presented at the annual meeting of the American Society of Hematology (ASH), held in Florida.

Zalypsis®

Recruitment commenced in early 2010 for the Phase II trial of Zalypsis® in relapsed or refractory multiple myeloma, which was presented to the Spanish Medicines Agency in 2009. The endpoint is to determine the recommended dose and evaluate the anti-tumour activity of Zalypsis® as monotherapy in this indication. Nine centres in Spain are currently participating in this trial.

The trial in cervical cancer is under way in seven hospitals in the US, and recruitment advanced on schedule in 2010. The paperwork to include new hospitals in India was submitted to the Drug Controller General of India (DCGI) at the end of 2010.

New trials commenced at the end of the year to evaluate the antitumour activity of Zalypsis® as monotherapy in new indications, including advanced or metastatic bladder cancer, which will be performed in Spanish hospitals. There is also a new trial with Zalypsis® in Ewing's sarcoma, for which approval was obtained from the Spanish Agency of Medicines and Medical Devices(AEMPS), the US Food and Drug Administration (FDA) and the Italian Medicines Agency (AIFA); the trial will be performed in all three countries.

Recruitment concluded for the Phase I trial in Spain with Zalypsis® in combination with carboplatin, having successfully met its endpoint of establishing the combination's maximum tolerated dose and recommended dose.

Data on the antitumour activity of Zalypsis® in an experimental orthotopic model (NP9) of pancreatic cancer was presented at the annual EORTC-NCI-AACR conference, held in November in Berlin.

At the ASH meeting held in December in Florida, a trial with Zalypsis®+Bortezomib+Dexametasone was presented which showed high synergy in vitro and in vivo for multiple myeloma through the activation of various mechanisms, such as DNA damage, caspase-dependent apoptosis and mitochondrial activation.

Irvalec®

In 2010, the three Phase I trials remained active and patient recruitment continued: Irvalec® as monotherapy, Irvalec® in combination with erlotinib, and Irvalec® in combination with carboplatin and gemcitabine.

In the final months of 2010, a Phase Ib/II (IMAGE) trial commenced in France and Spain with Irvalec® in pretreated patients with unresectable, locally advanced or metastatic esophageal, gastroesophageal junction or gastric tumours. Six patients were included and the first cohort completed treatment with the initial dose in the two patterns being evaluated: a 24-hour infusion twice weekly, and a 3-hour infusion once a week. Treatment was well tolerated in both cases.

Collaboration continues with the Translational Oncology Unit (CSIC/UAM/La Paz University Hospital) to identify markers to predict the response to Irvalec® using biopsies from patients with colon cancer and non-small cell lung carcinoma.

Several in vitro trials were presented at the annual American Association for Cancer Research (AACR) conference, showing that primary resistance to Irvalec may be associated with the expression of ErbB receptors and epithelial-mesenchymal transition markers.

Data was presented at the annual EORTC-NCI-AACR conference demonstrating the rapid cytotoxic effect of Irvalec® against tumour cells by inducing necrosis.

PM01183

Recruitment for the Phase I trial in patients with pretreated solid tumours was completed, having ascertained the recommended dose. The preliminary results of the trial were presented as a poster at the EORTC-NCI-AACR conference in Berlin in November.

In view of the excellent results obtained in the Phase I trial, the protocols were designed and drafted for certain Phase II clinical trials to be performed in 2011.

The protocols have been submitted to the authorities for a Phase I trial with the drug as monotherapy in haematology and two Phase I trials in combination with doxorubicin and with gemcitabine in certain solid tumours. Those trials are expected to commence in the second half of 2011.

PM060184

In February 2011, PharmaMar SA announced the commencement of a Phase I clinical trial with PM060184 in patients with solid tumours. PM060184 is a synthetically-produced marine-derived compound which has shown strong in vitro and in vivo antitumour activity and a favourable safety profile in preclinical toxicology studies. PM060184 is PharmaMar's sixth compound under clinical development. The trials will be performed in hospitals in the US, and also in France and Spain. The primary endpoints of this Phase I trial are to identify the dose-limiting toxicity (DTL), the maximum tolerated dose (MTD)and the recommended dose (RD) of PM060184. Additionally, the drug's pharmacokinetic profile will be defined and a preliminary evaluation of its antitumour activity in patients will be performed.

