REPORT AT 30 JUNE 2014

Madrid, 29 July 2014

1H14 HIGHLIGHTS

Group

- Group net sales amounted to 78.2 million euro (+10%).
- Yondelis® accounted for 39.2 million euro (+11.5%),
- The Consumer Chemicals segment registered 36.1 millon euro in sales (+10%) and 4.5 million euro EBITDA (+42%), reinforcing the improvement that began in the first quarter.
- Group sales outside Spain expanded by 16%.
- Group EBITDA amounted to 22.1 million euro, 12% more than in the previous year. The oncology area was the main contributor to this growth, accounting for 24 million euro of consolidated EBITDA
- Net attributable profit increased by 16% to 16.8 million euro.

Oncology

- PharmaMar and Chugai Pharma Marketing signed a licensing and marketing agreement for Aplidin®.

- Taiho Pharmaceuticals presented positive results from the pivotal registration trial in Japan with Yondelis® in soft tissue sarcoma at the 2014 ASCO Annual Meeting.
- PharmaMar Italia signed an agreement with GP Pharm, S.A. for the exclusive distribution in Italy of the drug Politrate® for prostate cancer.

Diagnostics

- The CLART® CMA NRAS kit to diagnose relevant mutations in metastatic colon cancer was launched.

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FIGURES TO JUNE 2014

Period	06/30/2014	06/30/2013	Δ%	Q2 14	Q2 13	Δ%
Net Revenue (€ 000)						
Consumer Chemicals	36,136	32,787	*10%*	22,983	20,229	*14%*
Biopharmaceuticals	41,754	38,098	*10%*	20,883	20,056	*4%*
Unallocated	342	425	*-20%*	156	210	*-26%*
Total Group	**78,232**	**71,310**	***10%***	**44,022**	**40,495**	***9%***
Cost of goods sold (€ 000)	21,381	19,711	*8%*	13,247	11,736	*13%*
Gross Income	**56,851**	**51,599**	***10%***	**30,775**	**28,759**	***7%***
Gross Margin	72.67%	72.36%	*0%*	69.91%	71.02%	*-2%*
Other operating revenues						
Consumer Chemicals	150	9		53	3	
Biopharmaceuticals	19,662	19,858		847	518	
Unallocated	3	14		1	14	
	19,815	**19,881**	***-0.3%***	**901**	**535**	***68%***
TOTAL REVENUE	**98,047**	**91,191**	***8%***	**44,923**	**41,030**	***9%***
EBITDA (€ 000)						
Consumer Chemicals	4,493	3,164	*42%*	3,809	2,798	
Biopharmaceuticals	21,823	20,178	*8%*	1,114	1,199	
Unallocated	-4,233	-3,645	*-16%*	-2,199	-1,886	
Total Group	**22,083**	**19,697**	*12%*	**2,724**	**2,111**	
R&D Expenditure						
Oncology	20,257	17,947	*13%*	10,692	9,436	*13%*
Other	3,555	3,747	*-5%*	1,753	1,371	*28%*
Total Group	**23,812**	**21,694**	***10%***	**12,445**	**10,807**	***15%***
Marketing & Commercial Expenses						
Consumer Chemicals	9,068	8,782	*3%*	5,557	5,145	*8%*
Biopharmaceuticals	11,974	11,629	*3%*	5,961	6,160	*-3%*
Other	4	5		2	3	
Total Group	**21,046**	**20,416**	***3%***	**11,520**	**11,308**	***2%***
Income for the year attributable to equity-holders of the parent company	**16,751**	**14,403**	***16%***	**-147**	**-1,415**	

(Thousand euro)

Net sales

Group net revenues amounted to 78.2 million euro in 1H14, 10% more than in the same period of 2013 (71.3 million euro).

Net sales in the Biopharmaceutical business amounted to 41.8 million euro (38.1 million euro in 1H13), a 10% increase. That figure breaks down as follows: 39.2 million euro at PharmaMar from Yondelis® sales (35.2 million euro in 1H13) and 2.6 million euro at Genómica (2.9 million euro in 1H13).

