REPORT AT 31 DECEMBER 2009

Madrid, 25 February 2010

MILESTONES

Group:

- Consolidated revenues increased 17.2% year-on-year to 123.4 million euro.
- R&D expenditure amounted to 53 million euro.
- EBITDA improved 48% as a result of the biopharmaceutical segment's good performance.
- Net income attributable to the parent company improved 36.3%% with respect to 2008.

PharmaMar:

- The European Commission authorised the sale of Yondelis® for ovarian cancer, and marketing for that indication began in some countries in November.
- The UK's National Institute for Clinical Excellence (NICE) authorised the reimbursement of Yondelis®.
- Yondelis was approved for soft tissue sarcoma and ovarian cancer in other countries outside of the European Economic Area.

Noscira:

- The first Phase II clinical trial with NYPTA®/NP-12 was completed. Preliminary analyses evidence the drug's positive effects on patients' cognitive performance.
- Applications for orphan drug status for NYPTA® (NP-12) for Progressive Supranuclear Palsy were approved by the European Medicines Agency (EMEA) and the US Food and Drug Administration (FDA).

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FIGURES TO DECEMBER 2009

NET SALES

ZELTIA GROUP TOTAL	December 2009	December 2008	Change (%)
Net revenue	123,387	105,260	17.2%
Cost of goods sold	-43,949	-39,088	12.4%
Gross income	**79,438**	**66,162**	**20,0**
%	64%	63%	

	December 2009	December 2008	Change (%)
CONSUMER CHEMICALS - Net revenue	71,172	70,653	0.7%
BIOPHARMACEUTICALS - Net revenue	51,134	33,350	53.3%
Unallocated	1,081	1,257	-14.0%
TOTAL	**123,387**	**105,260**	**17.2%**

EBITDA

	December 2009	December 2008	Change (%)
Consumer Chemicals	11,268	9,622	17.1%
Biopharmaceuticals	-20,970	-34,084	-38.5%
Unallocated	-6,424	-6,709	-4.3%
ZELTIA GROUP TOTAL	**-16,126**	**-31,171**	**-48.3%**

R&D EXPENDITURE

	December 2009	December 2008	Change (%)
PharmaMar	35,813	40,534	-11.6%
Noscira	13,871	13,906	-0.3%
Genómica	864	714	21.0%
Sylentis	2,586	2,380	8.7%
Zelnova	213	0	**--**
GROUP TOTAL	**53,347**	**57,534**	**-7.3%**

Net revenue

Group net revenues totalled 123.4 million euro in 2009, 17.2% more than in 2008 (105.3 million euro).

Revenues at the consumer chemicals subsidiaries totalled 71.2 million euro (70.7 million euro in 2008). Those companies accounted for 57.68% of the Group's total revenues in 2009 (67.12% in 2008).

Revenues in the Biopharmaceutical business amounted to 51.1 million euro (33.3 million euro in 2008): 43.8 million euro at PharmaMar for Yondelis sales (28 million euro in 2008) and 7.3 million euro at Genómica (5.3 million euro in 2008). Sales in this sector accounted for 41.44% of Group net revenues (32% in 2008).

R&D expenditure

R&D expenditure declined by 7.3% year-on-year. A total of 53.3 million euro was spent on research and development in 2009, broken down as follows: PharmaMar 35.8 million euro (40.5 in 2008), Noscira 13.9 million euro (13.9 in 2008), Sylentis 2.6 million euro (2.4 million euro in 2008) and Genómica 0.9 million euro (0.7 million euro in 2008)

Marketing and commercial expenses

Marketing and commercial expenses amounted to 39.4 million euro in 2009, up 22.2% with respect in 2008 (32.2 million euro).

The Consumer Chemicals division accounted for 20.2 million euro in 2009, a 3.2% increase on 2008 (19.6 million euro).

Within the Biotechnology segment, 19.25 million euro was spent developing the Yondelis sales network in Europe in 2009 (12.6 million euro in 2008).

EBITDA

Group EBITDA increased by 48.3% year-on-year. EBITDA in 2009 amounted to -16.1 million euro, compared with -31.2 million euro in 2008. The improvement is due basically to 51.1 million euro in net revenues in the biopharmaceutical segment (including 43.8 million euro from Yondelis sales), plus other revenues in connection with the licensing agreement signed on 30 March between PharmaMar and Taiho Pharmaceutical Co., Ltd. to develop and sell Yondelis® in Japan. PharmaMar received an upfront payment of 1 million yen (7.8 million euro) and it will receive additional payments in the future as other milestones are attained, plus double-digit royalties on sales by Taiho. The group also collected 0.5 million euro from the sale of land belonging to Zeltia and a 1.5 million euro indemnity payment for Zelnova.