With the commencement of this trial, PharmaMar has six compounds in clinical development.

Central Nervous System: Noscira

Tideglusib (NP-12)

Tideglusib (NP-12) is currently undergoing Phase II clinical trials for two indications with unmet therapeutic needs: Alzheimer's disease (AD), under the Nypta® trade mark; and Progressive Supranuclear Palsy (PSP), under the Zentylor® trade mark.

In 2010, clinical development of Tideglusib (NP-12) progressed favourably, on schedule. The progress with the product for the two therapeutic uses is described below:

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

The first Phase II clinical trial with Nypta® (tideglusib) in patients with Alzheimer's disease in Germany concluded in 2010. It was a randomised, double-blind, placebo-controlled trial in which 30 patients with AD were treated with escalating doses of Nypta® (tideglusib) administered orally over 20 weeks. The patients were already being treated with anticholinesterases and, generally, with other drugs for concomitant diseases. The trial's primary endpoint was to determine the compound's safety and tolerance in patients with AD. Additionally, certain cognitive metrics and biomarkers were examined.

The complete results on safety and efficacy from this Phase IIa trial were presented at the International Conference on Alzheimer's Disease in Hawaii in July 2010. Nypta® (tideglusib) was found to be well tolerated and produced positive effects in four of the five efficacy variables examined in the trial. The results were not statistically significant because of the small sample size. Nevertheless, the findings are indicative of possible therapeutic benefit.

Noscira plans to confirm these promising results in a Phase IIb efficacy trial with Nypta® (tideglusib) entitled ARGO (Alzheimer's Research in GSK-MOdulation). This will be a randomised, double-blind, placebo-controlled trial to determine the compound's efficacy and safety in 280 AD patients who will be treated with two doses and two different regimes for six months, plus an extension to 15 months in Europe.

The primary endpoint is to evaluate cognitive changes in patients with mild-moderate AD after administering Nypta® vs. placebo. The main secondary endpoint will be to evaluate the safety and tolerability of Nypta® (tideglusib).

This trial was designed, planned and organised during 2010. Additionally, in order to reach a consensus with the regulators, the European Medicines Agency (EMA) was asked to provide scientific advice and follow-up once the Phase IIa trial commenced. In March, Noscira met with the EMA at its London headquarters to discuss the approaches.

The company worked with the chosen CRO (Contract Research Organisation) to prepare all the necessary documentation and select the approximately 40 centres that will participate in the trial, distributed over six countries: Spain, Germany, the UK, France, Belgium and Finland. The trial was presented to the regulators in Spain, France, the UK and Belgium, and approval had been obtained from the UK authorities before the end of the year.

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

In 2010, Noscira continued recruitment of patients with PSP for the Phase II efficacy trial of Zentylor™ (tideglusib), which had commenced at the end of 2009. The primary endpoint of this trial, entitled TAUROS (TAU Restoration On PSP), is to evaluate the change in the overall clinical status using the Golbe scale after 52 weeks of treatment with two different doses of Zentylor™ (tideglusib) versus a placebo in 140 patients with possible or probable mild to moderate PSP. The main secondary end point is to evaluate the safety and tolerability of Zentylor™ (tideglusib). The trial is being performed in 24 European centres (Germany, the UK and Spain) and in the US.

Early in the year, Noscira obtained IND (Investigational New Drug) status for tideglusib (NP-12) from the FDA, which is the essential pre-requisite for commencing the US branch of the trial.

As in the case of AD, the EMA was asked to provide scientific advice for the purposes of adjusting the efficacy analyses that are required. The company is considering the possibility of early registration of the compound with the EMA and the FDA, considering its status as an orphan drug for this indication, which is classified as a rare disease.