Yondelis® net sales increased by 11.5% year-on-year. Gross sales increased by approximately 17% year-on-year. This sector accounted for 53% of Group net revenues.

Net sales by the Consumer Chemicals subsidiaries totalled 36.1 million euro (32.8 million euro in 1H13), a 10% increase year-on-year. This segment contributed 46% of the Group's total sales in 1H14.

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 19.8 million euro in 1H14 (19.9 million euro in 1H13). In 2014, PharmaMar collected 25 million dollars (18.3 million euro) under the new action plan signed in 2011 with Janssen Products LP. (Johnson & Johnson Pharmaceutical Research & Development, LLC.) to intensify the development of Yondelis® in the US for soft tissue sarcoma and relapsed ovarian cancer. The remainder of these other operating revenues came from 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 98 million euro in the first half of 2014 (91.2 million euro in 1H13), of which 63% (62 million euro) came from outside Spain.

Most notably, Group net sales outside Spain increased by 16% with respect to the same period in 2013. Specifically, international sales increased by 14.5% in the Biopharmaceutical division and by 23% in the Consumer chemicals division.

In the Biopharmaceutical segment, international revenues (net sales plus other operating revenues) accounted for 89% of the total.

EBITDA*

Group EBITDA from continuing operations totalled 22.1 million euro in the first half of 2014, i.e. a 12% increase on 1H13 (19.7 million euro). The oncology area was the main contributor to this performance, accounting for 24 million euro (22.5 million euro in 1H13).

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

R&D expenditure

R&D expenditure increased by 9.8% year-on-year, from 21.7 million euro in 1H13 to 23.8 million euro in 1H14. R&D expenditure amounted to 20.3 million euro in Oncology in 1H14 (17.9 million euro in 1H13) and 3.5 million euro in Diagnostics and RNA interference (3.7 million euro in 1H13).

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 advancing apace.

Marketing and commercial expenses

Marketing and commercial expenses amounted to 21 million euro in 1H14 (20.4 million euro in 1H13), an increase of 600 thousand euro, or +3%, i.e. moderate growth compared with the increase in revenues.

Income attributable to the parent company

Income attributable to the parent company amounted to 16.8 million euro in 1H14, compared with 14.4 million euro in 1H13. This increase is due 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 35.4 million euro (28.8 million euro at 31 December 2013). The Group's total interest-bearing debt amounted to 98.8 million euro (94.3 million euro at 31 December 2013).

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

	06/30/2014	12/31/2013
Long term interest bearing debt	**46,565**	**52,941**
Bank debt	20,452	25,151
Govt. agencies: R&D funding (interest free debt)	26,113	23,790
Others	0	4,000
Short term interest-bearing debt	**52,230**	**41,327**
- Credit facilities	12,303	10,959
- Effects and certifications	1,351	1,836
- *Bank loan*	29,280	22,648
Govt. agencies: R&D funding (interest free debt)	4,121	3,992
- Interest	1,046	1,892
Others	4,129	0
	98,795	**94,268**
Cash & cash equivalents + no current and current financial investments	**36,266**	**29,683**
TOTAL NET DEBT	**-62,529**	**-64,585**

Total net debt improved compared with December 2013, since cash increased by 6.6 million euro (+22.2%) in the first half of 2014 with respect to the end of 2013.

Total interest-bearing debt increased at 30 June due to debt roll-overs and renegotiations in 2Q14 with a view to repaying 13 million euro that falls due in the second half of the year. Total debt is expected to decline at year-end, in line with the trend of the last three years.

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

The Group had credit lines totalling 27 million euro at 30 June 2014. The unused balance under those credit lines was 14.7 million euro at 30 June 2014.

BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance in the first half of 2014.

B) Biopharmaceuticals

1.- Oncology: PharmaMar

a) Yondelis®:

Soft-tissue sarcoma

After completion of recruitment for the Phase III pivotal multi-centre randomized controlled (2:1) trial in L-sarcomas (leiomyosarcomas and liposarcomas) conducted by Janssen, which seeks to obtain registration for Yondelis® in the US and the rest of the world, the results are being analysed to assess the efficacy of Yondelis® in comparison with dacarbazine for treating L-sarcomas.

