BUSINESS PERFORMANCE
IN 1H2011

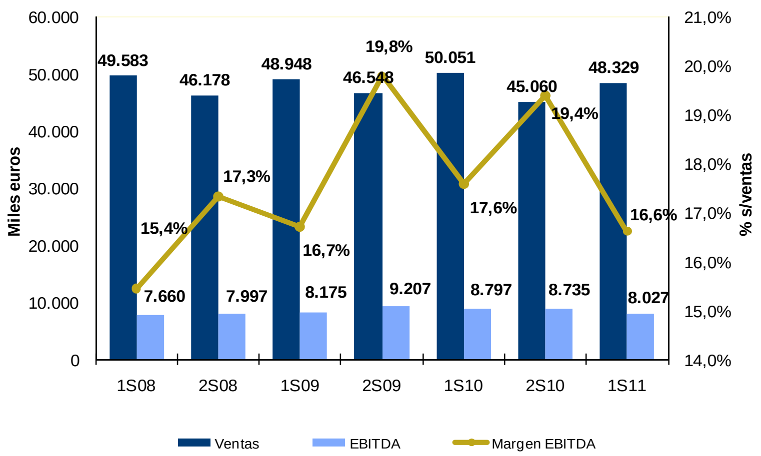
1. Key Events in 1H2011

- ✓ The PRIM Group's **revenues** declined 3.4% to **48.33 million euro**.
- ✓ **EBITDA also fell, by 8.8%**, to **8.03 million euro**, and the **EBITDA margin** declined to **16.6%.**
- ✓ **Net profit** totalled **5.10 million euro**, i.e. -12.4% compared with 1H10.
- ✓ **Net debt** was reduced to **21.15 million euro**, just 30% of equity.

The PRIM Group was not immune to the macroeconomic situation in the first half of 2011, and was particularly impacted by the new measures implemented to curb public spending at several levels of Spain's health administration. In this context, PRIM implemented a cost containment policy in the period with a view to tempering the effects of the decline in revenues; nevertheless, the current situation did impact the company's results.

In addition to the effort to keep expenses under control, PRIM maintained a healthy financial position and continued with debt collection efforts in order to weather any liquidity problems that may arise at the group companies. Once again, this strategy enabled the company to maintain especially low debt.

Half-yearly Performance



Unaudited data

2. Operating environment

After a moderate recovery in the first quarter, the most recent data available on the second quarter reflects another decline in activity. Spain's GDP grew 0.7% in 2Q11, i.e. 0.1 point less than in 1Q11 (0.8%). According to advance estimates from the National Statistics Institute (INE), GDP expanded by 0.2% in 2Q11 with respect to 1Q11 (growth in 1Q11 was 0.3% with respect to 4Q10). These figures jeopardise the Government's forecasts of 1.3% growth in the full year, and other authorities expect a smaller recovery: the IMF, the Bank of Spain and the European Commission expect growth of 0.8%.

In terms of spending, the slowdown was the result of the slide in domestic demand (-1.9% y/y), which was greater than in the previous quarter and was exacerbated by weak investment in construction, and, to a lesser extent, the decline in public expenditure. In contrast, foreign demand again provided a positive contribution to the national accounting figures, due to tourism, an increase in exports and a decline in imports.

On the supply side, the recovery in industrial activity visible at the end of 2010 and in early 2011 was also interrupted in the second quarter of this year. As a result, job destruction continued in the period, albeit at a slightly slower pace than in the first quarter. The upward trend in prices was discontinued and inflation began to decline moderately as the effects of higher oil prices in 2010 began to disappear. The year-on-year variation in the CPI was 3.1% in July (3.8% in April).

Global economic performance in recent months was marked by heightened tensions in the euro area's sovereign debt market and a slight decline in the pace of economic recovery in some leading developed economies (in 2Q11, GDP grew 0.2% in the euro area, but remained flat in Germany and France), which increased uncertainty about whether or not the recovery was temporary. Concerns about a double-dip recession in the US continued and, as a result, the Federal Reserve decided to maintain interest rates at 0% for two more years.

