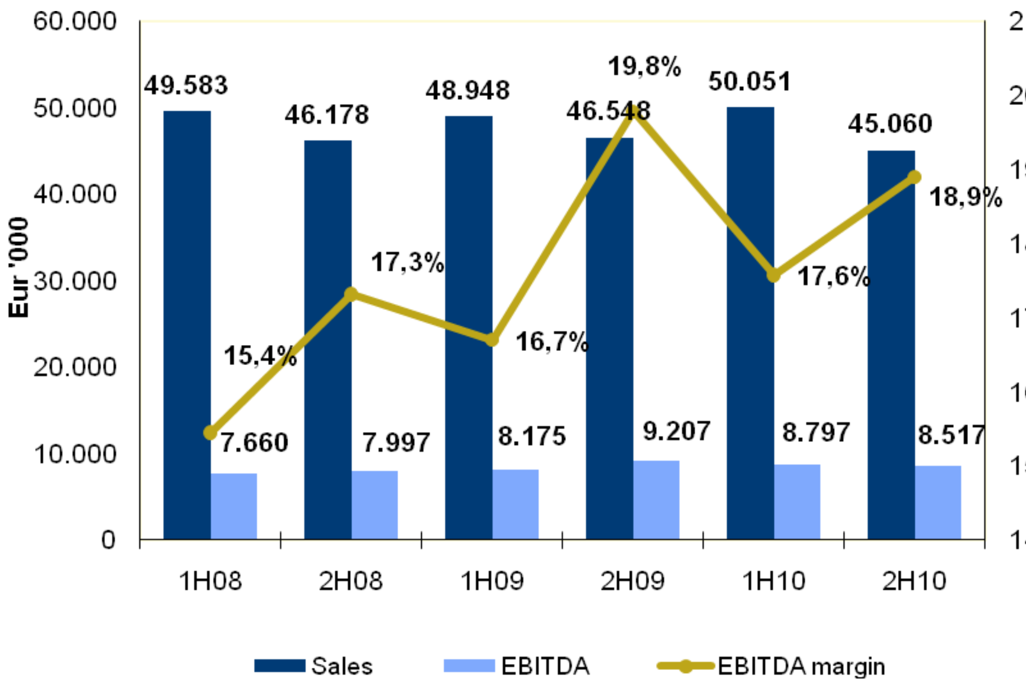
BUSINESS PERFORMANCE 2010

1. Key features of 2010

- ✓ The PRIM Group's **revenues** in 2010 were similar to 2009, and amounted to **95.11 million euro**, a decline of just 0.4%.
- ✓ **EBITDA also fell slightly, by 0.4%**, to **17.31 million euro**, and the **EBITDA margin** was stable at **18.2%.**
- ✓ **Net profit** totalled **11.54 million euro**, i.e. **+15%** compared with 2009.
- ✓ **Net debt** amounted to **22.41 million euro**, just 32% of equity and 1.3 times EBITDA.

PRIM Group strengthened its earnings in 2010 in a context of high volatility and uncertainty caused by the macroeconomic situation. The company cut costs to maintain operating earnings. This had a positive impact on the Group's operating profit margin, which was 1.3 percentage points higher in the second half of the year than in the first half of the year.

In addition to the effort to keep expenses under control, PRIM maintained a healthy financial position, enabling it to withstand any liquidity problems that may arise at the group companies. This is evident in its particularly low level of debt.



The Spanish economy seemed to show signs of a slight recovery in 2010. The most recent data shows that GDP expanded in the fourth quarter, by 0.2% q/q and 0.6% y/y; as a result, GDP declined in the full year by 0.1%. These figures are still well below other European countries, evidence of the greater impact of the crisis on Spain.

Domestic demand remained weak, although it declined in 2010 (-1.2%) by much less than in 2009 (-6%), due primarily to an improvement in industrial investment and household consumption expenditure. In contrast, greater budgetary control led to a decline in government capital expenditure. Exports expanded by 1%.

On the supply side, the modest improvement in output was not enough to generate net employment. According to Eurostat, in 2010 Spain remained the European country with the highest unemployment rate: 20.2%, i.e. double the EU average (9.6%). There were 4,231,003 unemployed persons in January 2011, the highest figure in the comparable historical series (which dates back to 1996) and the highest level in Spain during the last three years of the crisis. Inflation accelerated in 2010, reaching 3% year-on-year in December, due primarily to rising oil prices at the end of the year and higher taxes imposed to restore Spain's public accounts.