In July 2010, an application was filed with the FDA to grant fast-track designation for tideglusib (NP-12) for PSP; the FDA granted this designation in August 2010. Fast Track is a US process designed to facilitate the development and registration of drugs for serious or life-threatening diseases where there is an unmet need. The purpose is to ensure that the new treatment is available to patients as soon as possible.

Fast Track designation offers a number of advantages, such as the possibility of organising advisory meetings with the FDA to ensure that the drug's general development plan is progressing properly, more frequent correspondence with the FDA with respect to clinical trial design, facilities for presenting registration documentation, and, in the final instance, a faster development and registration process for the new drug.

Recruitment for the TAUROS trial concluded in September 2010; a total of 146 patients were randomised. Treatment of the last patient will conclude in the third quarter of 2011.

The positive results from the Phase IIa clinical trial in patients with Alzheimer's disease were the subject of an oral presentation at the International Conference on Alzheimer's Disease (ICAD) held in the US from 10 to 15 July. These results will be validated in a Phase IIb trial in which a larger number of patients will be treated for 6-15 months. The trial's design was discussed with the EMA and will get under way at the end of the year.

The process of selecting a CRO to collaborate on this new trial has been completed. The protocol has been drafted and the process to select participating centres in Spain and other EU countries has commenced.

Other significant events

In September 2010, Noscira announced a capital increase of 19.9 million euro. The operation involved the issuance of 3,989,999 ordinary shares at a subscription price of 5 euro per share.

The capital increase concluded on 29 December 2010 with subscriptions totalling €19,036,345.

Diagnostics: Genómica

In a context of fierce price competition, Genómica achieved its goals in 2010.

Revenues in 2010 amounted to 7.13 million euro (7.30 million euro in 2009), split between Clinical Diagnostics (75%) and Forensic Genetics (25%).

In the Clinical Diagnostics area, sales of the CLART® technology platform increased by 6% to 5.10 million euro (4.79 million euro in 2009): 69% in the domestic market (3.53 million euro) and 31% exports (1.58 million euro).

A milestone this year was the renewal of the contract with the Castilla León Regional Government's Health Ministry for the "Supply of reagents, taking of samples, and disposable material necessary for genotyping human papillomavirus (HPV) using molecular biological in vitro diagnosis as part of the

Programme for the Prevention and Early Detection of Cervical Cancer". The screening programme is included in the European Cervical Cancer Screening Network (ECCSN).

The Forensic Genetics area attained 1.76 million euro in revenues (1.97 million euro in 2009).This 11% decline was due to the expiration of the cooperation agreement with the Spanish Civil Guard Forensics Unit to provide human DNA identification services. Genómica was recently awarded the contract to provide that same service in 2011.

These developments, coupled with major improvements in our production processes, led to a 32% increase in EBITDA to 1.50 million euro in 2010 (1.13 million euro in 2009).

Also, net profit increased by 120% to 0.60 million euro in 2010 (0.27 million euro in 2009).

RNAi: Sylentis

In July 2010, the company's most advanced compound, SYL040012, completed Phase Ia of its first clinical trial in the form of ophthalmic drops to treat elevated intraocular pressure and glaucoma. This is the first product based on RNAi technology to undergo clinical development in Spain. The trial was conducted by pharmacologists and ophthalmologists at the Navarra University Clinic; the endpoint was to determine the tolerance and safety of SYL040012 ophthalmic drops administered to 30 healthy volunteers aged 18 to 33.

The trial revealed excellent local and systemic tolerance to SYL040012. Consequently, with a view to continuing development of the compound, in September 2010 Sylentis requested and obtained authorisation from the Spanish Agency of Medicines and Medical Devices to commence the second clinical trial (Phase I/II) with this compound for treating ocular hypertension. The goal of the Phase I/II trial is to establish the tolerance and effect of SYL040012 on intraocular pressure in patients with ocular hypertension. The Phase I/II trial with SYL040012 has already commenced at the Navarra University Clinic and the Ramón y Cajal University Hospital in Madrid on patients with intraocular pressure of 21 mm Hg or greater.

