REPORT AT 31 MARCH 2017

Madrid, 27 April 2017.

1Q17 MILESTONES

Corporate

- The Group's net revenues increased 8% with respect to the same period last year.
- Early in January, the Company received the upfront payment (€30 million) under the licensing, development and commercialization agreement signed in December 2016 with Chugai Pharma.

Oncology

- Over 110 centers are open in the ATLANTIS pivotal trial with Lurbinectedin in treating small-cell lung cancer (SCLC).

Diagnostics

- Contract for cervical cancer screening program awarded by the Castilla & León Regional Government.

Consumer Chemicals

- The Consumer Chemicals division increased revenues by 10% in the period.

Mª Luisa de Francia
CFO
PHARMA MAR, S.A.
Plaza Descubridor Diego de Ordás, 3
Madrid
Telephone 91.444.45.00

José Luis Moreno
Head of Investor Relations and Capital Markets
PHARMA MAR, S.A.
Plaza Descubridor Diego de Ordás, 3
Madrid
Telephone 91.444.45.00

FIGURES AS OF 31 MARCH 2017

REVENUES	March 2017	March 2016	%
Sales	**41.619**	**39.981**	**4%**
Biopharmaceurical Area	24.261	24.178	0%
Oncology Segment	22.507	22.784	-1%
Diagnostic Segment	1.754	1.394	26%
Consumer Chemical Segment	17.358	15.803	10%
Royalties, licenses and other agreements			
Oncology Segment	**3.853**	**1.986**	**94%**
Services Rendered			
Not asigned	**0**	**208**	
TOTAL REVENUES	**45.472**	**42.175**	**8%**

(€'000)

Total Group revenues

Net sales in the Biopharmaceutical segment amounted to €24.3 million (€24.2 million in the same period of 2016). Of that figure, €22.5 million were in Oncology (PharmaMar) for Yondelis® sales, practically the same as in the first quarter of 2016 (€22.8 million). Sales in the Diagnostic segment (Genómica) totaled €1.8 million, compared with €1.4 million in the same period of 2016.

Net sales by the Consumer Chemicals companies totaled €17.4 million (€15.8 million in the first quarter of 2016), a 10% increase year-on-year.

Revenues from royalties, licensing and other co-development agreements relate entirely to the Oncology segment. Royalty revenues from Janssen Products and Taiho Pharmaceutical Co. for sales of Yondelis® in the United States, Japan and the rest of the world except the European Union amounted to €1.7 million in the first quarter of 2017. Revenues from licenses and other agreements amounted to €2.2 million in the first quarter, due to recognition on the basis of the degree of progress in the first quarter of the clinical trials referred to in the licensing, development and marketing agreement signed in December 2016 with Chugai Pharm Marketing Ltd. for Lurbinectedin (PM1183). That agreement envisaged an upfront payment of €30 million (collected on 17 January 2017) which will be recognized as revenues in our income statement as a function of progress with the clinical trials that PharmaMar has undertaken to perform. By the end of March 2016, €229 thousand in revenues had been recognized for attaining milestones under licensing agreements.

EBITDA

Group Adjusted EBITDA in the first quarter of 2017 amounted to €0,9 million (-€3.9 million in the same period of 2016).

	31/03/17	31/03/16
Net Income (Loss)	**(2.465)**	**(7.141)**
Tax	(269)	220
Interest expense	1.082	1.169
Amortización expense	1.722	1.819
EBITDA	**70**	**(3.933)**
One-off compensation	850	0
ADJUSTED EBITDA	**920**	**(3.933)**

This variation is attributable mainly to two operating factors: 1) a 8% increase in revenues, from €42.2 million in 1Q16 to €45.5 million in 1Q17; and 2) a decline in commercial expenses due to the cost improvement achieved by insourcing Yondelis distribution logistics and to the change in the timing of conferences at which Yondelis marketing is focused (they took place in the first quarter last year), plus a temporary decline in R&D expenditure due to conclusion of enrolment for clinical trials which were active in the first quarter of 2016.
Adjustment to EBITDA, correspond to compensation for termination of a manager's contract in the Consumer Chemical Segment.