Outside Spain, economic activity continued to recover, in particular due to the strength of emerging countries. The implementation of additional expansionary monetary policies in the US provided an extra boost to the global recovery; however, there is still uncertainty that US demand will be sustainable once the stimuli are withdrawn. Tension was palpable in government debt markets in 2010. Ireland was in the eye of the storm because of its weak financial system, and the ECB and IMF were forced to bail it out in November. Fears that the situation would spread to other euro area countries (including Spain) led their risk premiums to soar, notably increasing sovereign spreads.

Global financial market performance was affected by concerns about the sustainability of the fiscal situation in some euro area economies. Accordingly, performance by the main equities indices was disparate, impacted by the perception of each country's risk premium. The IBEX 35, which was the index most affected by increasing country risk, shed 17.4%, faring much worse than the EURO STOXX 50 (-5.8%) and contrasting with the positive performance by the S&P500 (+12.8%).

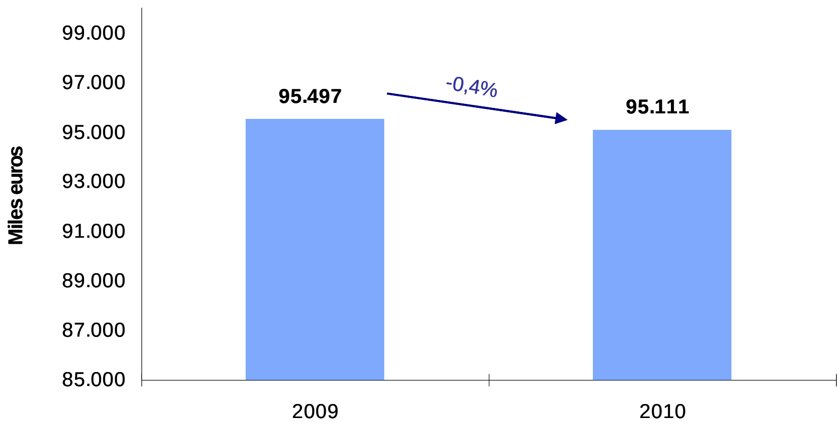
3. Income Statement Analysis

PRIM's income statement for 2010 is summarised below:

Eur '000	2010	2009	Change	% Change
Net sales	**95.111**	**95.497**	**-386**	**-0,4%**
EBITDA	**17.314**	**17.382**	**-67**	**-0,4%**
% sales	*18,2%*	*18,2%*		
EBIT	**14.738**	**14.842**	**-103**	**-0,7%**
% sales	*15,5%*	*15,5%*		
EBT	**15.831**	**14.017**	**1.814**	**12,9%**
Net profit	**11.544**	**10.035**	**1.509**	**15,0%**
% sales	*12,1%*	*10,5%*		

Despite the ongoing poor economic situation in 2010, PRIM Group ended the year with a decline in **revenues** of just 0.4%, to 95.11 million euro, due primarily to sustained sales to public sector clients, which offset the decline in sales to private sector clients in the year.

Sales



Unaudited data

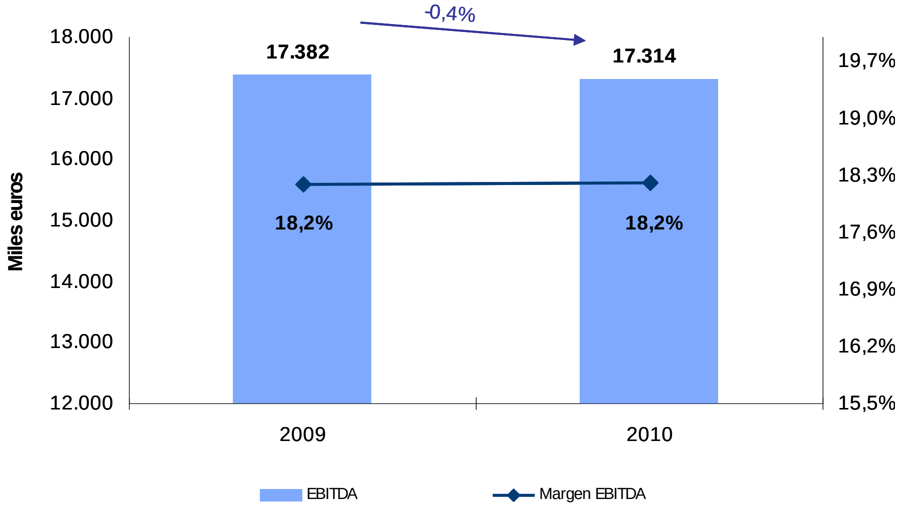
As a result of this reduction in activity, **procurement expenditure** declined by 1.9% to 38.55 million euro, accounting for 41% of sales, i.e. the same as last year.

