REPORT AT 30 SEPTEMBER 2014

Madrid, 30 October 2014

9M 2014 MILESTONES

Group

- Zeltia Group's net sales amounted to 116.9 million euro (+7%).
- Yondelis® accounted for 57.4 million euro (+8%).
- Consumer Chemicals sales amounted to 55,1 million euro (+8%) and EBITDA amounted to 6.3 million euro (+36%).
- Group's EBITDA amounted to 25.6 million euro, 17.7% more than in the previous year. The Oncology area was the main contributor to this growth, accounting for 29 million euro of consolidated EBITDA
- Net attributable profit increased by 24.3% to 17.5 million euro.

Oncology

- PharmaMar and Chugai Pharma Marketing signed a licensing and marketing agreement for Aplidin® in July.
- PharmaMar presented data at the 39th European Society for Medical Oncology (ESMO) Congress, held in Madrid from 26 to 30 September, in eight scientific studies, seven of them on the efficacy of Yondelis® and one on PM01183.

Diagnostics

- Implementation of a new business line: Analysis of biomarkers and massive sequencing.

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FIGURES TO SEPTEMBER 2014

Period	09/30/2014	09/30/2013	Δ%	Q3 14	Q3 13	Δ%
Net Revenue (€ 000)						
Consumer Chemicals	55,145	51,193	*8%*	19,009	18,406	*3%*
Biopharmaceuticals	61,213	57,430	*7%*	19,459	19,332	*1%*
Unallocated	550	621	*-11%*	208	196	*6%*
Total Group	**116,908**	**109,244**	***7%***	**38,676**	**37,934**	***2%***
Cost of goods sold (€ 000)	32,840	30,427	*8%*	11,459	10,716	*7%*
Gross Income	**84,068**	**78,817**	***7%***	**27,217**	**27,218**	***0%***
Gross Margin	71.91%	72.15%		70.37%	71.75%	
Other operating revenues						
Consumer Chemicals	191	10		41	1	
Biopharmaceuticals	22,832	20,891		3,170	1,033	
Unallocated	7	1		4	-13	
	23,030	**20,902**	***10.2%***	**3,215**	**1,021**	***215%***
TOTAL REVENUE	**139,938**	**130,146**	***8%***	**41,891**	**38,955**	***8%***
EBITDA (€ 000)						
Consumer Chemicals	6,284	4,634		1,791	1,470	
Biopharmaceuticals	25,607	22,669		3,784	2,491	
Unallocated	-6,245	-5,508		-2,012	-1,864	
Total Group	**25,646**	**21,795**	***18%***	**3,563**	**2,097**	**70%**
R&D Expenditure						
Oncology	31,869	26,468	*20%*	11,612	8,521	*36%*
Other	5,230	5,399	*-3%*	1,675	1,652	*1%*
Total Group	**37,099**	**31,867**	***16%***	**13,287**	**10,173**	***31%***
Marketing & Commercial Expenses						
Consumer Chemicals	14,674	14,089	*4%*	5,606	5,307	*6%*
Biopharmaceuticals	17,551	17,343	*1%*	5,577	5,714	*-2%*
Other	6	7		2	2	
Total Group	**32,231**	**31,439**	***3%***	**11,185**	**11,023**	***1%***
Income for the year attributable to equity-holders of the parent company	**17,521**	**14,094**	***24%***	**770**	**-309**	

(Thousand euro)

Net sales

Group net revenues totalled 116.9 million euro in 9M14, an increase of 7% over the same period in 2013 (109.2 million euro).

Net sales in the Biopharmaceutical business amounted to 61.2 million euro (57.4 million euro in 9M13), a 7% increase. That figure breaks down as follows: 57.4 million euro at PharmaMar from Yondelis® sales (53.3 million euro in 9M13) and 3.8 million euro at Genómica (4.2 million euro in 9M13).

Yondelis® net sales increased by 8% year-on-year.

Net sales by the Consumer Chemicals subsidiaries totalled 55.1 million euro (51.2 million euro in 9M13), an 8% increase year-on-year.