(EBITDA: earnings before interest, taxes, depreciation and amortisation, provisions, and capitalised R&D expenditure).

Cash

The net cash position—defined as cash and cash equivalents, plus current financial assets (63.3 million euro) minus short-term financial debt (32.8 million euro)—totalled 30.5 million euro at 2009 year-end. Long-term debt amounted to 91.7 million euro, of which 26.3 million euro was in the form of research and development loans from official bodies which are repayable over 10 years, interest free, with a three-year repayment holiday.

Cash and cash equivalents + current financial investments	63,296
Short-term interest-bearing debt	32,776
Long-term interest-bearing debt	91,703
Bank debt	*57,449*
Government agencies: R&D funding (interest-free debt)	*26,254*
Others	*8,000*

BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance in 2009.

A) Consumer chemicals:

Xylazel

Xylazel obtained gross sales amounting to 18.4 million euro in 2009, down 5.2% with respect to 2008 (19.4 million euro). In view of negative macroeconomic situation in 2009, especially in the paint and varnish sector (which is closely linked to construction, where revenues are estimated to have declined by 20% on average), this year's figures are highly satisfactory.

Our strategy of focusing on the refurbishment and DIY segment contributed to these good results.

Additionally, 13.4% of total sales is attributable to products from new research that were launched on the market in the last 3 years, most of which are water-based and considered to be environmentally-friendly because they reduce the use of petroleum derivatives.

Weighted average procurement prices of our component supplies (raw materials and packaging) fell 3.5% in 2009.This decline in prices maintained gross margin on par with the previous year.

We maintain the policy implemented in 2008 to contain and cut costs. In 2009, we reduced fixed costs by 3.7% and variable costs by 2.1%.

Net income in 2009 was 1.90 million euro (2.04 million euro in 2008).

Zelnova

Both Zelnova and its Italian subsidiary Copyr increased consolidated net revenues by 3.3%. This improvement is visible both in the domestic markets (+2.1%) and, in particular, in exports, which have performed very well for both companies, increasing by a total of 9.1%. In the domestic markets, sales of insecticides (ZZ Paff, Casa Jardín) improved, private label products remained flat and the Home and Electric Air Freshener lines (which are most sensitive to the economic cycle) declined slightly. The positive performance of sales outside Spain and Italy is attributable to the expansion of our operations in Eastern Europe, the UK and northern Africa.

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

(Thousand euro)	2008	2009	Change	
Domestic (*)	43,877	44,822	+945	+ 2.1%
Exports	8,612	9,396	+784	+ 9.1%
Total net sales	**52,489**	**54,218**	**+1,729**	**+3.3%**

(*) Domestic: Spain and Italy

The price of oil derivatives such as butane and solvents remained stable in 2009, although they began to rebound in the last two months of the year. In contrast, the price of metals, which are a major component in aerosol products, rose sharply.

In 2009 a sentence was handed down ending the 5-year lawsuit filed by the company against a machinery supplier. The ruling resulted in extraordinary gains of 1.7 million euro, improving Zelnova's net income after taxes by 44% to 3.9 million euro (2.7 million euro in 2008).

B) Biopharmaceutical sector:

PharmaMar:

Gross sales in 2009 amounted to 42.4 million euro, up 53% with respect to 2008.

Marketing authorisation came one month after the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMEA) issued by consensus a positive opinion recommending that marketing authorisation be granted in the EU for Yondelis® in combination with pegylated liposomal doxorubicin to treat patients with relapsed platinum-sensitive ovarian cancer. As a result, Yondelis® was launched for ovarian cancer in Germany, Austria and the UK in November and in the Nordic countries in December.

Outside the European Economic Area, Yondelis® has been approved to treat soft tissue sarcoma in Malaysia, Paraguay, Thailand and Kazakhstan, where it was also approved for recurrent ovarian cancer.

Yondelis® has been distributed in Spain directly by PharmaMar since November.

The sales network in Europe was comprised of 46 professionals at 31 December 2009.

The UK's NICE approved Yondelis® for soft tissue sarcoma to be financed by Britain's National Health Service (NHS).

Yondelis

In cooperation with the Spanish Sarcoma Research Group, a randomised, open, multicentre prospective Phase II trial has commenced with doxorubicin vs. Yondelis®+doxorubicin as a first-line treatment for patients with advanced and metastatic soft tissue sarcoma. This trial was presented at the Spanish Sarcoma Research Group's international conference in Santa Cruz de Tenerife.