(EBITDA: earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA includes the adjustment specified in the last paragraph)

R&D expenditure

Expenditure on R&D decreased by 4% between periods (-€0.8 million), from a gross amount of €18.8 million in 1Q16 to €18 million in 1Q17. The Oncology area spent €16 million in 1Q17 (€16.9 million in 2016), while the Diagnostics and RNA interference area spent €1.7 million (€1.5 million in 2016). In 2016, Oncology capitalized €0.1 million in R&D expenditure.

R & D	March 2017	March 2016	Difª	Var.
Oncology Segment	-15.964	-16.941	977	-6%
Diagnostic Segment	-426	-487	61	-13%
RNAi Segment	-1.285	-995	-290	29%
Consumer Chemicals Segment	-345	-340	-5	1%
	-18.020	**-18.763**	**743**	**-4%**
- Capitalization R&D	126	0	126	
TOTAL R & D EXPENSE	**-17.894**	**-18.763**	**869**	**-5%**

(€'000)

The slight decline in the Oncology segment is due mainly to the conclusion of two Phase III trials that were under way in the first quarter of 2016.

Marketing and commercial expenses

Group marketing and commercial expenses amounted to €10.6 million in 1Q17 (€11.5 million in 1Q16). The biopharmaceutical segment accounted for €6.3 million (€7.1 million in 1Q16). Commercial expenses in the chemical segment amounted to €4.3 million in 1Q17 (€4.4 million in 1Q16).

Income attributable to the parent company

Income attributable to the parent company amounted to a loss of -€2.5 million in the first quarter of 2017, compared with a loss of -€7.1 million in the same period of 2016.

This difference is attributable to the increase in total revenues (+€3.3 million) and the slight decline in operating expenses (€1.5 million).

Cash and Debt

Cash and cash equivalents plus current and non-current financial assets amounted to €41.1 million (€33.5 million at 31 December 2016). The Group's total interest-bearing debt (current and non-current) amounted to €94.7 million at the end of March 2017 (€95.5 million at 31 December 2016). In the first quarter of 2017, the Company repaid close to €4 million in loans that matured in the period, and postponed refinancing operations to the second quarter.

The breakdown of total debt, at amortized cost, classified as current and non-current, together with current and non-current financial assets and cash and cash equivalents, is shown in the table below:

	03/31/2017	12/31/2016
Long term interest bearing debt	**65.922**	**67.583**
Bank debt	24.155	25.351
Govt. agencies: R&D funding (interest free debt)	16.350	16.350
Obligations and bonds	25.417	25.882
Short term interest-bearing debt	**28.737**	**27.906**
Credit facilities	9.920	10.958
Effects and certifications	3.605	1.238
Bank loan	9.535	10.685
Govt. agencies: R&D funding (interest free debt)	4.714	4.438
Interest and others	963	587
Total financial debt	**94.659**	**95.489**
Cash & cash equivalents + no current and current financial investments	**41.136**	**33.505**
TOTAL NET DEBT	**-53.523**	**-61.984**

(€'000)

BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance through March 2017.

A) Biopharmaceutical area:

1.- Oncology segment: PharmaMar

1.1. The current status of compounds in the clinical development pipeline is described below.

a) Yondelis®:

Soft-tissue sarcoma

In the first quarter of 2017, a total of 16 post-authorization trials were under way with a number of European cooperative groups, 11 of which were actively recruiting in line with expectations and 5 of which were in the process of concluding.

During the quarter, a randomized multi-center Phase III trial commenced to examine the efficacy of the combination of doxorubicin and Yondelis® as first-line treatment followed by maintenance treatment with Yondelis® in patients with metastatic or inoperable leiomyosarcoma. The trial is being conducted in France under the auspices of Hospital Gustave Roussy.

Ovarian cancer

Recruitment continues on schedule for the pivotal clinical trial in ovarian cancer in the US, sponsored by Janssen. This trial will form the basis of a potential registration for this indication in the US and other countries where Yondelis® is not yet approved for ovarian cancer.

During the first quarter of 2017, there were eight ongoing post-authorization trials in this indication.

In particular, the INNOVATYON Phase III trial comparing the Yondelis® + PLD combination with the carboplatin + PLD combination, headed by Gruppo MaNGO (Mario Negri Gynecologic Oncology), is being conducted in eleven European countries.

