REPORT AT 30 SEPTEMBER 2008

Madrid, 30 October 2008

HIGHLIGHTS OF THE THIRD QUARTER

PharmaMar:

- The pivotal trial with Yondelis on ovarian cancer (OVA-301) was positive. PharmaMar and its partner, J&J, began drafting the application for the registration of Yondelis for treating ovarian cancer to be presented to the European Medicines Agency and the US Food and Drug Administration before 2008 year-end.
- The Yondelis trial on ovarian cancer (OVA-301) was selected for presentation at the Presidential Symposium of the European Society for Medical Oncology Congress in Stockholm (Sweden).
- Yondelis is being rolled out on schedule in the various countries, and net sales through September amounted to 19.8 million euro, i.e. above the company's initial estimates.

Noscira:

- Nueropharma changed its name to Noscira on 10 September.
- The company presented a request to carry out the first phase II clinical trial with NP-12 in Austria and Germany.
- Regulatory authorities in the UK have authorised the next phase I trial with NP-61.

Group:

- Consolidated revenues increased 23.6% year-on-year to 82.7 million euro.
- R&D expenditure increased 10.1% year-on-year to 39.5 million euro.
- Net income attributable to the parent company improved 22.9% with respect to September 2007.

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FIGURES TO SEPTEMBER 2008

NET SALES

ZELTIA GROUP TOTAL	Sept 2008	Sept 2007	Change (%)
Net revenue	82,742	66,931	23.6
Cost of sales	-32,224	-30,168	6.8
Gross income	**50,518**	**36,763**	**37.4**
%	61%	55%	

	Sept 2008	Sept 2007	Change (%)
CONSUMER CHEMICALS - Net revenue	58,761	60,711	-3.2
BIOPHARMACEUTICALS - Net revenue	22,971	5,385	326
Unallocated	1,010	835	21
TOTAL	**82,742**	**66,931**	**23.6**

EBITDA

	Sept 2008	Sept 2007	Change (%)
Consumer Chemicals	8,483	9,506	-10.8
Biopharmaceuticals	-25,653	-35,463	27.7
Unallocated	-4,320	-4,884	11.5
ZELTIA GROUP TOTAL	**-21,491**	**-30,842**	**30.3**

R&D EXPENDITURE

	Sept 2008	Sept 2007	Change (%)
PharmaMar	27,661	25,753	7.4
Noscira	9,891	9,258	6.8
Genómica	532	327	62.7
Sylentis	1,434	571	151.1
GROUP TOTAL	**39,518**	**35,909**	**10.1**

Net revenue

Group net revenues totalled 82.7 million euro in 9M07, 23.6% more than in the same period the previous year (66.9 million euro).

Revenues at the consumer chemicals subsidiaries totalled 58.8 million euro (60.7 million euro in 2007) and accounted for 71% of total Group revenues through September 2008 (91% in 2007).

Revenues in the Biopharmaceutical business amounted to 22.97 million euro (5.38 million in 9M07): 19.6 million euro at PharmaMar from Yondelis sales (2.9 million euro in 9M07) and 3.3 million euro at Genómica (2.5 million euro in 9M07). Sales in this sector accounted for 28% of Group net revenues.

R&D expenditure

R&D expenditure increased 10% year-on-year. A total of 39.5 million euro was spent on research and development in the first nine months of 2008, broken down as follows: PharmaMar 27.7 million euro (25.7 in 9M07), Noscira 9.9 million euro (9.3in 9M07), Sylentis 1.4 million euro (0.6 in 9M07) and Genómica 0.5 million euro (0.3in 9M07).

Marketing and commercial expenses

Marketing and commercial expenses amounted to 24.6 million euro in 9M08, 10.6% more than in 9M07 (22.2 million euro).

The Consumer Chemicals division accounted for 16.1 million euro, an 11.5% reduction on 9M07 (18.2 million euro).

Within the Biotechnology segment, PharmaMar spent 7.8 million euro (3.4 million euro in 9M07) and Genómica 0.6 million euro (0.6 million euro in 9M07).

EBITDA

Group EBITDA increased by 30.3% year-on-year. EBITDA in 9M08 amounted to -21.5 million euro, compared with -30.8 million euro in 9M07; the improvement is due basically to 23.1 million euro in net revenues in the biotechnology segment (19.8 million euro corresponding to sales of Yondelis), plus other revenues from 1H08 such as 6.5 million euro (10 million dollars) in connection with the licensing agreement with J&J, (PharmaMar recovered the Japan sales territory for Yondelis and collected a payment of 10 million dollars from J&J) **.**

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

Cash

The net cash position, defined as cash and cash equivalents, plus current financial assets (69.2 million euro) minus short-term financial debt (32.9 million euro), totalled 36.3 million euro in September 2008. Long-term debt amounted to 85.6 million euro, of which 54.5 million euro was bank debt and 31.1 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 grace period.