Other operating revenues

This section reflects revenues from licensing agreements, including milestone and similar payments, as well as royalties and subsidies.

Other operating revenues totalled 23 million euro in 9M14 (20.9 million euro in 9M13). In 2014, PharmaMar were awarded 25 million dollars (18.3 million euro) under the revised action plan signed in 2011 with Janssen Products LP. (Johnson & Johnson Pharmaceutical Research & Development, LLC.) to intensify the development of Yondelis® for soft tissue sarcoma and relapsed ovarian cancer in the US. The remainder of these other operating revenues represent the proportional part of the upfront payment received from Chugai Pharma for the Aplidin licensing agreement signed in July 2014, plus royalties on Yondelis® sales in non-EU countries, subsidies and other minor items.

Total revenues and revenues from outside Spain

Group revenues (net sales plus other operating revenues) totalled 139.9 million euro in the first nine months of 2014 (130.1 million euro in 9M13), of which 61% (85.7 million euro) came from outside Spain.

Most notably, Group net sales outside Spain increased by 12% with respect to the same period in 2013. Specifically, international sales increased by 11% in the Biopharmaceutical division and by 16% in the Consumer Chemicals division.

In the Biopharmaceutical segment, international revenues (net sales plus other operating revenues) accounted for 88% of the total figure.

EBITDA*

Group EBITDA totalled 25.6 million euro in 9M14, an 18% increase on 9M13 (21.8 million euro). The oncology area was the main contributor to this growth, accounting for 29.1 million euro (25.9 million euro in 9M13).

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

R&D expenditure

R&D expenditure increased by 16% year-on-year, to 37.1 million euro in 9M14 (31.9 million euro in 9M13). R&D expenditure amounted to 31.9 million euro in Oncology in 9M14 (26.5 million euro in 9M13) and 5.2 million euro in Diagnostics and RNA interference (5.4 million euro in 9M13).

The increase in R&D costs in the oncology area is due mainly to the Phase III registration trial with Aplidin (ADMYRE) in multiple myeloma, for which recruitment is well underway.

Marketing and commercial expenses

Marketing and commercial expenses amounted to 32.2 million euro in 9M14 (31.4 million euro in 9M13), a slightly more moderate increase of +3% when compared with the increase in revenues.

Income attributable to the parent company

Income attributable to the parent company amounted to 17.5 million euro in 9M14, compared with 14.1 million euro in 9M13. This increase is due both to the improvement in revenues in the two sectors in which the Group operates, and to cost optimisation.

Cash and Debt

The net cash position (cash + cash equivalents + current financial assets) amounted to 36.4 million euro (28.8 million euro at 31 December 2013). The Group's total interest-bearing debt (current and non-current) amounted to 95.4 million euro (94.3 million euro at 31 December 2013).

The breakdown of current and non-current debt is as follows:

	09/30/2014	*12/31/2013*
Long term interest bearing debt	***45,098***	***52,941***
Bank debt	18,856	25,151
Govt. agencies: R&D funding (interest free debt)	26,242	23,790
Others	0	4,000
Short term interest-bearing debt	***50,289***	***41,327***
Credit facilities	13,174	10,959
Effects and certifications	1,543	1,836
Bank loan	26,351	22,648
Govt. agencies: R&D funding (interest free debt)	4,121	3,992
Interest and others	5,100	1,892
Total financial debt	***95,387***	***94,268***
Cash & cash equivalents + no current and current financial investments	***37,366***	***29,683***
TOTAL NET DEBT	***-58,021***	***-64,585***

Total net debt improved since December 2013 (+10.2%), because cash and cash equivalents plus financial assets increased by 7.7 million euro in the first nine months of 2014.

Interest-bearing debt to official authorities is booked at amortised cost.

The Group had credit lines totalling 30.4 million euro at 30 September 2014. The unused balance under those credit lines at that date was 13.2 million euro.

BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance in the third quarter of 2014.