The exacerbation of the sovereign debt crisis in the euro area, the delay in approving Greece's second bail-out package, and the spread of turbulence to Spain and Italy had a particularly intense impact on financial markets, which saw a significant upswing in risk premiums, leading to sharp losses by equities (especially from June onwards). However, the principal markets ended the half-year in positive territory. In the period, the IBEX 35 gained 5.1%, in line with the S&P500 (+5%) and outstripping the EURO STOXX 50 (+2%).

3. Income Statement Analysis

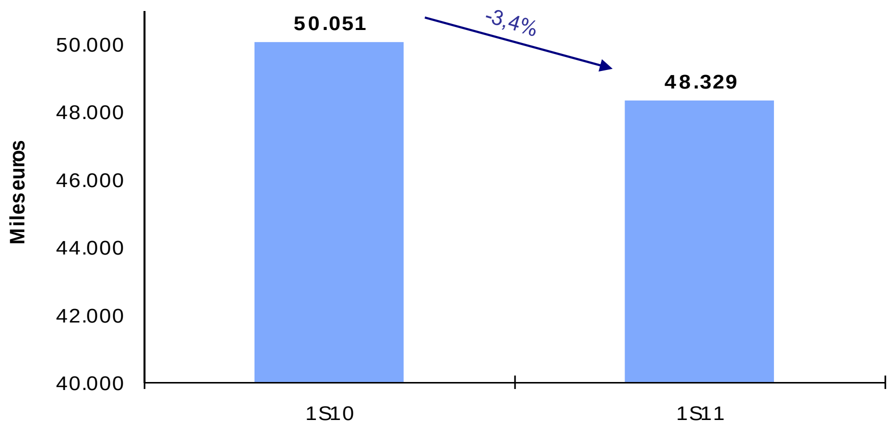
PRIM's key figures in 1H2011 are shown below:

Eur '000	1H11	1H10	Change	% Change
Net Sales	**48.329**	**50.051**	**-1.722**	**-3,4%**
EBITDA	**8.027**	**8.797**	**-770**	**-8,8%**
% sales	*16,6%*	*17,6%*		*-1,0pp*
EBIT	**6.726**	**7.570**	**-844**	**-11,1%**
% sales	*13,9%*	*15,1%*		*-1,2pp*
EBT	**7.111**	**8.077**	**-966**	**-12,0%**
Net Income	**5.104**	**5.824**	**-720**	**-12,4%**
% sales	*10,6%*	*11,6%*		*-1,1pp*

Unaudited data

The PRIM Group's earnings were affected by the weak economy, especially in Spain, where new measures were implemented to contain public spending at the various levels of the Health Administration. The group ended the first six months of 2011 with a 3.4% decline in **revenues,** to 48.33 million euro, due primarily to weak sales to the public sector.

Sales



Unaudited data

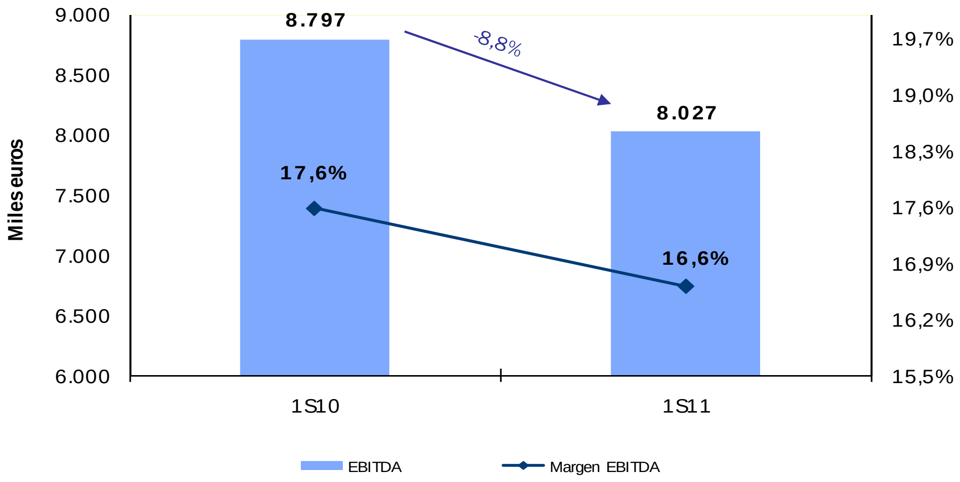
As a result of this reduction in activity, **procurement expenditure** declined by 0.9% to 19.92 million euro, accounting for 41% of sales, i.e. slightly higher than last year (40%).