Recruitment continues satisfactorily in the NIMES-ROC international prospective observational trial on the efficacy and safety of the Yondelis® + PLD combination in real life in patients previously treated, or not, with antiangiogenics.

The Phase III trial comparing Yondelis® as monotherapy vs. investigator-choice chemotherapy in patients with a BRCA mutation or a BRCAness phenotype, which is being conducted in cooperation with the Italian MITO group, is enrolling satisfactorily.

Regarding combinations with other drugs for this indication, recruitment continues for the IRFMN-OVA 6152 Phase II trial to evaluate the efficacy of trabectedin + bevacizumab, with and without carboplatin, which is being promoted by the Mario Negri Institute in Milan.

Other indications

Recruitment is continuing in 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).

Recruitment is also continuing satisfactorily in the EORTC 1320-BTG trial, conducted in cooperation with the European Organization for Research and Treatment of Cancer (EORTC); this Phase II randomized trial with Yondelis® in patients with highly recurrent meningioma seeks to assess the drug's efficacy and safety in comparison with the standard treatment.

b) Aplidin®

Multiple Myeloma

In September, PharmaMar filed an application with the European Medicines Agency (EMA) for authorization to market Aplidin® (plitidepsin) in combination with dexamethasone for treating relapsed or refractory multiple myeloma, based on the ADMYRE pivotal Phase III registration trial, which is currently monitoring patients for survival.

In the Phase II trial with Aplidin® in combination with bortezomib and dexamethasone in patients with double refractory multiple myeloma, all the centers in Spain are now open and ready to commence patient enrollment.

The Phase I trial with Aplidin® in combination with bortezomib and dexamethasone in patients with relapsed or refractory multiple myeloma continues recruiting in the expansion phase.

A new Phase I trial has been designed with Aplidin® in combination with bortezomib, pomalidomide and dexamethasone in patients with multiple myeloma exposed to proteasome inhibitors who are refractory to lenalidomide. This trial will be conducted at centers in Spain and the Czech Republic. We are currently awaiting approval from the ethics committees and the regulators.

T-cell lymphoma

The registration trial with Aplidin® as monotherapy in patients with angioimmunoblastic T-cell lymphoma continues patient enrolment at centers in Spain, the Czech Republic, Italy and the US. The trial will include 60 patients at approximately 25 centers in Europe and the US.

c) PM1183

Platinum-resistant ovarian cancer

The CORAIL Phase III pivotal registration trial with PM1183 as monotherapy vs. topotecan or pegylated liposomal doxorubicin in patients with platinum-resistant ovarian cancer completed recruitment in October 2016. Patients are currently being monitored to determine progression-free survival and secondary endpoints.

Advanced breast cancer

In the Phase II clinical trial in advanced breast cancer, recruitment is ongoing in the A1 arm, consisting of breast cancer patients with BRCA 1 or 2 mutations who had been pre-treated with PARP inhibitors.

The registration strategy for PM1183 in breast cancer patients with the BRCA gene mutation was discussed with the FDA at a meeting in Washington in December 2016.

Small-cell lung cancer (SCLC)

The ATLANTIS pivotal Phase III trial, which compares the activity and safety of the combination of PM1183 (lurbinectedin), a drug of marine origin, plus doxorubicin, with topotecan or CAV (cyclophosphamide, adriamycin and vincristine) for treating patients with small-cell lung cancer who have relapsed after a first round of platinum treatment. Enrolment of patients is ongoing in Europe, the US, Latin America and the Middle East.

Combination trials

As regards Phase I combination trials, recruitment was completed for the combinations with doxorubicin, cisplatin, capecitabine and paclitaxel with or without bevacizumab. The latter two trials produced promising preliminary results in a range of breast cancer types, among others; consequently, the next stages of development for this indication are currently being assessed. The results of the combination trial with cisplatin were presented at the European Cancer Organisation (ECCO) Congress, which was held in Amsterdam on 27-30 January 2017.

Recruitment continues on schedule for the Phase I trial in combination with irinotecan.

