



REPORT AT 31 MARCH 2012

Madrid, 26 April 2012

1Q12 HIGHLIGHTS

Group

- Yondelis sales were affected by a shortage in the supply of Caelyx.
- The gross margin improved by 4.3% in the first quarter.
- Operating costs declined by 2.5%.
- PharmaMar has received a second milestone payment of US25MN from Janssen Products LP in April, (this amount is not included in quarter figures).

Oncology

- Patient recruitment for the Phase II trial in ovarian cancer with **PM01183** was completed earlier than expected.

Central Nervous System

- Noscira increased capital by 11 million euro.

Diagnostics

- Exports of diagnostic kits to Latin America increased notably.

M^ª Luisa de Francia
CFO
ZELTIA, S.A.
Plaza Descubridor Diego de Ordás, 3
Madrid
Telephone 91.444.45.00

José Luis Moreno
Head of Investor Relations
ZELTIA, S.A.
Plaza Descubridor Diego de Ordás, 3
Madrid
Telephone 91.444.45.00

FIGURES TO MARCH 2012

Period	03/31/2012	03/31/2011	Δ%	Q1 '12	Q1 '11	Δ%
Net Revenue (€ 000)						
Consumer Chemicals	13,339	14,536	-8.23%	13,339	14,536	-8.23%
Biopharmaceuticals	17,816	20,706	-13.96%	17,816	20,706	-13.96%
Unallocated	163	177	-7.91%	163	177	-7.91%
Total Group	31,318	35,419	-11.58%	31,318	35,419	-11.58%
Cost of goods sold (€ 000)	7,978	10,102	21.03%	7,978	10,102	-21.03%
Gross Income	23,340	25,317	-7.81%	23,340	25,317	-7.81%
Gross Margin	74.53%	71.48%	4.26%	74.53%	71.48%	4.26%
EBITDA (€ 000)						
Consumer Chemicals	634	1,391	-54.42%	634	1,391	-54.42%
Biopharmaceuticals	-2,137	-1,949	9.65%	-2,137	-1,949	9.65%
Unallocated	-1,900	-1,717	10.66%	-1,900	-1,717	10.66%
Total Group	-3,403	-2,275	---	-3,403	-2,275	---
R&D Expenditure						
Oncology	8,364	8,228	1.65%	8,364	8,228	-1.65%
CNS	3,134	3,810	-17.74%	3,134	3,810	-17.74%
Other	1,449	1,398	3.65%	1,449	1,398	3.65%
Total Group	12,947	13,436	-3.64%	12,947	13,436	-3.64%
Marketing & Commercial Expenses						
Consumer Chemicals	3,711	3,912	-5.14%	3,711	3,912	-5.14%
Biopharmaceuticals	5,221	6,093	-14.31%	5,221	6,093	-14.31%
Other	14	2		14	2	
Total Group	8,946	10,007	-10.60%	8,946	10,007	-10.60%

(Thousand euro)

Net revenue

Group net revenues amounted to 31.3 million euro in 1Q12, 11.6% less than in the same period of 2011 (35.4 million euro).

Revenues in the Biopharmaceutical business amounted to 17.8 million euro (20.7 million euro in 1Q11): 16.4 million euro at PharmaMar from Yondelis sales (19.6 million euro in 1Q11) and 1.5 million euro at Genómica (1.1 million euro in 1Q11). Sales in this segment accounted for 56.9% of Group net sales (58.5% in 1Q11).

PharmaMar sales in 1Q11, which amounted to 19.6 million euro, included 2.4 million euro from the sale of raw materials to Johnson&Johnson. Excluding the impact of raw material sales, net sales would have declined by only 4.2% year-on-year.

Gross sales amounted to 18 million euro in both 1Q12 and 1Q11.

Net sales by the consumer chemicals subsidiaries totalled 13.3 million euro (14.5 million euro in 2011). This segment accounted for 42.6% of the Group's total revenues in the first quarter of 2012 (41% in 1Q11).

Other operating revenues

This section reflect revenues from royalties, subsidies, and licensing agreements, including milestone and similar payments. Other operating revenues amounted to 1.1 million euro in 1Q12 (1.3 million euro in 1Q11).

EBITDA

Group EBITDA amounted to -3.4 million euro (-2.3 million euro in 1Q11). The year-on-year decline in EBITDA was palliated by the improved gross margin and a reduction in operating costs.