Active recruitment continues on schedule for the pivotal Phase III trial as a first-line treatment for patients with sarcomas related to chromosomal translocations and for the Phase II trial in breast cancer.

Other activities related to Yondelis:

At the 12th Congress of the Spanish Society of Medical Oncology, held in Barcelona, the presentation on Yondelis® with regard to detection of circulating tumour cells (CTC) in patients with ovarian cancer was granted the best oral communication award.

At the 16th International Congress of the European Society of Gynaecological Oncology (ESGO), in Belgrade, PharmaMar held a symposium via satellite on Yondelis® in ovarian cancer.

At the 21st symposium organised by the American Association for Cancer Research (AACR), the National Cancer Institute (NCI) and the European Organization for Research and Treatment of Cancer (EORTC), held in Boston (US), three trials with Yondelis® were presented:

1. Gene expression profile of liposarcoma mixoid cell lines selected in vitro for resistance to Trabectedin.
2. Safety analysis of trabectedin in combination with pegylated liposomal doxorubicin (PLD) vs. PLD alone in ovarian cancer patients 65 years of age and older.
3. Compassionate Use Administration Of Trabectedin in a 24-Hour Infusion Every 3 Weeks in Pretreated Advanced Sarcoma Patients.

Aplidin

The development of Aplidin on different solid and haematological tumours continues. To date more than 750 patients have been recruited. Significant activities and milestones in the year include:

Peripheral T-cell lymphoma:

The recommended dosage has been confirmed for Aplidin® in combination with gemcitabine (2.4 mg/m2 of Aplidin®+ 1,000 mg/m2 of gemcitabine on days 1, 8 and 15 every 4 weeks), and patients with solid tumours are being recruited to expand the cohort. An amendment has been presented to ethics committees and the competent authorities to expand the trial to include a cohort consisting solely of patients with Hodgkin lymphomas and mature noncutaneous T-cell non-Hodgkin lymphomas.

Multiple Myeloma:

The protocol for the pivotal (registration) clinical trial for Aplidin® in combination with dexametasone for patients with relapsed or refractory multiple myeloma was completed and hospitals and researchers are being selected. Recruitment is expected to commence in the first half of 2010.

Myelofibrosis:

The Phase II trial has been defined and various US and European centres and researchers have been contacted to begin recruiting patients in the second half of 2010.

Zalypsis

A new Phase II trial for Zalypsis® as monotherapy in patients with relapsed or refractory multiple myeloma was designed in the last quarter of 2009. This trial will be performed in various hospitals in Spain with a view to determining the recommended dosage and evaluating the anti-tumour activity of Zalypsis® in this indication. The clinical protocol and all regulatory paperwork with the Spanish Medicines Agency have been completed. Paperwork for patient recruitment is currently being completed with hospital ethics committees.

In preclinical models, Zalypsis® has proven very active against multiple myeloma tumour cell lines both in vitro and in vivo.

Recruitment continued in all clinical trials that were ongoing in 2009, and new centres were added. Six hospitals in the US have signed up to date for the Phase II multicentre trial with Zalypsis® as monotherapy in endocervical and endometrial cancer.

Irvalec

During the fourth quarter of 2009, patient recruitment continued in three clinical trials under way: The Phase I/II trial with Irvalec® in combination with erlotinib (Tarceva), the Phase I trial with Irvalec® in combination with carboplatin or gemcitabine, and the Phase II trial with Irvalec as monotherapy, in squamous non-small cell lung cancer.

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

Noscira

NP-12/NYPTA – Alzheimer's disease

The 20-week treatment with escalating doses of NYPTA® (NP-12) in patients with Alzheimer's disease as part of the Phase IIa clinical trial was completed on schedule in early November in three hospitals in Germany.

The trial's endpoint was drug safety and tolerance in those patients. Safe dosages of the drug have been established and the side-effect profile has been defined and found to be well tolerated and clinically manageable. Preliminary analyses evidence the drug's positive effects on patients' cognitive performance. Noscira considers the trial's results to be promising and it will continue with the clinical development of this new compound. To this end, the company is preparing the Phase IIb trial in patients with Alzheimer's disease. The complete results of the Phase IIa trial will be presented at the International Conference on Alzheimer's Disease on 10-15 July 2010.