Personnel costs also declined, to 12.77 million euro, down 0.1% compared with the same period last year; the average workforce also fell, from 499 in 1H10 to 494 in 1H11.

The item that fell most notably was **other operating expenses**, which amounted to 7.77 million euro, down 10.8% compared with the same period last year.

Despite efforts to contain operating expenses, the decline in revenues reduced Group **EBITDA** by 8.8% during the period, to 8.03 million euro. The EBITDA margin was reduced to 16.6%, down one percentage points compared with 1H10.

EBITDA



Unaudited data

Depreciation and amortisation increased in the first six months, amounting to 1.30 million euro (+6% with respect to 1H10). As a result, **EBIT** declined, to 6.73 million euro (-11.1% compared with 1H10), as did the EBIT margin, to 13.9%, i.e. 1.2 percentage points lower than in 1H10.

The positive performance of PRIM's **financial earnings**, attributable to the significant increase in revenues (up 82% with respect to 1H10 as a result of booking default interest paid by various public health administrations), offset the increase in financial expenses in the period (+203% compared with last year).

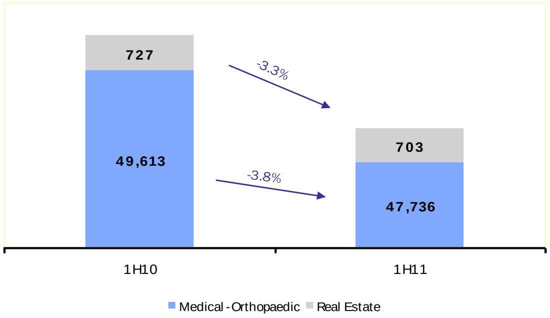
The decline in Group operating earnings reduced EBT by 12%, to 7.11 million euro. **Net profit attributable to the parent company fell by 12.4% to 5.10** million euro.

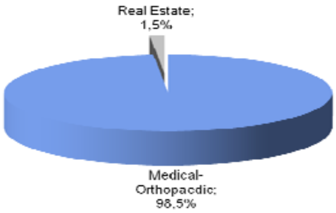
4. Revenue performance by line of business and geographic area

The **medical supply** business, which includes hospital and orthopaedic supplies and affiliates, registered a decline of 3.8% in the first six months of the year. This performance was due primarily to the deterioration in demand, especially in Spain, from public sector clients (primarily hospitals) as a result of the cost containment measures implemented by the central government. This combined with already weak demand from private sector customers, an area covered by the Group's affiliates which continues to be affected by the deterioration of the economic situation and the credit crunch.

The **real estate** business, which includes leasing the company's former offices at Avenida Llano Castellano in Madrid, registered 0.70 million euro in revenues, 3.3% less than in 1H10. In any event, this item still accounted for a very small portion of total revenues in the period (i.e. 1.5%).

Revenues by activity



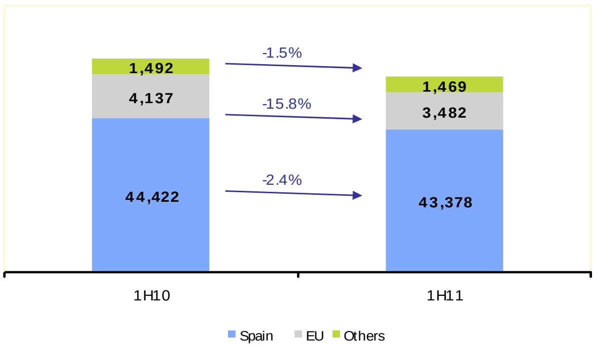


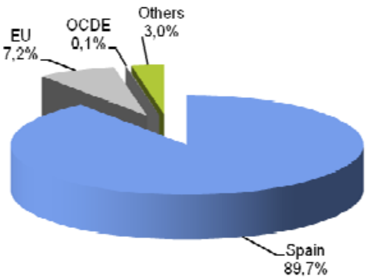
Unaudited data

Sales in Spain, which accounted for 89.7% of the Group total, were affected by the deterioration of the Spanish economy and containment of public health spending, which led to a decline in revenues to 43.38 million euro (-2.4% compared with 1H10).