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

R&D expenditure

R&D expenditure declined by 3.6% year-on-year. A total of 12.9 million euro was spent on research and development in 1Q12, broken down as follows: PharmaMar 8.4 million euro (8.2 million euro in 1Q11), Noscira 3.1 million euro (3.8 million euro in 1Q11), Sylentis 0.7 million euro (0.7 million euro in 1Q11) and Genómica 0.4 million euro (0.4 million euro in 1Q11).

Noscira focused R&D investment on its Alzheimer's trial (ARGO).

Marketing and commercial expenses

Marketing and commercial expenses amounted to 8.9 million euro in 1Q12 (10 million euro in 1Q11), a 10.6% decline.

Within the Biotechnology segment, 5.2 million euro was spent in 1Q12 (6.1 million euro in 1Q11).

The Chemicals division registered 3.7 million euro of expenses under this heading in 1Q12 (3.9 million euro in 1Q11).

Cash

The net cash position, defined as cash and cash equivalents, plus current financial assets (37 million euro) minus short-term financial debt (54.8 million euro), totalled -17.8 million euro at the end of March 2012. Long-term debt amounted to 79.6 million euro, which includes 23.2 million euro in interest-free research and development loans from official bodies which are repayable over 10 years with a three-year grace period.

	03/31/2012	03/31/2011
Cash & cash equivalents + current financial investments	37,055	49,325
Short term interest-bearing debt	54,847	52,686
Long term interest bearing debt	79,564	83,060
<i>Bank debt</i>	48,401	52,428
<i>Govt. agencies: R&D funding (interest free debt)</i>	23,163	22,632
<i>Others</i>	8,000	8,000

BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance in the first quarter of 2012.

B) Biopharmaceuticals

Oncology: PharmaMar

Yondelis®.

The current status of clinical trials with Yondelis® is as follows:

Soft-tissue sarcoma

Recruitment was completed for the Phase III trial on patients with gene translocation-related sarcomas; patient tracking and data analysis will now commence.

Recruitment for the observational Phase IV trials continues on schedule, specifically one in cooperation with the Spanish Sarcoma Research Group (GEIS); another with the European Organisation for Research and Treatment of Cancer (EORTC) and the US Sarcoma Alliance for Research through Collaboration (SARC), and one in The Netherlands.

Recruitment commenced for a trial sponsored by the German Sarcoma Research Group to evaluate the combination of gemcitabine+Yondelis® in patients with advanced and/or metastatic leiomyosarcoma or liposarcoma, to be held at two leading German hospitals in clinical research and sarcoma treatment.

Breast cancer

Recruitment was completed for the first stage of the Phase II trial on patients with luminal breast cancer (subtypes HR+ and HER 2-) stratified on the basis of XPG expression.

Pancreatic adenocarcinoma

Recruitment was completed 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

Data from the trial continues to be collected and cleaned and will be evaluated by an independent committee in order to advise on the continuity of this registration trial for marketing authorisation in this therapeutic use.

Dedifferentiated liposarcomas

Authorisation was obtained from the competent authority and approval for the liposarcoma trial is pending only the green light from the Ethics Committee in France.

Zalypsis®.

Multiple Myeloma

Recruitment has commenced for patients in the second stage of this Phase II trial to evaluate the anti-tumour activity of Zalypsis® in this indication. Recruitment for the first phase was completed in the first quarter, the maximum tolerated dose and recommended dose having been defined.

Irvallec®.

Once the Phase II trials in gastroesophageal tumours with Irvallec® had concluded, the company decided to halt development of this compound.

PM01183.

Platinum-resistant/refractory ovarian cancer

The company obtained promising data on the activity of the compound in this indication, and recruitment was completed ahead of schedule for the first stage of the Phase II clinical trial in patients with platinum-refractory/resistant ovarian cancer.

Pancreatic cancer

Recruitment was completed for the first stage of the Phase II trial as second-line treatment in patients with pancreatic cancer where gemcitabine-based therapies have failed.

Advanced breast cancer

A new phase II trial in patients with advanced breast cancer, selected depending on the presence of BRCA1&2 mutations (hereditary cancer), known or otherwise, was submitted to the ethics committees and regulatory agencies. The trial will be performed in Spain and the US.

