

JANUARY – DECEMBER 2010 RESULTS

28th February 2011.

P/L Account

<i>Thousands of €</i>	Dec-10	Dec-09	Var.
Net sales	202,507	195,320	3.7%
Other operating income	10,793	6,169	75.0%
Operating expenses	181,719	167,512	8.5%
Amortization and depreciation	9,041	8,616	4.9%
EBIT	22,540	25,361	- 11.1%
Financial Results	(3,085)	(5,405)	42.9%
Profit before tax	19,455	19,956	- 2.5%
Net profit	20,002	21,280	- 6.0%

Throughout 2010, we have seen how the Government has adopted hard measures with the only objective of reducing public deficit. The pharmaceutical industry has been one of the main targets of Public Administration, and so in Spain and Portugal as main markets of Faes Farma Group, we have suffered significant price cuts of 7.5% and 6%, respectively, which have harmed our results.

Net sales grow, in spite of these significant price cuts over our sales, but this increase would have been double if we did not consider the aforementioned cuts.

The most significant event of the year has been local approval of Bilastine in several countries after the EMEA's consent. This fact has substantially increased "Other operating income" as the licence agreements, already signed, have consolidated.

Operating expenses grow after the great commercial effort made during 2010 due to the launch of the anti-inflammatory Etoricoxib (Acoxxel in Spain and Turox in Portugal), Cinfa's generic line in Portugal and international expansion.

Comparisons with previous exercise on the main operating figures present negative variations exclusively caused by the mentioned cuts. Without them, they would have improved considerably, reaching the predicted objective of a two digit growth.

The financial results improve Profit before tax, but a higher Income tax along with the described factors, do not allow us to equal the previous Net Profit.

CORRECTED 2010 P/L ACCOUNT

<i>Thousands of €</i>	Dec-10	Dec-09	Var.
Net sales	208,049	195,320	6.5%
Other operating income	10,793	6,169	75.0%
Operating expenses	181,719	167,512	8.5%
Amortization and depreciation	9,041	8,616	4.9%
EBIT	28,082	25,361	10.7%
Financial Results	(3,085)	(5,405)	42.9%
Profit before tax	24,997	19,956	25.3%
Net Profit	24,022	21,280	12.9%

In this table we observe a corrected 2010 P/L Account, in which the price cuts approved by Spain's and Portugal's Government have not been considered. EBIT would have grown +10.7%, EBITDA +15%, Profit before tax an excellent +25% and Net Profit +12,9%, in line with the forecast that was advanced at the beginning of the exercise.

2011 FORECAST

- No new Government price cuts are expected.
- Launches expected in Spain for the first quarter are: Ristaben / Ristfor (anti-diabetics) and Bilaxten (Bilastine). In Portugal during the second semester, Bilaxten (Bilastine), an anti-osteoporotic, and an analgesic for oncology.
It will, therefore, be a year with several and important news that announce an optimistic future for next exercises.
- Bilastine will be launched in Spain in March and during the last quarter of the year in several other European countries: France, Italy, Portugal, etc...
- The signing of some licence agreement for Bilastine is expected in such important countries as Japan, China, Australia, etc...
- We will strengthen our international presence in emerging countries, where there are good prospects both for the medicine business as for animal health and nutrition, through our subsidiary Ingaso Farm.
- As a consequence and summarizing what has been mentioned, we expect for 2011 a Net Profit growth of two digits.