This was compounded by the poor performance of sales in Europe, which declined to 3.48 million euro, 15.8% less than in 1H10, due primarily to the slowdown in demand from private sector customers. As a result, exports increased their share of total Group revenues to 10.2% (11.2% in 1H10).

Breakdown of sales by geographical area





Unaudited data

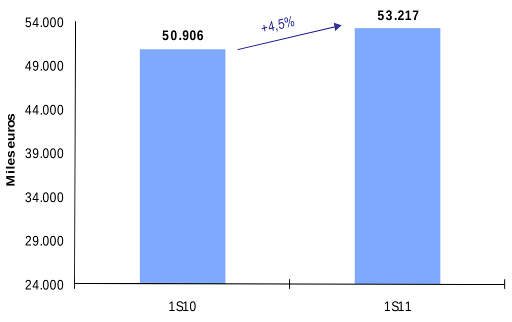
5. Consolidated balance sheet

The PRIM Group maintained its strategy of having a solid financial structure to avoid liquidity problems. Any customer wishing to buy on credit is screened using the Group's procedures for assessing solvency, and accounts receivable are continuously monitored to assess customer balances and performance by type and geographic area. As a result of these efforts, the Group's doubtful accounts receivable are not material.

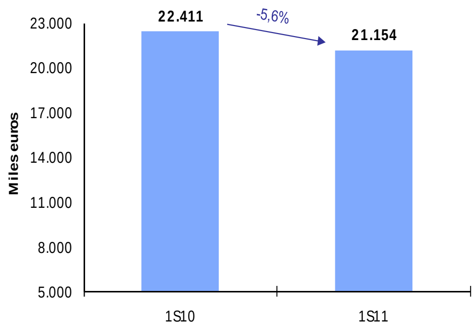
However, the high percentage of public sector clients (mainly hospitals) led to another increase in **working capital** (+4.5%), due primarily to the +10.8% increase in short-term customer receivables to 59.91 million euro. Nevertheless, the Group's debt did not expand, and PRIM reduced **net interest-bearing debt** in the period to 21.15 million euro, down 5.6% compared with 1H10. Consequently, **leverage** improved once again to 30% of equity (33% at the end of June 2010).

Treasury stock was reduced to 2.5 million euro as the company had 356,298 shares at the end of 1H11 (2.05% of capital, compared with 2.28% at the end of 1H10 and 2.38% at 2010 year-end).

Working capital



Net debt



Audited data

6.Regulatory disclosures to the CNMV in the period

An interim dividend out of 2010 income amounting to 0.05 euro gross per share was paid on 21 January.

On 25 June, the Shareholders' Meeting approved the distribution of a supplementary dividend of 0.140233 euro gross per share, to be paid on 12 July.

7. Subsequent events

A supplementary dividend out of 2010 income amounting to 0.140233 euro gross per share was paid on 12 July.

Annex 1. Consolidated Income Statement (IFRS)

Eur '000	1H11	1H10	Change	% Change
Net sales	**48.329**	**50.051**	**-1.722**	**-3,4%**
Other operating income	266	229	37	16,2%
Changes in inventories of finished goods and work in progress inventories	-112	94	-206	-219,1%
Procurements	-19.916	-20.089	173	-0,9%
Staff costs	-12.768	-12.779	11	-0,1%
Other costs / incomes	-7.772	-8.709	937	-10,8%
EBITDA	**8.027**	**8.797**	**-770**	**-8,8%**
% sales	*16,6%*	*17,6%*		
Depreciation and amortisations	-1.301	-1.227	-74	6,0%
EBIT	**6.726**	**7.570**	**-844**	**-11,1%**
% sales	*13,9%*	*15,1%*		
Financial income	1.192	655	537	82,0%
Financial costs	-891	-294	-597	203,1%
Other gains and loses	84	146	-62	-42,5%
EBT	**7.111**	**8.077**	**-966**	**-12,0%**
Income taxes	-2.007	-2.253	246	-10,9%
Earnings after taxes	**5.104**	**5.824**	**-720**	**-12,4%**
Minority interests	0	0	0	n.a.
Net profit	**5.104**	**5.824**	**-720**	**-12,4%**
% sales	*10,6%*	*11,6%*		