The cash position is not expected to differ substantially at year-end, since the Company expects to receive the bulk of government R&D funding, subsidies and refundable advances in the fourth quarter. Also, the Consumer Chemicals companies normally receive the bulk of collections in the second half of the year, after the spring and summer seasons. Payment from Yondelis sales is expected to increase in the fourth quarter in line with sales in the third quarter, when the reimbursement price was approved in several densely populated countries, and it also expects to receive a payment under the license contract with J&J.

The Company can also draw on around 20 million euro in long-term and short-term finance as needed.

Cash and cash equivalents + current financial investments	69,191
Short-term interest-bearing debt	32,860
Long-term interest-bearing debt	85,558
Bank debt	*54,481*
Government agencies: R&D funding (interest-free debt)	*31,077*

BUSINESS PERFORMANCE.

Below is an overview of the group companies' business performance in the first nine months of 2008.

A) Consumer chemicals:

Xylazel

During the third quarter of 2008, the downturn in the construction sector has continued to worsen, leading to a stagnation in the professional paint sector, particularly the painting of newly-built homes. This stagnation, coupled with the banks' policy of restricting all lending to the construction sector and related businesses, has negatively affected a significant number of our clients, especially paint wholesalers, leading to longer debt collection periods as well as a drastic reduction in sales.

In this delicate market context, sales through September 2008 were 9.7% lower than in the same period last year.

Meanwhile, the prices of commodities (particularly oil derivatives, which represent a large percentage of our supplies) and containers have continued to rise over the course of the year. As a result, the cost of sales increased 10.5% with respect to the same period last year, and the market situation prevented that increase from being passed on fully into sale prices.

We have enhanced our cost-cutting policy in general and in particular on mass media advertising, and are focussing more on publications for professionals and retailers.

As a result, EBITDA accumulated to September 2008 amounted to 20.4% of net revenue, up 3.3 percentage points from the previous year, when the EBITDA margin was 17.1%. Accumulated net profit rose 17.5% with respect to the same period last year.

Also of special note is the September launch of new products , primarily in the OXIRITE anti-rust range, which are extremely innovative as they are the first water-based products of their kind in Spain.

Zelnova

Sales in 9M08 were practically the same as in 9M07. Growth in exports by 17% (by Zelnova and its Italian subsidiary Copyr) offset the decline in domestic demand resulting from adverse weather conditions in May and June and the generally weak economic situation overall.

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

(Thousand euro)	**Sept 2007**	**Sept 2008**	**Change**	
Domestic own brands (*)	31,827	30,327	- 1,500	- 4.7%
Domestic private label brands (*)	5,578	5,599	+21	0.3%
Exports	7,056	8,248	+1,192	+ 16.9%
Total net sales	**44,461**	**44,174**	**- 287**	**-0.6%**

(*) Domestic: Spain and Italy

B) Biopharmaceutical sector:

PharmaMar:

Net sales of Yondelis amounted to 19.8 million euro in the first nine months of 2008. This figure includes sales in European countries where prices are not regulated (Germany, the UK) or where the price has been approved by the corresponding health authorities (Austria, Sweden, Norway, Finland, Denmark, Iceland, Greece, Ireland, Holland, the Czech Republic and Spain). In the third quarter, new specialised oncological sales agents were added in Portugal, Switzerland, Italy and France in order to strengthen the sales teams in those countries, where commercial sales are expected to commence in the fourth quarter.

Regarding the compounds in clinical development:

Yondelis

- Ovarian cancer

On 15 September 2008, the European Society for Medical Oncology (ESMO) Congress was held in Stockholm; results from the randomised pivotal Phase III trial with Yondelis® in combination with Doxil® in ovarian cancer carried out on 672 patients at 124 hospitals in 21 countries worldwide were selected for presentation at the 2008 Presidential Symposium. It is the largest clinical trial carried out to date on refractory ovarian cancer. Only clinical trials whose results augur a change in standard clinical practice are selected for the ESMO Presidential Symposium.

PharmaMar plans to present the application to market for this indication to the European Medicines Agency (EMEA) in the last quarter of 2008. Ortho Biotech Products, L.P. confirmed to PharmaMar that it plans to present the corresponding application for Yondelis® on ovarian cancer (New Drug Application, NDA) to the US FDA before 2008 year-end. The decision with regard to Yondelis® for treating ovarian cancer in the European Union and the US could be made in 2009.