The company has also completed all the regulatory preclinical trials with the compound SYL1001 as part of its second project, for treating eye discomfort associated with dry eye syndrome. It also applied to the Navarra University Clinic's ethics committee for authorisation to commence Phase I trials on healthy volunteers; that authorisation was granted in December.

Industrial property

At the end of 2010, the company's patent portfolio comprised 75 applications grouped into eight patent families, each protecting a specific invention. Of the 75, 8 have been granted and the remainder are pending. In 2010, the company was granted a European patent to protect its project for the eye discomfort associated with dry eye syndrome. Additionally, another application was filed for an independent family of patents relating to a line of more effective compounds developed by Sylentis.

B) Consumer chemicals:

Xylazel

Because of Xylazel's commercial strategy, which is increasingly focused on the refurbishment and DIY markets, the company was less affected by the stagnation of the construction market and the resulting slowdown in the paint business.

As a result, gross revenues increased by 1.3% with respect to 2009, to 18.6 million euro. The first half of the year was particularly good, with gross revenues rising 5.2% with respect to the same period of 2009, while gross revenues shrank by 2.6% in the second half with respect to the same period of 2009.

Raw material procurement prices increased basically due to rising prices of oil derivatives in 2010. Nevertheless, although the increased sales led to greater commercial costs, fixed expenses were reduced considerably.

EBITDA amounted to 3.2 million euro in 2010, 12% more than in 2009.

Net profit totalled 2 million euro, i.e. 11.8% of net revenues (4.3 points more than in 2009).

Almost 14% of total sales came from products launched on the markets in the last few years as a result of new research. They are water-based products, which reduce the use of oil-based raw materials and are more environmentally-friendly.

Zelnova

The Company's operations in 2010 were affected by the widespread crisis and its impact on consumer spending in Spain and Italy, the two domestic markets of Zelnova and Copyr.

Despite the difficulties, both Zelnova and its Italian subsidiary Copyr increased their combined net revenues by 3.3%. This improvement is visible particularly in exports, which performed very well for both companies, increasing by a total of 17.1%. Performance in the domestic markets (+0.4%) was mixed: sales of insecticides (ZZ Paff, Casa Jardin) increased, whereas sales of more cyclical products (home, electric air fresheners, and private labels) declined slightly. The positive performance of sales outside Spain and Italy is attributable to the expansion of our operations in France, Portugal, Eastern Europe and northern Africa.

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

(Thousand euro)	2009	2010	Change	
Domestic (*)	44,822	45,017	+195	+ 0.4%
Exports	9,396	11,000	+1,604	+ 17.1%
Total net sales	54,218	56,017	+1,799	+ 3.3%

(*) Domestic: Spain and Italy

As for costs, the price of oil derivatives such as butane and solvents increased steadily in 2010 to all-time highs; this trend can be expected to continue in 2011.

As a result, operating profit amounted to 6.0 million euro in 2010, a 12.7% increase over 2009 (5.3 million euro).

This improvement in operating profit broadly offset the extraordinary gains registered in 2009 (1.7 million euro) due to the favourable ruling in the litigation against a machinery supplier. Consequently, Zelnova's after-tax profit declined by just 0.6 million euro to 3.3 million euro in 2010 (from 3.9 million euro in 2009).

Business is expected to be stable in 2011 with respect to 2010; consequently, revenues and ordinary profit are expected to be similar to 2010.

BALANCE SHEET *(Thousand euro)*	12-31-2010	12-31-2009
ASSETS		
Non-current assets	**87,416**	**84,928**
Property, plant & equipment	36,570	39,062
Investment properties	6,014	6,014
Intangible assets	14,448	12,528
Deferred tax assets	25,504	22,379
Long-term financial assets	2,332	2,397
Goodwill	2,548	2,548
Current assets	**143,407**	**126,386**
Inventories	29,197	24,039
Customer and other receivables	41,408	33,857
Other current assets	2,456	2,055
Receivable from public authorities	3,766	3,139
Current financial assets	25,985	26,050
Cash & cash equivalents	40,595	37,246
Non-current assets held for sale	**0**	**0**
TOTAL ASSETS	**230,823**	**211,314**