Unaudited data

Annex 2. Consolidated Balance Sheet (IFRS)

Eur '000	1H11	1H10	Change	% Change
Property, plant and equipment	11.630	11.573	57	0,5%
Real estate investments	3.718	3.859	-141	-3,7%
Goodwill	2.229	2.229	0	0,0%
Other intangible assets	277	299	-22	-7,4%
Non-current financial assets	4.816	4.815	1	0,0%
Available for sale financial assets	419	482	-63	-13,1%
Other non-current assets	9.738	9.702	36	0,4%
Non-current assets	**32.827**	**32.959**	**-132**	**-0,4%**
Inventories	21.144	22.120	-976	-4,4%
Trade and other receivables	59.906	54.078	5.828	10,8%
Current financial assets	19	107	-88	-82,2%
Other current assets	1	39	-38	-97,4%
Cash and cash equivalents	1.804	1.448	356	24,6%
Current assets	**82.874**	**77.792**	**5.082**	**6,5%**
Total Assets	**115.701**	**110.751**	**4.950**	**4,5%**
Share capital	4.337	4.337	0	0,0%
Share premium	1.227	1.227	0	0,0%
Reserves	61.231	56.486	4.745	8,4%
Profit for the year attributable to the parent	5.104	8.532	-3.428	-40,2%
Treasury stock	-2.501	-3.104	603	-19,4%
Interim dividend	0	0	0	n.a.
Equity attributable to shareholders of the parent	**69.398**	**67.478**	**1.920**	**2,8%**
Minorities	0	0	0	n.a.
Total equity	**69.398**	**67.478**	**1.920**	**2,8%**
Bank borrowings	13.854	13.424	430	3,2%
Long term provisions	2.229	2400	-171	-7,1%
Deferred tax liabilities	167	167	0	0,2%
Other non-current liabilities	396	396	0	0,1%
Non-current liabilities	**16.647**	**16.387**	**260**	**1,6%**
Short term provisions	0	7	-7	-100,0%
Bank borrowings	9.104	10.435	-1.331	-12,8%
Trade and other payables	17.697	16.444	1.253	7,6%
Other current liabilities	2.856	0	2.856	n.a.
Current liabilities	**29.657**	**26.886**	**2.771**	**10,3%**
Total Equity and Liabilities	**115.701**	**110.751**	**4.950**	**4,5%**
Net Financial Debt	**21.154**	**22.411**	**-1.257**	**-5,6%**