Taiho Pharmaceutical, PharmaMar's partner in the development and sale of Yondelis® in Japan, presented the results of the Phase II clinical trial conducted in Japan with Yondelis® in malignant soft tissue sarcoma at the 2014 Annual Meeting of the American Society of Clinical Oncology (ASCO®), held in Chicago in May.

This Phase II clinical trial. conducted in malignant soft tissue sarcoma patients with chromosomal translocations, compared Yondelis® with the best supportive care (BSC) arm as the control. The primary endpoint of the trial was progression-free survival (PFS). Twelve medical sites in Japan participated, and 76 patients were enrolled between 11 July 2012 and 20 January 2014.

These results showed that Yondelis® significantly improved PFS, an important clinical endpoint, in patients with histological types of malignant STS associated with chromosomal translocations. The side effects were similar to those in clinical trials outside Japan, proving that Yondelis® can be an effective therapeutic option.

Accordingly, Taiho Pharmaceuticals plans to present a marketing application for that indication to the Japanese regulatory authorities. Taiho also commenced a new 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 has concluded in the Y-IMAGE prospective, multi-centre observational trial to evaluate the response to treatment with Yondelis® in line with standard clinical practice. Recruitment of patients for the trial in Germany (GISG) with Yondelis® in combination with gemcitabine has also concluded. In Italy, recruitment has commenced for the TR1US trial with Yondelis® as first-line treatment in patients that cannot be given doxorubicin and/or ifosfamide.

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 has started again 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.

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The data from the Phase II trial with Yondelis® in patients with advanced breast cancer who are carriers of the BRCA1 and BRCA2 mutations and the BRCAness phenotype is currently being analysed.

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

In recent months, new hospitals have been added to the ADMYRE Phase III trial of Aplidin® in combination with dexamethasone on patients with relapsed or refractory multiple myeloma in order to accelerate recruitment.

Following the excellent preclinical results, which showed synergy in combining Aplidin® with Bortezomib (one of the chemotherapies of choice for treating multiple myeloma), the Phase I trial commenced with a view to ascertaining the combination's recommended dose.

These trials are part of PharmaMar's clinical development process, which aims to obtain the necessary information to support the use of Aplidin® in various phases of treatment of multiple myeloma.

Aplidin: Licensing agreements

On 14 July, 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).

According to the terms of the agreement, PharmaMar received an initial payment of 5 million euro for signing the agreement, which also includes additional payments of up to 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 for sale 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 results of this trial were presented orally at the ASCO Annual Meeting. PM01183 demonstrated statistically significant superiority over topotecan in terms of progression free survival (PFS) and overall survival (OS).

The Phase III (registration) trial in this indication is currently being designed in line with the recommendations from the FDA and the EMA.

Endometrial cancer

The strategy and design for a pivotal Phase III trial in patients with endometrial cancer are also currently being developed.

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).

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

Following the amendment presented to the MD Anderson ethics committee to include patients with myelodysplastic syndrome, recruitment has resumed for the Phase I trial with our compound as monotherapy to treat advanced leukaemia.

Combination trials

Recruitment continues for the combination trial with doxorubicin to confirm the excellent preliminary activity observed in patients with endometrial cancer, NSCLC, and neuroendocrine tumours.

Since the primary endpoint (defining the recommended dose in the trial in combination with capecitabine in patients with breast, colorectal or pancreatic cancer) was achieved, 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 trial in combination with paclitaxel, administered weekly with and without bevacizumab in patients with selected solid tumours is currently in the dose escalation phase.

The protocol for the combination trial with cisplatin in patients with solid tumours has been approved by the UK regulator (Medicines and Healthcare Products Regulatory Agency—MHRA) and by Swissmedic.
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d) PM060184

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

e) Business development

Pharma Mar, S.R.L., an Italian subsidiary of Pharma Mar, S.A., signed a licence agreement with GP Pharm in June under which Pharma Mar S.R.L. will distribute GP Pharm's drug Politrate® (Leuprorelin) in Italy.

Politrate®—marketed in other countries under the Lutrate® brand—has been approved by 23 countries of the European Union for the treatment of prostate cancer, and a reimbursement price has also been approved.