NP-12/NYPTA – PSP

Applications for orphan drug status for NYPTA® (NP-12) for Progressive Supranuclear Palsy have been approved by the European Medicines Agency (EMEA) and the US Food and Drug Administration (FDA). Classification as an orphan drug will facilitate clinical development of the compound for this indication.

Orphan drug designation is awarded to drugs that offer potential therapeutic value in the treatment of rare diseases and conditions.

In Europe, this designation affords the drug developer certain advantages, such as fee exemption in requests for scientific advice, marketing authorisation and other procedures. In the US, orphan drugs benefit directly from the advantages set out in the Orphan Drug Act, including regulatory advice and incentives to develop and approve the orphan drug.

Researchers met in early November to commence a Phase II trial with NYPTA® (NP-12) in patients with Progressive Supranuclear Palsy. All the researchers were very interested in commencing the trial as soon as possible, and they expect extremely significant results.

Authorities in Spain, Germany and the UK have approved the protocol and documentation for the trial; in December the first kick-off visits were made to hospitals in Germany and Spain where the trial will take place and the first patients were recruited.

Paperwork was submitted to the FDA in December for approval of NYPTA® (NP-12) as an Investigational New Drug and for the US branch of the Phase II trial in patients with Progressive Supranuclear Palsy. The company will receive the FDA's answer in the near future.

NP-61

The second phase I trial with this compound has been completed at the Clinical Pharmacology unit of MDS in Belfast.

Drug identification

Processing of the entire collection of available marine samples against Noscira's current therapeutic targets of interest was completed in the last quarter of 2009. Close to 100,000 trial points were generated in 2009 when evaluating the 13,000 marine extracts against various kinases and phosphates involved in regulating phosphorylation of the tau protein and against proteases involved in amyloidosis. The identified extracts are being fractionated and purified with a view to isolating the compounds responsible for the desired biological activity, and they may give rise to new chemical programmes.

Genómica:

Genómica obtained over 7 million euro in revenues in 2009, a 38% increase with respect to 2008. Of the two areas into which Genómica's activities are divided, Clinical Diagnostics accounted for 73% of revenues, and Forensic Genetics for 27%. Revenues from the Clinical Diagnostics business AT platform increased 50% to 4.80 million euro (3.20 million euro in 2008), of which 3.19 million euro correspond to Spain and 1.60 million euro to other countries.

In response to the diagnostic market's needs regarding the influenza A H1N1 pandemic declared by the WHO, in September Genómica launched CLART® FluAVir, a new in vitro diagnostic system to detect and characterise the various strains of influenza A (seasonal H3N2 and H1N1), including the new influenza A (H1N1). Sales of this product totalled 0.4 million euro.

The Forensic Genetics division increased revenues by 52% year-on-year to 1.97 million euro (1.31 million euro in 2008) due to extension of the agreement with the Spanish Civil Guard Forensics Unit to provide human DNA identification services.

New processes aimed at cutting costs were implemented in 2009, by increasing automation.

EBITDA rose 52% to 1.13 million euro (0.74 million euro in 2008).

Net income in 2009 amounted to 0.3 million euro (-0.04 million euro in 2008).

Sylentis:

Sylentis focuses on research and development of new drugs based on gene silencing (interference RNA, RNAi).

The Sylentis pipeline of products is focused on indications with strong market potential, such as eye pathologies, inflammatory diseases and pathologies of the central nervous system.

The company's most advanced product, SYL040012, for glaucoma, received authorisation from the Spanish Medicines and Health Products Agency (AEMPS) for a clinical trial, and Phase I commenced in September with healthy volunteers at Navarra University Clinic.

The company has completed preclinical efficacy and ocular tolerance studies for treating eye discomfort associated with dry eye syndrome.

In 2009, Sylentis progressed its R&D projects, involving considerable work to develop chemical formulations and modifications in our compounds' structures.

As part of the Cenit Nanofarma research project, we developed a number of techniques for improving ocular release of RNAi compounds targeting glaucoma. In 2009, Sylentis jointed the Cenit CeyeC project, in which it develops projects for eye pain associated with dry eye syndrome.