Basket trial in advanced solid tumors

Recruitment is continuing for the Phase II trial with PM1183 as monotherapy in indications chosen on the basis of the drug's action mechanism or on the basis of its activity as observed previously in combination trials. Those indications are small-cell lung cancer, neuroendocrine tumors, cancer of the head and neck, germ cell cancer, endometrial cancer, bile duct cancer, cancer of unknown primary (CUP), and Ewing sarcoma. Recruitment continues of cohorts of patients with small-cell lung cancer and Ewing sarcoma. The trial is being conducted in Belgium, France, Germany, Italy, Spain, Switzerland, the United Kingdom and the United States.

d) PM184

The Phase I dose escalation trial assessing the combination of PM184 with gemcitabine is recruiting on schedule. It is being conducted at two centers, one in Spain and one in the US. There are plans to enroll patients with specific diseases in which clinical benefit has been observed, such as non-small-cell lung cancer, breast cancer and tumors of the head and neck.

The Phase II trial with PM184 is being conducted in hormone-receptor positive advanced breast cancer patients; recruitment is advancing on schedule.

2.- Diagnostics Genómica

Genómica obtained €1.8 million in revenues in the first quarter of 2017, i.e. an increase of 26% with respect to the same period of 2016 (€1.4 million).

This notable increase was due to the good performance of exports, which amounted to €737 thousand in the quarter, compared with €479 thousand in 1Q16, a 54% increase. This increase was driven mainly by growth in sales in Latin America, which totaled €268 thousand (€111 thousand in 1Q16), with a notable improvement in Brazil.

Exports accounted for 42% of revenues in the first quarter.

Domestic diagnostic revenues were flat with respect to 2016, as expected.

In March, Genómica was informed that it had been awarded the contract to supply the necessary material (sampling materials, reagents and fungible materials, plus equipment lease) for high-oncogenic risk human papilloma virus (HPV) tests as part of the Castilla & León Regional Government's screening program.

3.- RNA interference: Sylentis

In the first quarter of 2017, the company advanced with its research and development of new products based on RNAi and formulations for treating eye diseases. Specifically, a new line of research is being pursued to develop RNAi candidates for treating diseases of the retina and age-related macular degeneration.

Applications for authorization to conduct clinical trials with SYL1001 in dry eye syndrome were presented to the medicine agencies of Spain, Germany, Portugal and Estonia in the first quarter of 2017. By the end of March, Spain had granted authorization and the company was awaiting a reply from the other agencies.

B) Consumer chemicals:

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

Xylazel reported €5.2 million in net revenues in the first quarter of 2017, 16% more than in the same period of 2016 (€4.5 million).

Interior Decor continues to account for a sizeable proportion of sales, and both exports and domestic sales registered double-digit growth in the first quarter.

Average procurement prices increased slightly — both raw materials (due to fluctuations in the price of petroleum derivatives) and packaging (because of higher tinplate prices) — resulting in a 2.5% weighted average increase in input costs in the period.

EBITDA amounted to €569 thousand (€336 thousand in the same period of 2016).

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

In the first quarter of 2017, combined sales by Zelnova-Copyr amounted to €12.2 million, an increase of over €700 thousand (+6.4%) with respect to the same period of 2016. This increase was due primarily to good sales performance at Copyr in its Large Retailer and Ecological Agriculture channels (in the latter case, because of expansion in Italy and the rest of Europe of its line of ecological products based on natural pyrethrins). This sizeable change confirms the superb prospects for natural pyrethrin, Copyr's star product for ecological farming. Other variations in exports were due to the recovery by sales in Algeria and the launch of new retailer-brand air fresheners in Europe. The domestic market showed signs of growth in consumption with respect to previous years.

The table below shows the breakdown of sales by geographic market:

(thousand euro)	2016	2017	Change	
Sales in Spain	5,311	5,283	- 28	- 0.5%
Sales in other countries	6,113	6,870	+757	+ 12.4%
Total net sales	11,424	12,153	+729	+ 6.4%

As for costs, there was disparate performance in the prices of the main raw materials: the price of metal (aerosol cans) increased, while petroleum derivatives (butane and solvents) fluctuated with no clear trend. The prices of other inputs (active ingredients, paper, cardboard, plastic, etc.) remained stable.

As a result, normalized consolidated EBITDA increased by 2.7% to €1.003 million (from €976 thousand).

However, changes in accounting standards on the amortization of intangible assets with an indefinite useful life and the termination of the General Manager's contract resulted in extraordinary costs amounting to €962 thousand, which significantly affected the bottom line.