In contrast, **other operating expenses** increased to 13.58 million euro, i.e. +1.5% compared with 2009. This item continued to account for 14% of revenues.

Personnel costs increased to 26.04 million euro, +2% compared with last year, despite the fact that the average workforce remained essentially unchanged (502 in 2010 and 501 in 2009).

As a result of the above variations, Group **EBITDA** declined on par with revenues: by just 0.4% to 17.31 million euro. The EBITDA margin, 18.2%, was similar to 2009 levels.

EBITDA



Unaudited data

Depreciation and amortisation also increased in the year, amounting to 2.58 million euro (+1.4% with respect to 2009). **EBIT** declined, to 14.74 million euro (-0.7% compared with 2009). Nevertheless, the EBIT margin remained similar to 2009 levels, at 15.5%.

The positive performance of PRIM's **financial earnings**, attributable to the significant increase in revenues (up 127.6% with respect to last year as a result of booking default interest paid by various public health administrations), amply offset the increase in financial expenses in the period (+7.3% compared with last year).

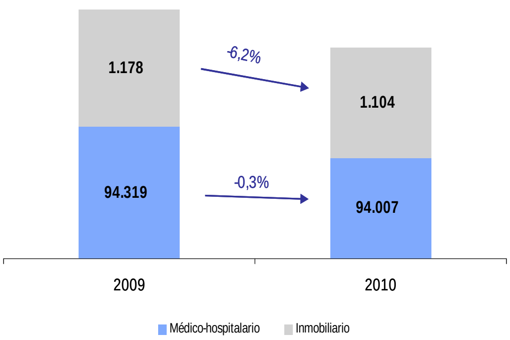
Therefore, despite the fact that the Group's operating earnings were on par with 2009, the sharp improvement in financial results provided a strong boost to earnings before taxes (EBT), which totalled 15.83 million euro, up +12.9% compared with 2009. **Net profit attributable to the parent company** increased by +15% to 11.54 million euro.

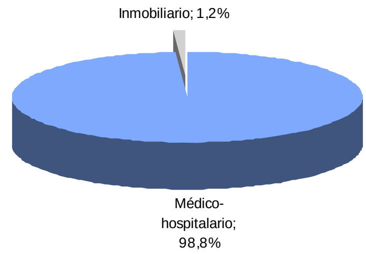
4. Revenue performance by line of business and geographic area

The **medical supply** business, which includes hospital and orthopaedic supplies and affiliates, registered a decline of just 0.3% with respect to 2009. This was mainly attributable to the poorer performance in 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. Sustained demand by public sector customers (primarily hospitals) partly offset the decline in the private sector.

The **real estate** business, which includes leasing the company's former offices at Avenida Llano Castellano in Madrid, registered 1.1 million euro in revenues, 6.2% less than in 2009. At all events, this item still accounted for a very small portion of total revenues in the period (i.e. 1.2%).

Revenues by Activity in 2010



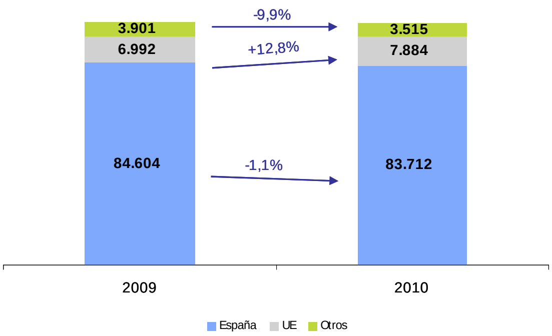


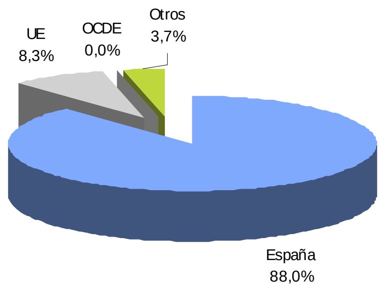
Unaudited data

Sales in Spain, which accounted for 88% of the Group total, were affected by the deterioration of the Spanish economy, especially in the case of the private sector customers, which led to a decline in revenues to 83.71 million euro (-1.1% compared with last year).