BALANCE SHEET *(Thousand euro)*	12-31-2010	12-31-2009
EQUITY		
Shareholders' equity	**35,205**	**41,136**
Share capital	11,110	11,110
Share premium	323,286	323,286
Treasury shares	(9,741)	(11,993)
Revaluation and other reserves	0	5
Retained earnings and other reserves	(289,450)	(281,272)
Minority interest	**-345**	**0**
TOTAL EQUITY	**34,860**	**41,136**
LIABILITIES		
Non-current liabilities	**92,644**	**98,272**
Financial debt	85,338	91,703
Deferred tax liabilities	6,154	5,459
Non-current deferred revenues	836	833
Other non-current liabilities	316	277
Current liabilities	**103,319**	**71,906**
Supplier and other accounts payables	32,677	30,183
Financial debt	62,860	32,776
Provisions for other liabilities & expenses	5,285	4,939
Current deferred revenues	701	1,896
Other current liabilities	1,796	2,112
TOTAL LIABILITIES	**195,963**	**170,178**
TOTAL LIABILITIES AND EQUITY	**230,823**	**211,314**

INCOME STATEMENT			
Thousand euro	**12-31-2010**	**12-31-2009**	**Chg. (%)**
Net revenues	153,508	123,387	24.4%
Cost of sales	(46,011)	(43,949)	-4.7%
Gross income	**107,497**	**79,438**	35.3%
Other operating revenues	7,735	20,238	-61.8%
Marketing & commercial organisation expenses	(42,839)	(39,385)	-8.8%
General and administration expenses	(19,291)	(18,977)	-1.7%
Research & development expenses	(55,677)	(53,347)	-4.4%
Capitalised in-house work	1,668	793	110.3%
Other operating expenses	(8,610)	(9,963)	13.6%
Net operating profit (loss) (EBIT)	**(9,517)**	**(21,203)**	55.1%
Net financial results	(5,034)	(5,016)	-0.4%
Profit (Loss) before taxes	**(14,551)**	**(26,219)**	44.5%
Corporate income tax in the period	2,219	(1,917)	
Profit (Loss) for the year	**(12,332)**	**(28,136)**	56.2%
Attributable to minority interest	4,981	2,261	
Attributable to equity holders of the parent	**(7,351)**	**(25,875)**	71.6%

Net operating profit (loss) (EBIT)	(9,517)	(21,203)	55.1%
Amortisation and depreciation	5,539	5,870	
EBITDA	**(3,978)**	**(15,333)**	74.1%

CONSOLIDATED CASH FLOW STATEMENT	12-31-2010
NET CASH FLOW FROM ORDINARY ACTIVITIES	**(21.899)**
Profit/(loss) before tax	**(14.551)**
Adjustements for:	**8.776**
Amortisation and depreciation	**5.539**
Other adjustements	**3.237**
Variation in working capital	**(7.314)**
Other net cash flow	**(8.810)**
Financial expenses	(5.632)
Financial revenues	722
Income tax received/(paid	(3.914)
Other adjustements	14
NET INVESTMENT CASH FLOW	**(3.108)**
Purchases of property, plant & equipment and intangible assets	(3.092)
Other financial assets	(16)
CASH FLOW IN FINANCING ACTIVITIES	**28.356**
Emission	4.636
Amortisation	(78)
Sales of treasury shares	258
Debt with credit entities (+)	30.400
Repayment from debt with credit entities (-)	(12.449)
Other net financing activities cash flow	5.589
NET DECREASE/INCREASE IN CASH AND CAHS EQUIVALENTS	**3.349**
STARTING BALANCE OF CASH AND CASH EQUIVALENTS	**37.246**
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**40.595**

NET CASH POSITION	
CASH AND CASH EQUIVALENTS	40.595
CURRENT FINANCIAL ASSETS	25.985
FINANCIAL DEBT	(62.860)
TOTAL NET CASH POSITION	**3.720**