The agreement is synergic with PharmaMar's commercial activities in other EU countries and is part of the company's strategy of enhancing its sales network by adding other products to its portfolio.

2.- Diagnostics: Genómica

Revenues amounted to 2.5 million euro in 1H14, i.e. approximately 300 thousand euro less than in the same period last year. This reduction is due firstly to conclusion of the contract with the Spanish Civil Guard forensics unit to provide human identification services via DNA analysis, and secondly to a slowdown of exports to other euro area countries; however the latter effect was partially offset by excellent performance of sales in Brazil, where the company continues to expand (by 17% with respect to 1H13).

Diagnostic kit sales in the domestic market were in line with the same period of 2013.

3.- RNA interference: Sylentis

The company continued to advance new R&D lines in 1H14, 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 late in 2013 to determine the dose and efficacy vs. a control. During the first half of 2014, the clinical trial protocol was designed and the hospitals that will participate in the trial were selected: a total of 21 centres in Spain, Germany, Estonia and the United States. The clinical trial documentation has been submitted to the ethical committees of all participating hospitals and to the Estonian State Agency of Medicines. The documentation will be presented to the Medicine Agencies in the other countries in July.

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 Spanish Medicines and Health Products Agency approved an application to change the dose in this clinical trial. Recruitment is continuing using the new dose, and patients in participating hospitals have commenced treated.

B) Consumer chemicals:

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

Gross sales amounted to 9.1 million euro in the first half of 2014, 11% more than in the same period last year (8.2 million euro). Sales improved in all distribution channels, including the industrial channel, which had suffered the greatest setback in sales in recent years. Sales have also increased in all geographic areas. Exports rose by 25%.

It is important to note that the growth in revenues was due to an increase in volume, not in prices.

Weighted average procurement prices of our supplies (raw materials and packaging) fell by 1%, while structural costs increased by close to 2%.

As a result, both EBITDA and net profit improved with respect to the previous year. EBITDA increased by 43% year-on-year, from 0.8 million euro in 1H13 to 1.1 million euro in 1H14, and net income expanded by 58% between periods, from 0.4 million euro to 0.6 million euro.

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

In the first half, combined sales by Zelnova-Copyr increased by 2.5 million euro (+10.0%) with respect to 1H13. 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). This good performance is due mainly to better in weather in May and June compared with 2013.

The table below shows the regional breakdown of sales. For the first time, sales outside Spain expanded by more than those in Spain, vindicating the policy of internationalisation implemented by the company in recent years.

(Thousand euro)	2014	2013	Change	
Sales in Spain	13.739	12.996	+743	+5.7%
Sales in other countries	14.004	12.235	+1,769	+14.5%
Total net sales	27.743	25.231	+2,512	+10.0%

As for costs, the price of butane rose sharply (+15%) early in the year but declined from March onwards (-9%), partly offsetting the initial increase. The prices of butane and other commodities we use are expected to be stable in the coming months.

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, boosted EBITDA sharply, by 33% to 3.6 million euro (compared with 2.7 million euro in the same period last year. Consolidated income increased by 54%, from 1.3 million euro in June 2013 to 2.0 million euro in June 2014.

The projection for the rest of 2014 is for a recovery to pre-2013 levels, with revenues and profits expected to exceed the 2013 figures considerably. No additional risks, other than those that had already been identified, have come to light in connection with the remainder of the year that might notably impact the company's business performance.

BALANCE SHEET *(Thousand euro)*	06-30-2014	12-31-2013
ASSETS		
Non-current assets	**97,612**	**93,471**
Property, plant & equipment	28,288	27,959
Investment properties	6,959	6,980
Intangible assets	23,535	22,590
Goodwill	2,548	2,548
Long-term financial assets	836	848
Deferred tax assets	35,446	32,546
Assets classified as held for sale and discontinued operations	**0**	**4**
Current assets	**122,430**	**95,895**
Inventories	25,102	22,232
Customer and other receivables	53,052	38,630
Current financial assets	12,707	6,377
Receivable from public authorities	5,540	3,847
Other current assets	3,306	2,351
Cash & cash equivalents	22,723	22,458
TOTAL ASSETS	**220,042**	**189,370**