In contrast, the European market, which was affected more severely in 2009 due to reduced demand from private sector customers, performed positively: the negative trend was reversed in 2010, with revenues totalling 7.88 million euro, i.e. +12.8% year-on-year. As a result, exports increased their share of total Group revenues to 12% (11.4% in 2009).

Breakdown of sales by geographical area in 2010



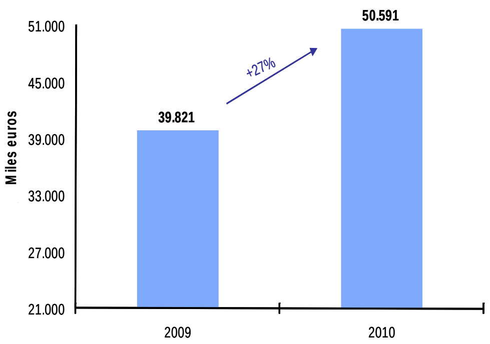


Unaudited data

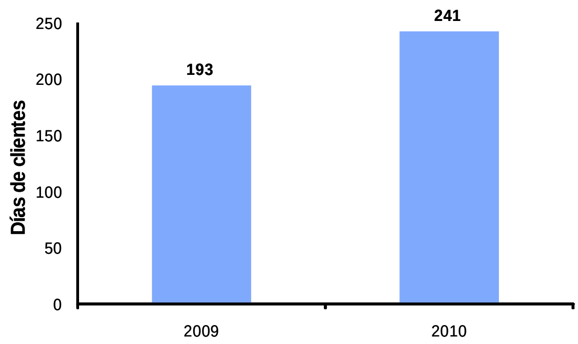
5. Consolidated balance sheet

The PRIM Group preserved its strategy of maintaining a solid financial structure to avoid liquidity problems. Although **working capital** has increased since the end of 2009 (+27% due primarily to the +24% increase in short-term customer receivables to 54.08 million euro), the Group's debt remained quite low.

Working capital



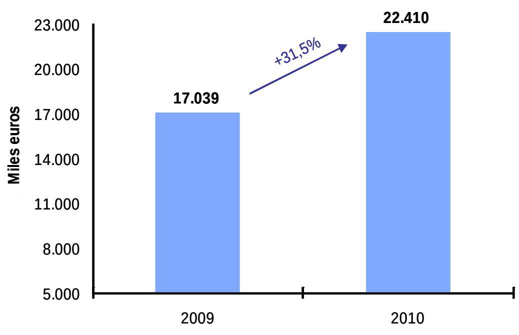
Customer days receivable



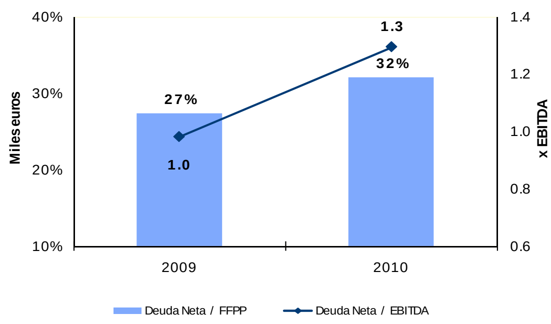
Unaudited data

PRIM Group ended 2010 with **interest-bearing debt** of 22.41 million euro, just 1.3 times EBITDA. Consequently, **leverage** was 32% of equity; although that is higher than the 27% registered at 2009 year-end, the ratio is highly satisfactory.

Net debt



Leverage



Unaudited data

Treasury stock increased to 3.1 million euro; the company had 412,094 own shares at the end of December 2010, accounting for 2.38% of capital (compared with 1.76% of capital at the end of 2009).

6. Regulatory disclosures to the CNMV in the period

On 5 April, NASDAQ-listed US company Alphatec Holdings, Inc. absorbed French subsidiary Scient'x, S.A.; both manufacture implants for surgical treatment of spinal cord pathologies. According to the established exchange ratio, PRIM's stake in Alphatec amounts to 0.73% of capital.

On 29 April, Victoriano Prim González stepped down as Managing Director and was appointed Group General Manager by PRIM's Board of Directors, reporting directly to the Board.