Advanced leukaemias

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

Solid tumours

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

The Phase I clinical trial evaluating an alternative infusion scheme on days 1 and 8 every three weeks in patients with solid non-colorectal tumours continued on schedule.

PM060184.

Recruitment continues on schedule for the two Phase I trials in the US, France and Spain.

Central Nervous System: Noscira

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

The ARGO trial is advancing satisfactorily. This is a randomised, double-blind, placebo-controlled trial to determine the compound's efficacy and safety in 280 AD patients who are being treated with two doses and two different regimes for six months, plus an extension to up to 15 months in Europe.

It is worth noting that the number of patients that have withdrawn from the trial and the serious adverse effects observed are currently below expectations. After completing the 6-month treatment period, many patients decided to extend their participation in the trial for an additional 3-6 months. The final check-up of the last patient recruited is scheduled for mid-July 2012.

Diagnostics: Genómica

Genómica obtained 1,458 thousand euro in revenues in the first quarter of 2012, i.e. an improvement of 31% with respect to the same period last year (1,113 thousand euro).

In the Clinical Diagnostics area, which accounts for 86% of revenues, the most notable growth came from outside Spain, with the result that the area obtained 409 thousand euro in revenues in 1Q12, i.e. up 40% with respect to 1Q11 (292 thousand euro).

This improvement is attributable to its stronger foothold in Latin America (28% of revenues in 1Q12, compared with 9% in 1Q11). Brazil led the way in terms of sales, just one year after the company obtained authorisation to sell CLART® products there.

Sales performed well in Spain, increasing by 6% in 1Q12, to 805 thousand euro (763 thousand euro in 1Q11).

The Forensic Genetics division obtained 204 thousand euro in revenues in 1Q12.

The above-mentioned achievements, together with cost-cutting efforts, provided EBITDA of 198 thousand euro in the period, i.e. 13% of revenues.

RNAi: Sylentis

The company advanced its R&D lines in the first quarter of 2012, working to develop new structures and formulations for compounds based on RNAi technology, and it commenced the search for new molecules to treat eye allergies.

Recruitment was completed in 1Q12 for the Phase I/II clinical trial of SYL040012 in glaucoma, which commenced in November 2010. A Phase II trial to determine the dose has commenced in Spain, Estonia and Germany. Authorisation for the Phase II trial was submitted in March to the ethics committees and regulatory agencies in Spain and Estonia.

A Phase I safety trial with the company's second product, SYL1001, for treating eye discomfort associated with dry eye syndrome, was completed at the Navarra University Clinic. In that trial, 30 healthy volunteers were treated with no adverse effects.

B) Consumer chemicals:

Xylazel

A sales strategy which increasingly focuses on the refurbishment and DIY segment, together with efforts to strengthen exports, provided revenues of 4.5 million euro, i.e. an increase of 4.8% with respect to the same period last year. As a result, sales at big-box DIY stores and hardware stores increased, while sales through paint wholesalers declined.

However, weighted average procurement prices of components rose by 2.3% year-on-year and variable costs by 17.9%, while fixed costs were cut 1.4%.

As a result, EBITDA amounted to 386 thousand euro in 1Q12 (9.5% of revenues), i.e. a decline of 23.4% with respect to the same period last year.

Zelnova

The company's performance in recent months has been impacted by the deep widespread financial crisis, which is affecting consumer spending throughout Europe, especially in Spain and Italy, the main markets of Zelnova and Copyr. Additionally, a growing number of customers are experiencing solvency problems, making it necessary to adjust exposure levels carefully within a necessarily conservative sales policy. In this context, Zelnova-Copyr's combined sales declined by 1.4 million euro (-13%) compared with the first quarter of 2011.

This decline affected almost all of the business areas and a large number of customers in both insecticides (which account for a small percentage of sales in the early part of the year) as well as lines which are more cyclical, such as the Home and Air Freshener lines.

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

(Thousand euro)	March 2011	March 2012	Change	
Domestic (*)	8,744	7,504	-1,240	- 14.2%
Exports	1,869	1,691	- 178	- 9.5%
Total net sales	10,613	9,195	-1,418	- 13.4%

(*) Domestic: Spain and Italy

The price of oil derivatives such as butane and solvents continued to increase in the first quarter. The prices of other raw materials have also increased, although to a lesser extent.