B) Biopharmaceuticals

1.- Oncology: PharmaMar

a) Yondelis®:

Soft-tissue sarcoma

Results continued to be analysed in connection with the Phase III pivotal multi-centre, controlled, randomised (2:1) trial in L-sarcomas (leiomyosarcomas and liposarcomas), conducted by Janssen with the goal of obtaining registration for Yondelis® in the US and other territories. That analysis will assess Yondelis®'s efficacy in comparison with dacarbazine in treating L-sarcoma.

The results of the two trials with Yondelis® in Japan in soft tissue sarcoma by Taiho Pharmaceuticals Co., Ltd were presented at the ESMO Congress in Madrid.

Recruitment continues for Taiho's Phase II trial at Japan's National Cancer Centre, with a view to allowing access to Yondelis® on a compassionate use basis.

The observational and post-authorisation trials with Yondelis®, in cooperation with various European and American groups, are also advancing on schedule. Specifically, recruitment continues for the TR1US trial with Yondelis® as first-line treatment in patients that cannot be given doxorubicin and/or ifosfamide as well as for the trial organised by the Italian Sarcoma Group using Yondelis® as neoadjuvant therapy in the arm of patients with myxoid liposarcoma.

Ovarian cancer

Recruitment continues on schedule for the following clinical trials:

- Pivotal clinical trial in ovarian cancer sponsored by Janssen.
- Phase II trial to evaluate the efficacy of Yondelis® + bevacizumab, with and without carboplatin, in platinum-sensitive patients with recurrent ovarian cancer, promoted by the Mario Negri Institute in Milan.
- OvaYond observational trial in ovarian cancer patients being treated with Yondelis® and PLD in Germany.

Recruitment continues for the INOVATYON Phase II trial, organized by the Mario Negri Gynaecological Oncology Group (MANGO), which compares treatment with PLD+Yondelis® vs. carboplatin+PLD in patients with partially sensitive ovarian cancer.

Data from the Phase II trial with Yondelis® (MITO 15) in patients with advanced breast cancer who are carriers of the BRCA1 and BRCA2 mutations and the BRCAness phenotype was presented at ESMO. These results suggest that Yondelis® is an effective treatment for patients with platinum-sensitive ovarian cancer, with the BRCA mutation or without it (BRCAness) after receiving multiple lines of platinum.

Other indications

Recruitment is continuing on schedule for the ATREUS Phase II trial promoted by the Mario Negri Institute for Pharmacological Research (IRCCS) in cooperation with the Department of Medical Oncology at San Gerardo Hospital (Monza, Italy) to evaluate the activity and safety of Yondelis® in malignant pleural mesothelioma (MPM).

b) Aplidin®

Multiple myeloma

The following trials are part of PharmaMar's clinical development plan, aimed at supporting the use of Aplidin® in various phases of treatment of multiple myeloma.

- Phase III trial of Aplidin® in combination with dexamethasone on patients with relapsed or refractory multiple myeloma. All centres in this trial, located in Europe, the USA, New Zealand, Australia, Taiwan and Korea, are currently open. Recruitment continues on schedule.
- Combination of Aplidin® with bortezomib, (one of the chemotherapies of choice for the treatment of multiple myeloma)
- The Mass Balance trial in patients with refractory neoplasia is in the development phase and recruitment is expected to begin in 2015. This trial is a regulatory requirement for drug approval, and the main endpoint is to characterise the drug's metabolites and elimination routes in humans.

Aplidin: Licensing agreements

On 14 July 2014, PharmaMar S.A. and Chugai Pharma Marketing Ltd., a wholly-owned subsidiary of Chugai Pharmaceutical Co. Ltd., signed a licensing agreement by which Chugai Pharma Marketing will sell Aplidin®, a PharmaMar product for treating multiple myeloma, in eight European countries (France, Germany, the UK, Benelux, Ireland and Austria).

Under to the terms of the agreement, PharmaMar received an upfront payment of 5 million euro for signing the agreement, which also includes further payments of more than 30 million euro, subject to attainment of certain milestones in connection with development of the compound and other regulatory and commercial objectives. PharmaMar will maintain exclusive production rights and will sell the product to Chugai, which in its turn sell it in the territories covered in the agreement.

c) PM01183

Resistant/refractory ovarian cancer

Overall Survival (OS) continues to be monitored in the Phase II randomised clinical trial in patients with platinum-sensitive resistant/refractory ovarian cancer.