- Other indications

Recruitment for phase II trials in metastatic breast cancer and myxoid liposarcoma in neo-adjuvance is continuing at an acceptable rate. Analysis of data from the Phase II trial on prostate cancer has begun.

Administrative paperwork for the Phase II trial in lung cancer has been completed.

Recruitment continues on schedule for Yondelis trials led by cooperative groups in the US: two paediatric trials (phase I and phase II), a phase II trial in ovarian cancer in combination with docetaxel, and a phase II trial in uterine leiomyosarcoma.

Aplidin

- Peripheral T-cell lymphoma

The study has been expanded with a view to focussing recruitment on peripheral T-cell lymphoma, confirming activity and obtaining sufficient information to discuss a registration strategy for this indication with the EMEA and the FDA. The number of participating centres, including hospitals, has increased to include Italy, Argentina, Peru and the US.

- Multiple myeloma

The ethics committees and competent authorities have authorised the commencement of studies with Aplidin in combination with lenalidomide and bortezomib for patients with multiple myeloma.

- Solid tumours

The ethics committees and competent authorities have authorised the commencement of a study in France with Aplidin in combination with sorafenib and gemcitabine.

Recruitment for the Aplidin trial in combination with dacarbazine to treat metastatic myeloma exceeded expectations for this quarter.

The FDA has accepted PharmaMar's proposal for the production of Aplidin®, a new marine-derived anti-tumour drug which is under clinical development for the treatment of solid and haematological tumours. The intermediate products through which the company commences the drug production process have been approved. The green light from the FDA confirms PharmaMar's strategy for producing Aplidin®, for which the process is now completely defined. The FDA requires drug-producing companies to submit complete documentation as regards the synthesis of their drugs. The information, together with the regulator's decision, is attached to the drug's registration dossier.

Zalypsis

Patient recruitment in the third quarter of 2008 was excellent. As a result, dose escalation in the various Phase I trials has progressed sufficiently to set the maximum tolerated dose (MTD) of Zalypsis® for three different administration patterns.

Zalypsis® has a good safety profile and it is easily used in clinical trials. Recruitment of patients continues to confirm the recommended dose (RD) and the best administration pattern for future Phase II trials.

A study evaluating the safety of Zalypsis® on 37 patients with solid tumours or lymphoma was presented at the 20th Annual Symposium of the European Organization for Research and Treatment of Cancer (EORTC), the US National Cancer Institute (NCI) and the American Association for Cancer Research (AACR), held on 21-24 October in Geneva (Switzerland). The trial shows that the drug has a good safety profile, ensuring that clinical development will continue. This work was carried out in collaboration with the Institut Gustave Roussy (Villejuif, France) and the Northern Centre for Cancer Treatment (Newcastle, UK).

Irvalec (formerly PM02734)

Recruitment for Phase I clinical trials is proceeding faster than expected, and the recommended dose has already been established for the 24-hour infusion pattern. Paperwork to initiate two new clinical trials has begun: a Phase I trial in combination with tarceva, and a Phase II trial as monotherapy against lung cancer.

During 3Q08, pre-clinical trials using in vitro models of colon, breast, ovarian and lung tumours have been completed, confirming the correlation that exists between sensitivity to Irvalec and ErbB3 expression levels. The correlation between the epithelial phenotype and sensitivity to Irvalec has been demonstrated in a panel of pancreas tumour cell lines.

A study evaluating Irvalec® in colon, breast, ovarian, lung, prostate, head, neck and pancreas cancer cell lines was presented at the 20th Annual Symposium of the European Organization for Research and Treatment of Cancer (EORTC), the US National Cancer Institute (NCI) and the American Association for Cancer Research (AACR), held on 21-24 October in Geneva (Switzerland). Cytoxicity data obtained with Irvalec® was compared with five other compounds that inhibit the Erb-B/HER pathway. Irvalec® showed significant antiproliferative activity at doses that can be attained in clinical trials, and a more powerful effect than obtained with the other five inhibitors used in the trials; it also displays a distinctive activity profile. The trial was carried out in collaboration with Beaujon University Hospital (Clichy, France).

PharmaMar presented two other papers at the meeting in Geneva in which it evaluated the therapeutic potential of Irvalec® and Zalypsis® in paediatric tumours. The trials were carried out by PharmaMar's Research and Development department in collaboration with Emma Children's Hospital (Amsterdam, Netherlands), the University Children's Hospital (Münster, Germany) and Institut Gustav Roussy (Villejuif, France), and members of the European Consortium for Innovative Therapy for Children with Cancer (ITCC), which brings together 35 centres specialised in paediatric oncology in six European countries.