BALANCE SHEET *(Thousand euro)*	03/31/2017	12/31/2016
ASSETS		
Non-current assets	**102.737**	**100.145**
Property, plant & equipment	30.929	31.141
Investment properties	6.119	6.119
Intangible assets	24.148	24.900
Goodwill	2.548	2.548
Long-term financial assets	1.022	1.138
Deferred tax assets	37.971	34.299
Current assets	**113.904**	**120.992**
Inventories	25.272	22.158
Customer and other receivables	43.894	62.652
Current financial assets	28.188	18.077
Other current assets	4.624	3.815
Cash & cash equivalents	11.926	14.290
TOTAL ASSETS	**216.641**	**221.137**

BALANCE SHEET *(Thousand euro)*	03/31/2017	12/31/2016
EQUITY		
Shareholders' equity	**49.964**	**52.358**
Share capital	11.110	11.110
Share premium	69.189	69.189
Treasury shares	(3.061)	(3.247)
Revaluation and other reserves	13	11
Retained earnings and other reserves	(27.287)	(24.705)
Minority interest	**(3.868)**	**(3.863)**
TOTAL EQUITY	**46.096**	**48.495**
LIABILITIES		
Non-current liabilities	**83.522**	**85.478**
Financial debt	65.922	67.583
Non-current deferred revenues	16.734	16.790
Other non-current liabilities	866	1.105
Current liabilities	**87.023**	**87.164**
Supplier and other accounts payables	40.885	39.175
Financial debt	28.737	27.906
Provisions for other liabilities & expenses	4.400	6.988
Current deferred revenues	7.811	10.012
Other current liabilities	5.190	3.083
TOTAL LIABILITIES	**170.545**	**172.642**
TOTAL LIABILITIES AND EQUITY	**216.641**	**221.137**

INCOME STATEMENT		
Thousand euro	**03/31/2017**	**03/31/2016**
Revenues:		
Product Sales	41.619	39.980
Co-development	2.189	229
Licensing agreements	1.664	1.757
Other income	0	209
	45.472	**42.175**
Cost of sales	(11.144)	(10.449)
Other operating revenues	352	385
Marketing & commercial organisation expenses	(10.601)	(11.537)
General and administration expenses	(5.268)	(4.990)
Research & development expenses	(17.894)	(18.763)
Other operating expenses	(2.569)	(2.573)
Net operating profit (loss) (EBIT)	**(1.652)**	**(5.752)**
Net financial results	(1.082)	(1.169)
Result from continuing operations	**(2.734)**	**(6.921)**
Corporate income tax in the period	269	(220)
Profit (Loss) for the year	**(2.465)**	**(7.141)**
Profit for the year	(2.465)	(7.141)
Attributable to owners of the parent	**(2.460)**	**(7.136)**
Attributable to minority interest	(5)	(5)

CONSOLIDATED CASH FLOW STATEMENT	03/31/2017
TOTAL NET OPERATING CASH FLOW	**9.213**
Income before taxes	**(2.734)**
Adjustments for:	**(1.997)**
Amortisation and depreciation	1.718
Other adjustements	(3.715)
Changes in working capital:	**15.010**
Other cash flow from operations:	**(1.066)**
Financial expenses	39
Financial revenues	(1.105)
TOTAL NET INVESTING CASH FLOW	**(10.687)**
Investments payments:	**(17.391)**
Purchases of property, plant & equipment and intangible assets	(798)
Other financial assets	(16.593)
Disvestment receipts:	**6.638**
Purchases of property, plant & equipment and intangible assets	40
Other financial assets	6.598
Other investing cash flow:	**66**
Other investment receipts / (payments)	66
TOTAL NET FINANCING CASH FLOW	**(890)**
Collections and (payments) in connection with equity instruments:	**(56)**
Acquisition	(2.303)
Disposal	2.247
Collections and (payments) in connection with financial liabilities:	**(2.961)**
Issue	884
Refund and amortization	(3.845)
Other financing cash flow:	**2.127**
Other financing receipts / (payments)	2.127
TOTAL NET CASH FLOW	**(2.364)**
Net increase / (decrease) in cash and cash equivalents	(2.364)
Beginning balance of cahs and cash equivalents	14.290
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**11.926**