The Phase III (registration) trial in this indication is currently being designed for patients with platinum-resistant ovarian cancer. The trial will evaluate PM01183 as monotherapy vs. a control arm with topotecan or liposomal doxorubicin.

Endometrial cancer

The strategy and design for a pivotal Phase III trial in patients with endometrial cancer are also currently being developed. Design of the trial is advancing in order to adjust the dose.

Advanced breast cancer

Recruitment continues on schedule for the Phase II clinical trial in patients with advanced breast cancer selected on the basis of the presence of mutations, known or otherwise, of the BRCA 1 or 2 genes (hereditary cancer). Data from the first phase of the trial is expected to be presented at the Breast Cancer Symposium, to be held at the end of the year (9-12 December) in San Antonio, Texas.

Non-small-cell lung cancer (NSCLC)

Recruitment is continuing on schedule for the Phase II randomized trial in patients with non-small cell lung cancer. This trial was implemented after good efficacy results were obtained in the Phase I trial in combination with gemcitabine.

Advanced leukaemia

Recruitment continues for patients with myelodysplastic syndrome in the Phase I trial with our compound as monotherapy to treat advanced leukaemias.

Combination trials

Recruitment continues for the combination trial with doxorubicin, with excellent preliminary activity being observed, particularly in second-line chemotherapeutic treatment in patients with small-cell lung cancer, endometrial cancer, and neuroendocrine tumours.

Since the primary endpoint was achieved (defining the recommended dose in the trial in combination with capecitabine in patients with breast, colorectal or pancreatic cancer), dose escalation continues in the new cohort of patients with an infusion pattern of one day every 3 weeks in order to optimize the dose of PM01183. The preliminary results of this trial were presented to the scientific community at the ESMO Congress, held in Madrid from 26 to 30 September.

The trial in combination with paclitaxel, administered weekly with and without bevacizumab in patients with selected solid tumours, is currently in the dose escalation phase.

Recruitment commenced in Switzerland and the UK for the trial in combination with cisplatin in patients with solid tumours.

d) PM060184

Recruitment continues on schedule for two Phase I trials under way in the United States, France and Spain.

e) Conferences: ESMO 2014 (European Society for Medical Oncology)

The ESMO Congress was held in Madrid from 26 to 30 September. Among the presentations in connection with trabectedin (Yondelis), we highlight the following:

At an oral session, the French Sarcoma Group presented a trial on the advantages of maintenance therapy with Yondelis after six cycles. Continued treatment was associated with a statistically significant improvement in the progression free survival rate.

Taiho Pharmaceuticals presented an efficacy study comparing two Phase II trials with trabectedin in translocation-related sarcoma patients.

The MITO Group (Multicenter Italian Trials in Ovarian Cancer) presented a trial with trabectedin in patients with the BRCA mutation and the BRCAness phenotype who have advanced ovarian cancer. The results suggest that trabectedin is an effective treatment for patients with platinum-sensitive advanced ovarian cancer.

2.- Diagnostics: Genómica

Genomica ended the third quarter of 2014 with revenues of 3.8 million euro, approximately 300 thousand euro lower than in the same period last year. This reduction is due firstly to the conclusion of the contract with the Spanish Civil Guard forensics unit to provide human identification services via DNA analysis and secondly, to a slowdown in exports to other euro area countries. The latter effect was partially offset by excellent sales performance in Brazil, where the company expanded operations by 8% compared with the same period of 2013.

In Spain, the company performed as expected, obtaining revenues of 2.3 million euro in the third quarter.

3.- RNA interference: Sylentis

The company continued to advance new R&D lines in 3Q14, working to develop new RNAi-based candidates to treat other eye diseases.