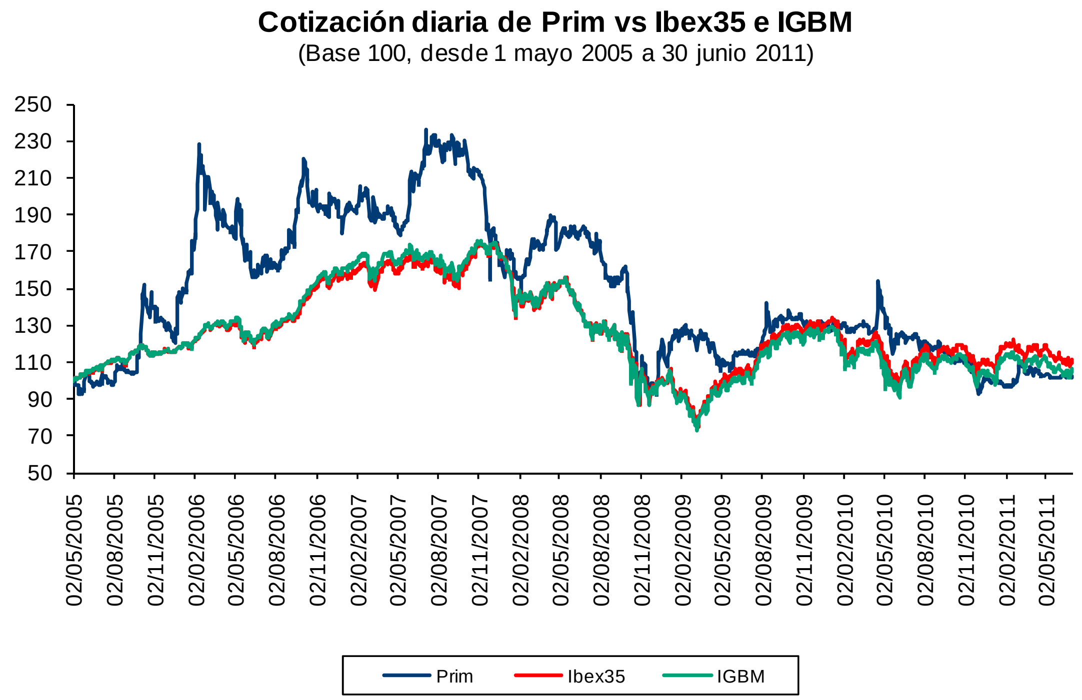
Unaudited data

Annex 3. Consolidated Cash Flow Statement (IFRS)

Eur '000	1H11	1H10	Change	% Change
Operating proceeds	46.229	47.502	-1.273	-2,7%
Operating payments	-38.886	-41.994	3.108	-7,4%
Interests paid	0	-65	65	n.a.
Dividend paid and other payments from other equity instruments	0	0	0	n.a.
Dividends received	0	30	-30	n.a.
Interests received	0	1.155	-1.155	n.a.
Proceeds (payments) from income tax	-844	-752	-92	12,2%
Proceeds (payments) from operating activities	-1.981	-4.291	2.310	-53,8%
Cash flow from operating activities	**4.518**	**1.585**	**2.933**	**185,0%**
Investments	-1.078	-1.505	427	-28,4%
Divestments	0	31	-31	n.a.
Other cash flows from investment activities	688	0	688	n.a.
Cash flow from investing activities	**-390**	**-1.474**	**1.084**	**-73,5%**
Proceeds and payments from equity instruments	283	-572	855	n.a.
Proceeds and payments from financial liability instruments	-3.053	1.031	-4.084	-396,1%
Dividends payments	-867	-99	-768	775,8%
Other cash flows from financing activities	-70	0	-70	n.a.
Cash flow from financing activities	**-3.707**	**360**	**-4.067**	**-1129,7%**
Effect of foreign exchange rate changes	**-65**	**107**	**-172**	**-160,7%**
Net increase/decrease in cash & equivalents	**356**	**578**	**-222**	**-38,4%**
Cash & equivalents at the beginning of the period	**1.448**	**2.470**	**-1.022**	**-41,4%**
Cash & equivalents at the end of the period	**1.804**	**3.048**	**-1.244**	**-40,8%**

Unaudited data

Annex 4. Share Price Performance



Daily price of Prim shares since May 2005

Share data at 30/06/2011	
Market Cap	**92.980.585**
# shares	17.347.124
Share price	5,36
Max-Min	5,80 - 5,03

Performance	PRM	Ibex-35	IGBM
2001	117,8%	-7,8%	-6,4%
2002	14,0%	-27,6%	-22,6%
2003	75,5%	26,6%	26,0%
2004	142,9%	18,0%	19,2%
2005	74,3%	18,2%	20,6%
2006	36,1%	12,6%	14,0%
2007	-14,2%	7,3%	5,6%
2008	-28,9%	-39,4%	-40,6%
2009	12,9%	29,8%	27,2%
2010	-21,7%	-17,4%	-19,2%
1H2011	**3,3%**	**5,1%**	**4.6%**

Average Daily Volume		
	# shares	€
2001	2.905	3.268
2002	4.112	6.555
2003	6.298	12.166
2004	6.605	31.440
2005*	20.805	188.362
2006	48.675	757.063
2007	36.802	462.123
2008	14.927	129.074
2009	17.169	113.848
2010	11.108	70.128
1h2011	**16.923**	**90.437**

* May 2005 starts trading at continue market