Noscira

NP-12 - Alzheimer

Clinical and pharmacokinetic results have been received from the second study administering NP-12 for 14 days to healthy elderly volunteers at the Clinical Pharmacology Unit of CRO Parexel in Berlin; completion of this trial was reported in our 1H08 report. The results defined the compound's dose in the current pharmaceutical formulation, which will be administered during the first Phase II clinical trial on patients with Alzheimer's disease.

We received an answer from the EMEA to our questions submitted months earlier (also mentioned in our 1H08 report) with respect to the aforementioned Phase II trial, and its recommendations have been included in the approach and design.

During the period, the advice of the European Medicines Agency (EMEA) was sought with regard to the design of the Phase II trial that is due to commence in the fourth quarter of 2008.

Results obtained in the administration of NP-12 to a double transgenic mouse as a model of Alzheimer's disease were presented at the end of July at the International Congress on Alzheimer's Disease (ICAD), held in Chicago. Administering NP-12 to these mice, which present deposits of hyperphosphorylated tau protein and Beta-amyloid plaques, led to a significant reduction in both types of deposits, a reduction of inflammatory gliosis, and, most importantly, a reduction of neuron loss (the ultimate cause of the progressive extensive deterioration), all of which are decisive factors associated with Alzheimer's disease. This trial was carried out to complement the preclinical information already available, in parallel to our trials with healthy volunteers, and the results confirm the compound's potential modifying effect.

NP-12 - PSP

A Phase II clinical trial in which NP-12 will be administered to patients with Progressive Supranuclear Paralysis (PSP) is being designed and prepared.

PSP is a neurodegenerative disorder which is manifested clinically in the form of bradykinesia, gait disorders, oculomotor dysfunction, dysarthria, dysphagia and mental deterioration; pathologically, it is characterized by hyperphosphorylated tau deposits in the brain. By avoiding the hyperphosphorylation of tau deposits through inhibition of the GSK 3 enzyme, NP-12's action

mechanism makes it a possible option for treating PSP, a highly debilitating disease for which there is no effective treatment at the moment.

The phase I trial with NP-12 for Alzheimer's is also applicable to PSP; for this reason we will directly commence Phase II trials with NP-12 for PSP.

NP-61

Preparations have been made for the next Phase I trial with NP-61, and regulatory authorities in the UK finally authorised the trial in late September. Patient recruitment will begin shortly.

Genómica:

Genómica, the subsidiary specialised in clinical diagnosis and forensic genetics, ended 3Q08 with revenue up 31% with respect to 2007, exceeding 3.3 million euro. Clinical diagnoses, which account for 80% of revenue, increased significantly with respect to the same period in 2007.

Génomica sells CLART® Papillomavirus, a test to detect up to 35 papillomavirus genotypes using low-density array platforms for in vitro diagnosis; sales in the quarter amounted to 1.9 million euro, up 36% with respect to the same period in 2007. Human papillomavirus (HPV) is currently considered one of the leading causes of cervical cancer, and its diagnosis is therefore of utmost importance.

On 1 August, Genómica signed a contract with the Castilla León Regional Government's Health Ministry to supply reagents for the automatic detection and typing of HPV using molecular biological in vitro diagnosis as part of the Programme for the Prevention and Early Detection of Cervical Cancer, currently being implemented in the region. The screening programme is included in the European Network for Cervical Cancer Screening, as part of the Europe Against Cancer programme (ECCSN, European Cervical Cancer Screening Network).

Forensic genetics, which accounts for 20% of revenue, increased 32% with respect to 3Q07, to 0.66 million euro.

Genómica's experience and best practices, as the only privately-owned laboratory in Spain with ENAC-ISO 17.025 certification for genetic-forensic identification and analysis on human tissues and fluids, stem cells, adipocytes and cells in suspension, enabled the renewal in September of the cooperation agreement with the Spanish Civil Guard Forensics Unit to provide human DNA identification services.