A new Phase IIb clinical trial with Bamosiran (SYL040012) to treat glaucoma and ocular hypertension commenced to determine the dose and efficacy vs. a control (timolol). So far in 2014, the clinical trial protocol has been designed, the hospitals which will participate in the trial have been selected, and the dossier has been presented for approval by the Medicine Agencies in the countries involved. Twenty-one hospitals will participate, in Spain, Germany, Estonia and the US. During the third quarter, approval was obtained from the regulators and ethics committees in Spain, Estonia, Germany and the US, and recruitment has commenced. The protocol and design of a pharmacokinetic trial with Bamosiran in healthy volunteers were also developed.

With respect to the second clinical trial under way with SYL1001, we have requested authorization from the Spanish Agency of Medicines and Medical Devices (AEMPS) for a pilot trial in patients with eye discomfort associated with dry eye syndrome. In January 2014, the AEMPS approved an application to change the dose in this clinical trial. Patients were recruited in 3Q for the modified dose.

B) Consumer chemicals:

1.- Xylazel (varnishes and paints for protecting wood and metal)

Net sales amounted to 12.3 million euro in the first nine months of 2014, i.e. 5% more than in the same period of 2013 (11.8 million euro).

Sales performance was positive in 9M14 with respect to 9M13, although growth slowed in the third quarter due to a decline in sales following a strong performance in the first half of the year.

Exports accounted for 10.46% of Xylazel's total sales in 9M14, having increased by 19.2% compared with 9M13.

We remain committed to R&D and innovation in this area. As a result, 13.4% of sales were obtained from products launched on the market in the last 3 years.

Average procurement price performance remained slightly positive, for both raw materials and packaging. Structural expenses increased by 4.7% with respect to the previous year, while variable costs increased in line with the rise in sales.

As a result, EBITDA increased by 7% with respect to 9M13, to 1.5 million euro in the first nine months of 2014, i.e. 12% of revenues.

Net profit in the same period amounted to 755 thousand euro, 6.83% of sales and reflecting growth of 3.5% year-on-year.

2.- Zelnova and Copyr (household insecticides, air fresheners and other household cleaning products)

The sector in which Zelnova operates performed positively as a result of better weather conditions in May and June in comparison with 2013. This allowed results to match previous years' figures, although household spending remains weak.

In the first nine months of 2014, combined sales by Zelnova-Copyr increased by 3.4 million euro (+8.6%) compared with 9M13. This increase occurred in all business lines, at both Zelnova (own brands, third-party brands and exports) and Copyr (environmental hygiene, home&garden and ecological farming).

The table below shows the breakdown of sales by geographic market, sales performance is notably stronger outside the domestic markets, resulting in an increase in revenue exposure to foreign markets (49% in 2014, compared with 46% in 2013). This trend is the result of the company's focus on exporting for the last few years.

(Thousand euro)	Sept. 2013	Sept. 2014	Change	
Sales in Spain	21,299	22,023	+724	+3.4%
Sales in other countries	18,223	20,880	+2,657	+14.6%
Total net sales	39,522	42,903	+3,381	+8.6%

Commodities prices remained stable in the period, a situation without precedent in recent times.

Nevertheless, the Company maintains its policy of improving margins by actively seeking cheaper suppliers worldwide and by improving productivity in all areas.

The increase in revenues, coupled with cost savings and the recovery in margins, increased combined EBITDA substantially, to 4.7 million euro (+53%, from 3.1 million euro) and income to 2.4 million euro (from 1.2 million euro).

The outlook for the remainder of 2014 is for sales to be stable with respect to 4Q13, and for revenues and profits to improve considerably compared with 2013.

BALANCE SHEET *(Thousand euro)*	09-30-2014	12-31-2013
ASSETS		
Non-current assets	**96,798**	**93,471**
Property, plant & equipment	28,686	27,959
Investment properties	6,949	6,980
Intangible assets	24,735	22,590
Goodwill	2,548	2,548
Long-term financial assets	950	848
Deferred tax assets	32,930	32,546
Assets classified as held for sale and discontinued operations	**0**	**4**
Current assets	**116,761**	**95,895**
Inventories	24,203	22,232
Customer and other receivables	49,149	38,630
Current financial assets	12,518	6,377
Receivable from public authorities	5,520	3,847
Other current assets	1,473	2,351
Cash & cash equivalents	23,898	22,458
TOTAL ASSETS	**213,559**	**189,370**

