JANUARY - JUNE 2011 RESULTS

July 29, 2011

P&L Account

Thousands of €	**06/2011**	**06/2010**	**Var.**
Net sales	110,102	106,631	3.3%
Ministry of Health discounts	4,336	676	541.4%
Other operating income	3,652	3,401	7.4%
Operating expenses	93,252	89,199	4.5%
Amortization and depreciation	4,684	4,458	5.1%
EBIT	11,482	15,699	- 26.9%
Financial results	(1,192)	(2,060)	42.1%
Profit before tax	**10,290**	**13,639**	**- 24.6%**
Income tax	125	(946)	113.2%
Net profit	**10,415**	**12,693**	**- 17.9%**

Promotional investment and public deficit

Our margins during the first semester have been determined by two main factors: the effect of the Ministry of Health´s compulsory discounts and the launch of new products.

The 7.5% compulsory discount over sales made to the Spanish National Health System began on June 2010, so the first semester of 2011 includes five months of negative comparison.

The Portuguese Ministry of Health established a 6% discount over sales since last October, which means that first semester´s sales of our Portuguese subsidiary also compares negatively with 2010.

Both discounts add up to 4.3 million euros against 0.6 million of the previous year.

On the other hand, Faes Farma has launched four new products in little less than a year. The anti-inflammatory Acoxxel (MSD´s etoricoxib) half way through 2010, two anti-diabetics (MSD´s Ristaben and Ristfor) at the beginning of the year and our anti-histaminic Bilaxten.

Bilastine´s launch in Spain, which took place in April, has been a clear success, obtaining in its third month of sales (June) a market share of 9.5%. We consider this precedent very relevant, since it guides on the predictable global evolution of this molecule during 2011 and specially on the foregoing years.

These four products have an important sales potential for the next years but, as it is well known, new products in competitive markets are great cash consumers. In order to guarantee a significant market share, there must be a big promotional investment during one or two years which erodes short term results but strengthens results expectations in the mid term.

Our Strategic Plan includes all this and forecasts an increase of 50% in net profit in 2013 in relation to 2010, and doubles it in 2014.

Net sales grow 3.3% due to new products, improvement in exportations and consolidation of the animal health and nutrition business.

Operating expenses, which increase 4 million euros (4.5%) compared to the first semester of 2010, only reflect part of the promotional expense increase, due to the expense restraint made in other items, which add to the improvement of financial and tax costs.

We have previously commented on the serious harm the drastic governmental measures to control public expense and reduce deficit have made to the sector. We do not want to be repetitive, but we cannot ignore this damage and the devastating effect it has had on our P&L Account. Without these discounts, and with the same operating expenses, evolution of Net Profit would have been positive, when on the contrary, we have presented an 18% reduction.

Faes Farma Group
Investor Relations Department
Email: accionistas@faes.es - Tlf: 901 120 362
Web: www.faes.es