On 19 June, the Shareholders' Meeting approved the distribution of a supplementary dividend of 0.140233 euro gross per share, to be paid on 9 July.

On 25 June, the company acquired an additional 10% of LUGA Suministros Médicos S.L., increasing its stake to 100%. The transaction cost 575,000 euro.

An interim dividend out of 2009 income amounting to 0.140233 euro gross per share was paid on 9 July.

On 24 November, PRIM sold its stake in Irish company BBE Healthcare Ltd. for almost 500,000 euro.

7. Subsequent events

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

Annex 1. Consolidated Income Statement (IFRS)

Eur '000	2010	2009	Change	% Change
Net sales	**95.111**	**95.497**	**-386**	**-0,4%**
Other operating income	439	401	38	9,4%
Changes in inventories of finished goods and work in progress inventories	-75	-317	242	-76,2%
Procurements	-38.548	-39.305	757	-1,9%
Staff costs	-26.036	-25.523	-513	2,0%
Other costs / incomes	-13.576	-13.371	-205	1,5%
EBITDA	**17.314**	**17.382**	**-67**	**-0,4%**
% sales	***18,2%***	***18,2%***		
Depreciation and amortisations	-2.576	-2.540	-36	1,4%
EBIT	**14.738**	**14.842**	**-103**	**-0,7%**
% sales	***15,5%***	***15,5%***		
Financial income	2.443	1.073	1.370	127,6%
Financial costs	-746	-695	-51	7,3%
Other gains and loses	-604	-1.203	599	-49,8%
EBT	**15.831**	**14.017**	**1.814**	**12,9%**
Income taxes	-4.287	-3.922	-365	9,3%
Earnings after taxes	**11.544**	**10.095**	**1.449**	**14,4%**
Minority interests	0	-60	60	-100,0%
Net profit	**11.544**	**10.035**	**1.509**	**15,0%**
% sales	***12,1%***	***10,5%***		

Annex 2. Consolidated Balance Sheet (IFRS)

Eur '000	2010	2009	Change	% Change
Property, plant and equipment	11.573	11.401	172	1,5%
Real estate investments	3.859	4.111	-252	-6,1%
Goodwill	2.229	2.229	0	0,0%
Other intangible assets	299	112	187	167,3%
Non-current financial assets	1.136	1.856	-720	-38,8%
Available for sale financial assets	4.445	5.506	-1.061	-19,3%
Other non-current assets	9.702	7.717	1.985	25,7%
Non-current assets	**33.243**	**32.932**	**311**	**0,9%**
Inventories	22.121	20.372	1.749	8,6%
Trade and other receivables	54.078	43.610	10.468	24,0%
Current financial assets	107	557	-450	-80,7%
Other current assets	39	34	5	14,7%
Cash and cash equivalents	1.448	2.470	-1.022	-41,4%
Current assets	**77.793**	**67.043**	**10.750**	**16,0%**
Total Assets	**111.036**	**99.975**	**11.060**	**11,1%**
Share capital	4.337	4.337	0	0,0%
Share premium	1.227	1.227	0	0,0%
Reserves	55.793	50.007	5.786	11,6%
Profit for the year attributable to the parent	11.544	10.035	1.509	15,0%
Treasury stock	-3.103	-2.520	-583	23,1%
Interim dividend	0	-867	867	-100,0%
Equity attributable to shareholders of the parent	**69.798**	**62.219**	**7.580**	**12,2%**
Minorities	0	0	0	n.d.
Total equity	**69.798**	**62.219**	**7.580**	**12,2%**
Bank borrowings	13.424	9.891	3.533	35,7%
Deferred tax liabilities	216	178	38	21,3%
Other non-current liabilities	396	465	-68	-14,7%
Non-current liabilities	**14.036**	**10.534**	**3.502**	**33,2%**
Short term provisions	7	0		
Bank borrowings	10.435	9.618	817	8,5%
Trade and other payables	16.760	17.604	-844	-4,8%
Current liabilities	**27.202**	**27.222**	**-20**	**-0,1%**
Total Equity and Liabilities	**111.036**	**99.975**	**11.062**	**11,1%**
Net Financial Debt	**22.410**	**17.039**	**5.371**	**31,5%**