BALANCE SHEET *(Thousand euro)*	09-30-2014	12-31-2013
EQUITY		
Shareholders' equity	**69,598**	**53,228**
Share capital	11,110	11,110
Share premium	323,286	323,286
Treasury shares	(7,325)	(6,029)
Revaluation and other reserves	6	3
Retained earnings and other reserves	(257,479)	(275,142)
Minority interest	**(3,820)**	**(3,793)**
TOTAL EQUITY	**65,778**	**49,435**
LIABILITIES		
Non-current liabilities	**59,196**	**65,877**
Financial debt	45,098	52,941
Derivatives	69	95
Deferred tax liabilities	9,415	9,031
Non-current deferred revenues	3,826	3,166
Other non-current liabilities	788	644
Current liabilities	**88,585**	**74,058**
Supplier and other accounts payables	28,485	24,426
Financial debt	50,289	41,327
Provisions for other liabilities & expenses	6,374	5,482
Current deferred revenues	88	25
Other current liabilities	3,349	2,798
TOTAL LIABILITIES	**147,781**	**139,935**
TOTAL LIABILITIES AND EQUITY	**213,559**	**189,370**

INCOME STATEMENT		
Thousand euro	**09-30-2014**	**09-30-2013**
Net revenues	116,908	109,244
Cost of sales	(32,840)	(30,427)
Gross income	**84,068**	**78,817**
Other operating revenues	23,030	20,902
Marketing & commercial organisation expenses	(32,231)	(31,439)
General and administration expenses	(13,339)	(14,778)
Research & development expenses	(37,099)	(31,867)
Capitalised in-house work	3,811	2,794
Other operating expenses	(6,607)	(6,133)
Net operating profit (loss) (EBIT)	**21,633**	**18,296**
Net financial results	(3,500)	(3,719)
Result from continuing operations	**18,133**	**14,577**
Corporate income tax in the period	(538)	(133)
Profit (Loss) for the year	**17,595**	**14,444**
Discontinued operations	**(101)**	**(477)**
Attributable to owners of the parent	(74)	(350)
Attributable to minority interest	(27)	(127)
Profit for the year	17,494	13,967
Attributable to owners of the parent	**17,521**	**14,094**
Attributable to minority interest	(27)	(127)

Net operating profit (loss) (EBIT)	21,633	18,296
Amortisation and depreciation	4,013	3,499
EBITDA	**25,646**	**21,795**

CONSOLIDATED CASH FLOW STATEMENT	09-30-2014
TOTAL NET OPERATING CASH FLOW	**9,983**
Income before taxes	**18,032**
Profit before tax from continuing operations	18,133
Profit before tax from discontinued operations	(101)
Adjustments for:	**3,979**
Amortisation and depreciation	4,013
Other adjustements	(34)
Changes in working capital:	**(7,879)**
Other cash flow from operations:	**(4,149)**
Financial expenses	(4,018)
Financial revenues	407
Income tax received/(paid)	(538)
TOTAL NET INVESTING CASH FLOW	**(8,325)**
Investments payments:	**(9,127)**
Purchases of property, plant & equipment and intangible assets	(2,884)
Other financial assets	(6,243)
Disvestment receipts:	**4**
Other assets	4
Other investing cash flow:	**798**
Other investment receipts / (payments)	798
TOTAL NET FINANCING CASH FLOW	**(218)**
Collections and (payments) in connection with equity instruments:	**(1,337)**
Acquisition	(1,659)
Disposal	322
Collections and (payments) in connection with financial liabilities:	**1,224**
Issue	23,809
Refund and amortization	(22,585)
Other financing cash flow:	**(105)**
Other financing receipts / (payments)	(105)
TOTAL NET CASH FLOW	**1,440**
Net increase / (decrease) in cash and cash equivalents	1,440
Beginning balance of cahs and cash equivalents	22,458
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**23,898**

NET CASH POSITION	
Cash and cash equivalents	23,898
Current financial assets	12,518
Financial debt	(50,289)
TOTAL NET CASH POSITION	**(13,873)**