BALANCE SHEET *(Thousand euro)*	31-dic-09	31-dic-08
ASSETS		
Non-current assets	**84.928**	**82.615**
Property, plant & equipment	39.062	39.903
Investment properties	6.014	6.014
Intangible assets	12.528	11.769
Deferred tax assets	22.379	19.983
Long-term financial assets	2.397	2.398
Goodwill	2.548	2.548
Current assets	**126.386**	**122.616**
Inventories	24.039	26.440
Customer and other receivables	33.857	27.396
Other current assets	2.055	2.026
Receivable from public authorities	3.139	4.412
Current financial assets	26.050	24.535
Cash & cash equivalents	37.246	37.807
Non-current assets held for sale	**0**	**2.309**
TOTAL ASSETS	**211.314**	**207.540**

BALANCE SHEET *(Thousand euro)*	31-dic-09	31-dic-08
EQUITY		
Shareholders' equity	**41.136**	**49.344**
Share capital	11.110	11.110
Share premium	323.286	323.286
Treasury shares	(11.993)	(27.177)
Revaluation and other reserves	5	(31)
Retained earnings and other reserves	(281.272)	(257.844)
Minority interest	**0**	**0**
TOTAL EQUITY	**41.136**	**49.344**
LIABILITIES		
Non-current liabilities	**98.272**	**92.872**
Financial debt	91.703	86.840
Derivatives	0	0
Deferred tax liabilities	5.459	5.060
Non-current deferred revenues	833	720
Other non-current liabilities	277	252
Current liabilities	**71.906**	**65.324**
Supplier and other accounts payables	30.183	29.491
Financial debt	32.776	23.888
Provisions for other liabilities & expenses	4.939	4.394
Current deferred revenues	1.896	3.706
Other current liabilities	2.112	3.845
TOTAL LIABILITIES	**170.178**	**158.196**
TOTAL LIABILITIES AND EQUITY	**211.314**	**207.540**

INCOME STATEMENT			
Thousand euro	**31-dic-09**	**31-dic-08**	**Chg. (%)**
Net revenues	123.387	105.260	17,2%
Cost of sales	(43.949)	(39.088)	12,4%
Gross income	**79.438**	**66.172**	**20,0%**
Other operating revenues	20.238	17.592	15,0%
Marketing & commercial organisation expenses	(39.385)	(32.242)	22,2%
General and administration expenses	(18.977)	(18.897)	0,4%
Research & development expenses	(53.347)	(57.534)	-7,3%
Capitalised in-house work	793	557	
Other operating expenses	(9.963)	(12.703)	-21,6%
Net operating profit (loss) (EBIT)	**(21.203)**	**(37.055)**	**-42,8%**
Net financial results	(5.016)	(5.936)	-15,5%
Loss before taxes	**(26.219)**	**(42.991)**	**-39,0%**
Corporate income tax in the period	(1.917)	(746)	
Loss for the year	**(28.136)**	**(43.737)**	**-35,7%**
Attributable to minority interest	2.261	3.091	-26,9%
Attributable to equity holders of the parent	**(25.875)**	**(40.646)**	**-36,34%**

Net operating profit (loss) (EBIT)	(21.203)	(37.055)	-42,8%
Amortisation and depreciation	(5.870)	(6.441)	
Capitalised in-house work	793	557	
EBITDA	**(16.126)**	**(31.171)**	-48,3%

CONSOLIDATED CASH FLOW STATEMENT	30-dec-2009
NET CASH FLOW FROM ORDINARY ACTIVITIES	**(23.531)**
1 Profit/(loss) before tax	**(26.219)**
2 Adjustements for:	**10.647**
+ Amortisation and depreciation	5.870
(+/-) Other adjustements	4.777
3 Variation in working capital	**(2.889)**
4 Other net cash flow	**(5.071)**
(-) Financial expenses	(5.784)
(+) Financial revenues	980
Income tax received/(paid)	(267)
NET INVESTMENT CASH FLOW	**(5.869)**
(-) Purchases of property, plant & equipment and intangible assets	(6.625)
(+/-) Other financial assets	227
+ Purchases of property, plant & equipment and intangible assets	529
CASH FLOW IN FINANCING ACTIVITIES	**28.840**
(+) Emission	5.954
(-) Amortisation	(282)
(-) Acquisition	(88)
(+) Disposa	9.197
(+) Debt with credit entities (+)	21.465
(-) Repayment from debt with credit entities (-)	(7.406)
NET DECREASE/INCREASE IN CASH AND CAHS EQUIVALENTS	**(561)**
STARTING BALANCE OF CASH AND CASH EQUIVALENTS	**37.807**
ENDING BALANCE OF CASH AND CAHS EQUIVALENTS	**37.246**

NET CASH POSITION	
CASH AND CASH EQUIVALENTS	37.246
CURRENT FINANCIAL ASSETS	26.050
FINANCIAL DEBT	(32.776)
TOTAL NET CASH POSITION	**30.520**