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BALANCE SHEET *(Thousand euro)*	30 Sep 08	31 Dec 07
ASSETS		
Non-current assets	**84.901**	**82.760**
Property, plant & equipment	41.291	39.332
Investment properties	8.324	8.350
Intangible assets	11.065	10.919
Deferred tax assets	18.890	19.418
Long-term financial assets	2.783	2.193
Goodwill	2.548	2.548
Current assets	**142.047**	**149.566**
Inventories	23.564	19.329
Customer and other receivables	37.117	24.086
Other current assets	4.902	4.233
Receivable from public authorities	7.273	4.061
Current financial assets	45.312	61.332
Cash & cash equivalents	23.879	36.525
TOTAL ASSETS	**226.948**	**232.326**

BALANCE SHEET *(Thousand euro)*	30 Sep 08	31 Dec 07
EQUITY		
Shareholders' equity	**64.734**	**95.723**
Share capital	11.110	11.110
Share premium	323.286	324.382
Treasury shares	-29.368	-24.745
Revaluation and other reserves	-13	0
Retained earnings and other reserves	-240.281	-215.024
Minority interest	**0**	**3.091**
TOTAL EQUITY	**64.734**	**98.814**
LIABILITIES		
Non-current liabilities	**90.955**	**78.059**
Financial debt	85.558	72.528
Derivatives	0	10
Deferred tax liabilities	4.500	4.495
Non-current deferred revenues	625	796
Other non-current liabilities	272	230
Current liabilities	**71.259**	**55.453**
Supplier and other accounts payables	25.820	22.729
Financial debt	32.860	21.629
Provisions for other liabilities & expenses	5.704	4.834
Current deferred revenues	3.349	3.551
Other current liabilities	3.526	2.710
TOTAL LIABILITIES	**162.214**	**133.512**
TOTAL LIABILITIES AND EQUITY	**226.948**	**232.326**

INCOME STATEMENT *Thousand euro*	30 Sep 08	30-Sep-07	Chg. (%)
Net revenues	82.742	66.931	23,6%
Cost of sales	-32.224	-30.168	6,8%
Gross income	**50.518**	**36.763**	**37,4%**
General and administration expenses	-13.771	-8.711	58,1%
Research & development expenses	-39.518	-35.909	10,1%
Marketing & commercial organisation expenses	-24.559	-22.204	10,6%
Other operating expenses	-4.381	-5.336	-17,9%
Other operating revenues	10.201	4.528	125,3%
Other revenues and (expenses)	19	27	-29,6%
EBITDA	**-21.491**	**-30.842**	**-30,3%**
Depreciation, amortisation and provisions	-4.288	-4.393	-2,4%
Net operating profit (loss) (EBIT)	**-25.779**	**-35.235**	**-26,8%**
Net financial results	-2.252	-961	134,3%
Loss before taxes	**-28.031**	**-36.196**	**-22,6%**
Corporate income tax in the period	0	0	
Loss for the year	**-28.031**	**-36.196**	-22,6%
Attributable to minority interest	3.091	3.855	-19,8%
Attributable to equity holders of the parent	**-24.940**	**-32.341**	**-22,9%**

CONSOLIDATED CASH FLOW STATEMENT		30 Sep 08
A)	**NET CASH FLOW FROM ORDINARY ACTIVITIES**	**-38.826**
1	**Profit/(loss) before tax**	**-28.031**
2	**Adjustements for:**	**7.124**
+	Amortisation and depreciation	4.169
(+/-)	Other adjustements	2.955
3	**Variation in working capital**	**-14.910**
4	**Other net cash flow**	**-3.009**
(-)	Financial expenses	-4.003
(+)	Financial revenues	994
B)	**NET INVESTMENT CASH FLOW**	**9.153**
(-)	Purchases of property, plant & equipment and intangible assets	-6.000
(-)	Other financial assets	-703
(+)	Sale of financial assets	15.856
C)	**CASH FLOW IN FINANCING ACTIVITIES**	**17.027**
1	**Cobros y (pagos) por instrumentos de patrimonio:**	**-7.187**
(-)	Amortización	-1.096
(-)	Purchase of treasury shares	-7.191
(+)	Enajenación	1.100
2	**Cobros y (pagos) por instrumentos de pasivo financiero:**	
(+)	Funds from debt	29.636
(-)	Repayment from debt	-5.422
D)	**VARIATION EXCHANGE RATES EFFECTS**	0
E)	**NET DECREASE/INCREASE IN CASH AND CAHS EQUIVALENTS**	**-12.646**
F)	**STARTING BALANCE OF CASH AND CASH EQUIVALENTS**	**36.525**
G)	**ENDING BALANCE OF CASH AND CAHS EQUIVALENTS**	**23.879**

NET CASH POSITION	
CASH AND CASH EQUIVALENTS	23.879
CURRENT FINANCIAL ASSETS	45.312
FINANCIAL DEBT	-32.860
TOTAL NET CASH POSITION	**36.331**