This had a negative impact on Zelnova-Copyr's combined EBITDA, which declined in 1Q12 by 700 thousand euro, from 1.2 million euro in 2011 to 500 thousand in 2012.

BALANCE SHEET <i>(Thousand euro)</i>	03-31-2012	12-31-2011
ASSETS		
Non-current assets	88,008	88,285
Property, plant & equipment	32,825	33,862
Investment properties	6,014	6,014
Intangible assets	18,063	17,325
Goodwill	2,548	2,548
Long-term financial assets	1,970	2,162
Deferred tax assets	26,588	26,374
Current assets	124,195	129,531
Inventories	28,748	25,309
Customer and other receivables	54,009	50,441
Current financial assets	17,402	18,944
Receivable from public authorities	1,653	1,710
Other current assets	2,730	2,746
Cash & cash equivalents	19,653	30,381
TOTAL ASSETS	212,203	217,816

BALANCE SHEET <i>(Thousand euro)</i>	03-31-2012	12-31-2011
EQUITY		
Shareholders' equity	35,399	39,553
Share capital	11,110	11,110
Share premium	323,286	323,286
Treasury shares	(5,509)	(6,872)
Revaluation and other reserves	0	1
Retained earnings and other reserves	(293,488)	(287,972)
Minority interest	(6,535)	(5,051)
TOTAL EQUITY	28,864	34,502
LIABILITIES		
Non-current liabilities	90,968	93,947
Financial debt	79,565	83,060
Derivatives	186	176
Deferred tax liabilities	8,050	7,836
Non-current deferred revenues	2,624	2,423
Other non-current liabilities	543	452
Current liabilities	92,371	89,367
Supplier and other accounts payables	31,522	29,879
Financial debt	54,847	52,686
Provisions for other liabilities & expenses	3,905	4,628
Current deferred revenues	44	49
Other current liabilities	2,053	2,125
TOTAL LIABILITIES	183,339	183,314
TOTAL LIABILITIES AND EQUITY	212,203	217,816

INCOME STATEMENT		
<i>Thousand euro</i>	03-31-2012	03-31-2011
Net revenues	31,318	35,419
Cost of sales	(7,978)	(10,102)
Gross income	23,340	25,317
Other operating revenues	1,101	1,294
Marketing & commercial organisation expenses	(8,946)	(10,007)
General and administration expenses	(6,152)	(5,413)
Research & development expenses	(12,947)	(13,436)
Capitalised in-house work	703	551
Other operating expenses	(2,027)	(1,985)
Net operating profit (loss) (EBIT)	(4,928)	(3,679)
Net financial results	(921)	(1,045)
Profit (Loss) before taxes	(5,849)	(4,724)
Corporate income tax in the period	96	0
Profit (Loss) for the year	(5,753)	(4,724)
Attributable to minority interest	(1,484)	(1,615)
Attributable to equity holders of the	(4,269)	(3,109)

Net operating profit (loss) (EBIT)	(4,928)	(3,679)
Amortisation and depreciation	1,525	1,404
EBITDA	(3,403)	(2,275)

CONSOLIDATED CASH FLOW STATEMENT

03-31-2012

NET CASH FLOW FROM ORDINARY ACTIVITIES	(10.663)
Profit/(loss) before tax	(5.849)
Adjustements for:	903
Amortisation and depreciation	1.525
Other adjustements	(622)
Variation in working capital	(5.870)
Other net cash flow	153
Income tax received/(paid)	214
Other adjustements	(61)
NET INVESTMENT CASH FLOW	1.272
Purchases of property, plant & equipment and intangible assets	(462)
Other financial assets	1.734
CASH FLOW IN FINANCING ACTIVITIES	(1.337)
Emission	0
Debt with credit entities (+)	1.325
Repayment from debt with credit entities (-)	(4.842)
Other net financing activities cash flow	2.183
NET DECREASE/INCREASE IN CASH AND CAHS EQUIVALENTS	(10.728)
STARTING BALANCE OF CASH AND CASH EQUIVALENTS	30.381
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	19.653

NET CASH POSITION	
CASH AND CASH EQUIVALENTS	19.653
CURRENT FINANCIAL ASSETS	17.402
FINANCIAL DEBT	(54.847)
TOTAL NET CASH POSITION	(17.792)