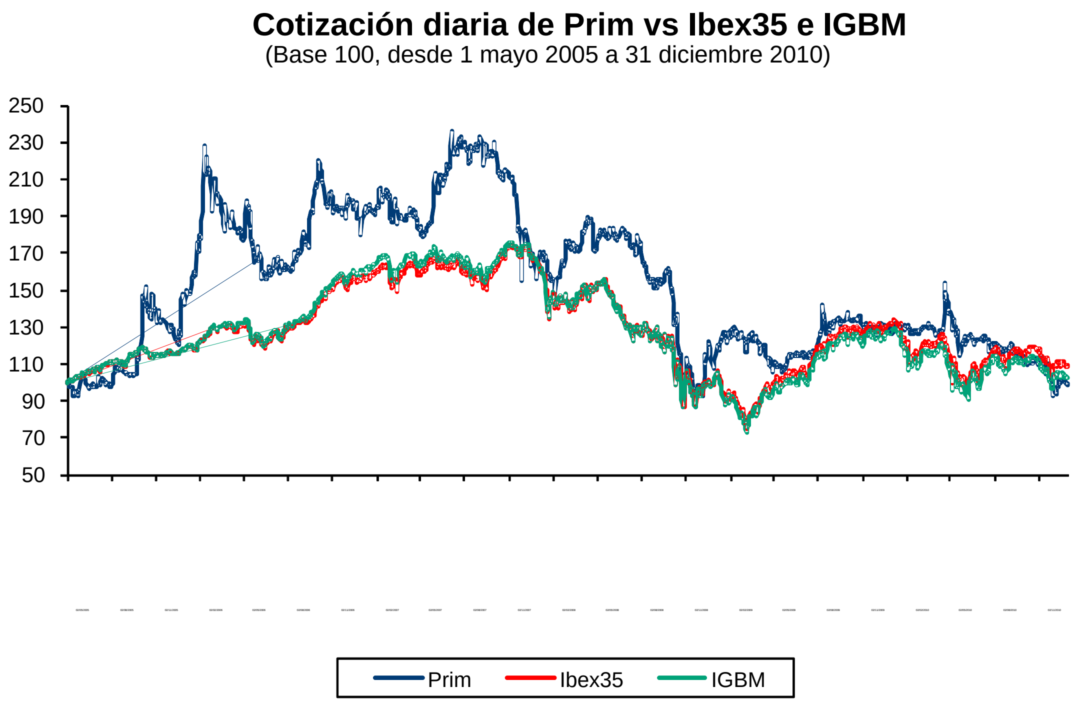
Annex 3. Consolidated Cash Flow Statement (IFRS)

Eur '000	2010	2009	Change	% Change
Operating proceeds	90.007	96.237	-6.230	-6,5%
Operating payments	-86.788	-85.961	-827	1,0%
Interests paid	-115	0	-115	n.a.
Dividend paid and other payments from other equity instruments	0	0	0	n.a.
Dividends received	30	0	30	n.a.
Interests received	1.578	0	1.578	n.a.
Proceeds (payments) from income tax	-3.765	-3.981	216	-5,4%
Proceeds (payments) from operating activities	-4.245	0	-4.245	n.a.
Cash flow from operating activities	**-3.298**	**6.295**	**-9.593**	**-152,4%**
Investments	-3.154	-3.316	162	-4,9%
Divestments	923	26	897	3450,0 %
Other cash flows from investment activities	0	901	-901	-100,0%
Cash flow from investing activities	**-2.231**	**-2.389**	**158**	**-6,6%**
Equity cash inflows/outflows	-583	468	-1.051	-224,6%
Liability cash inflows/outflows	7.247	-91	7.338	- 8063,7 %
Dividends payments	-2.611	-3.000	389	-13,0%
Other cash flows from financing activities	0	-106	106	-100,0%
Cash flow from financing activities	**4.053**	**-2.729**	**6.782**	**-248,5%**
Effect of foreign exchange rate changes	**454**	**380**	**74**	**19,5%**
Net increase/decrease in cash & equivalents	**-1.022**	**1.557**	**-2.579**	**-165,6%**
Cash & equivalents at the beginning of the period	**2.470**	**913**	**1.557**	**170,5%**
Cash & equivalents at the end of the period	**1.448**	**2.470**	**-1.022**	**-41,4%**

Unaudited data

PRIM, S.A.

Annex 4.Share Price Performance



Daily price of Prim shares since May 2005

Share data at 31/12/10	
Market Cap	**90.022.900**
# shares	17.347.124
Share price	5,1895
Max-Min	8,06 - 4,85

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%**

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**

* May 2005 starts trading at continue market