BALANCE SHEET *(Thousand euro)*	06-30-2014	12-31-2013
EQUITY		
Shareholders' equity	**68,932**	**53,228**
Share capital	11,110	11,110
Share premium	323,286	323,286
Treasury shares	(7,143)	(6,029)
Revaluation and other reserves	5	3
Retained earnings and other reserves	(258,326)	(275,142)
Minority interest	**(3,838)**	**(3,793)**
TOTAL EQUITY	**65,094**	**49,435**
LIABILITIES		
Non-current liabilities	**63,043**	**65,877**
Financial debt	46,564	52,941
Derivatives	83	95
Deferred tax liabilities	11,931	9,031
Non-current deferred revenues	3,683	3,166
Other non-current liabilities	782	644
Current liabilities	**91,905**	**74,058**
Supplier and other accounts payables	31,015	24,426
Financial debt	52,231	41,327
Provisions for other liabilities & expenses	4,304	5,482
Current deferred revenues	115	25
Other current liabilities	4,240	2,798
TOTAL LIABILITIES	**154,948**	**139,935**
TOTAL LIABILITIES AND EQUITY	**220,042**	**189,370**

INCOME STATEMENT		
Thousand euro	**06-30-2014**	**06-30-2013**
Net revenues	78,232	71,310
Cost of sales	(21,381)	(19,711)
Gross income	**56,851**	**51,599**
Other operating revenues	19,815	19,881
Marketing & commercial organisation expenses	(21,046)	(20,416)
General and administration expenses	(9,905)	(9,899)
Research & development expenses	(23,812)	(21,694)
Capitalised in-house work	2,037	1,878
Other operating expenses	(4,451)	(3,961)
Net operating profit (loss) (EBIT)	**19,489**	**17,388**
Net financial results	(2,200)	(2,496)
Result from continuing operations	**17,289**	**14,892**
Corporate income tax in the period	(415)	(141)
Profit (Loss) for the year	**16,874**	**14,751**
Discontinued operations	**(168)**	**(475)**
Attributable to owners of the parent	(123)	(348)
Attributable to minority interest	(45)	(127)
Profit for the year	16,706	14,276
Attributable to owners of the parent	**16,751**	**14,403**
Attributable to minority interest	(45)	(127)

Net operating profit (loss) (EBIT)	19,489	17,388
Amortisation and depreciation	2,594	2,309
EBITDA	**22,083**	**19,697**

CONSOLIDATED CASH FLOW STATEMENT	06/30/2014
TOTAL NET OPERATING CASH FLOW	**4,259**
Income before taxes	**17,121**
Profit before tax from continuing operations	17,289
Profit before tax from discontinued operations	(168)
Adjustments for:	**2,990**
Amortisation and depreciation	2,594
Other adjustements	396
Changes in working capital:	**(13,094)**
Other cash flow from operations:	**(2,758)**
Financial expenses	(2,617)
Financial revenues	274
Income tax received/(paid)	(415)
TOTAL NET INVESTING CASH FLOW	**(7,372)**
Investments payments:	**(8,031)**
Purchases of property, plant & equipment and intangible assets	(1,713)
Other financial assets	(6,318)
Disvestment receipts:	**4**
Other assets	4
Other investing cash flow:	**655**
Other investment receipts / (payments)	655
TOTAL NET FINANCING CASH FLOW	**3,378**
Collections and (payments) in connection with equity instruments:	**(1,149)**
Acquisition	(1,471)
Disposal	322
Collections and (payments) in connection with financial liabilities:	**5,462**
Issue	21,575
Refund and amortization	(16,113)
Other financing cash flow:	**(935)**
Other financing receipts / (payments)	(935)
TOTAL NET CASH FLOW	**265**
Net increase / (decrease) in cash and cash equivalents	265
Beginning balance of cahs and cash equivalents	22,458
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**22,723**

NET CASH POSITION	
Cash and cash equivalents	22,723
Current financial assets	12,707
Financial debt	(52,231)
TOTAL NET CASH POSITION	**(16,801)**