BUSINESS PERFORMANCE 2011

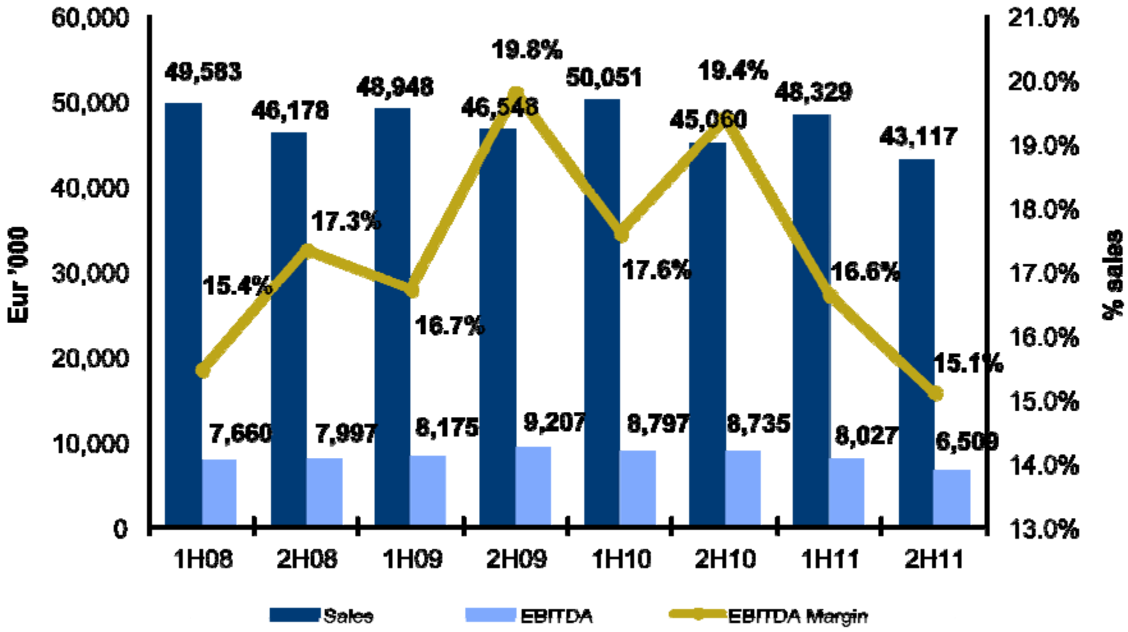
1. Key events in 2011

- ✓ The PRIM Group's **revenues** amounted to **91.45 million euro**, a decline of 3.9%.
- ✓ **EBITDA** amounted to **14.54 million euro**, and the **EBITDA margin** was **15.9%.**
- ✓ **Net profit** totalled **8.91 million euro**, i.e. 4% more than in 2010.
- ✓ **Net debt** amounted to **26.27 million euro**, just 1.8 times EBITDA.

The difficult economic environment continued in 2011. The sector in which the Group operates was impacted by measures implemented in the year to curb public spending at several levels of Spain's health administration, and by deterioration in private sector demand as a result of the economic situation and the credit crunch. Against this backdrop, the Group ended the year with acceptable results: a slight decline in revenues and an improvement in net income. PRIM Group maintained its cost containment policy in the period with a view to tempering the effects of the decline in revenues. It also continued with its strategy for maintaining a sound financial position.

Once again, this strategy enabled the company to maintain an especially low level of debt.

Half-yearly Performance



Unaudited data

2. Operating environment

The Spanish economy continued to deteriorate throughout 2011 as the sovereign debt crisis spread to an increasing number of countries. After a moderate recovery during the first quarter, the Spanish economy was stagnant during the second and third, and contracted in the fourth quarter, in a scenario of significant tension in the financial markets and the deterioration of growth perspectives for the euro area and the rest of the world. Spain's GDP fell by 0.3% q/q in 4Q11 and increased by 0.7% overall in 2011. This contraction is attributable to a greater decline in consumer spending (a trend which dominated 2011) and in investment (especially related to construction), and to weaker growth by the foreign sector, which had sustained activity in previous quarters.

Weak demand in Spain was clearly visible in supply-side indicators. The recovery in industrial activity visible at the end of 2010 and in early 2011 was also interrupted in the fourth quarter of this year, with widespread declines in all major areas of activity. This pushed the unemployment rate up sharply in 2011, to 22.85%, i.e. 2.5 percentage points higher than in 2010. Inflation continued the decline that commenced in May, as the effects of higher oil prices in 2010 began to dissipate. The year-on-year variation in the CPI, which reached 3.8% in April, declined to 2.4% in December, its lowest level in 14 months.

In this context, 2012 projections seem to indicate a return to recession. The Bank of Spain expects the economic to shrink 1.5% in 2012 and a modest recovery of 0.2% in 2013; the International Monetary Fund (IMF) forecasts a decline for Spain of 1.7% in 2012 and of 0.3% in 2013 in its World Economic Outlook report.

The delicate situation in the euro area also worsened growth prospects worldwide. The advanced economies performed disparately: the US showed positive signs, which reduced the possibility of a relapse, but the situation in the UK and Japan remained tense. The emerging economies were marked by a controlled slowdown.

Despite agreements adopted by EU heads of state to ease euro area tensions, the sovereign debt crisis raged on, especially in Spain and Italy, leading to sharp instability in the markets, especially in the fourth quarter of 2011. Debt market tensions led to significant losses in the stock markets (especially as from June). The IBEX 35 ended 2011 having lost 13.1%, outperforming the EUROSTOXX 50 (-17.1%), but underperforming the S&P500, which remained stable in 2011.

3. Income Statement Analysis

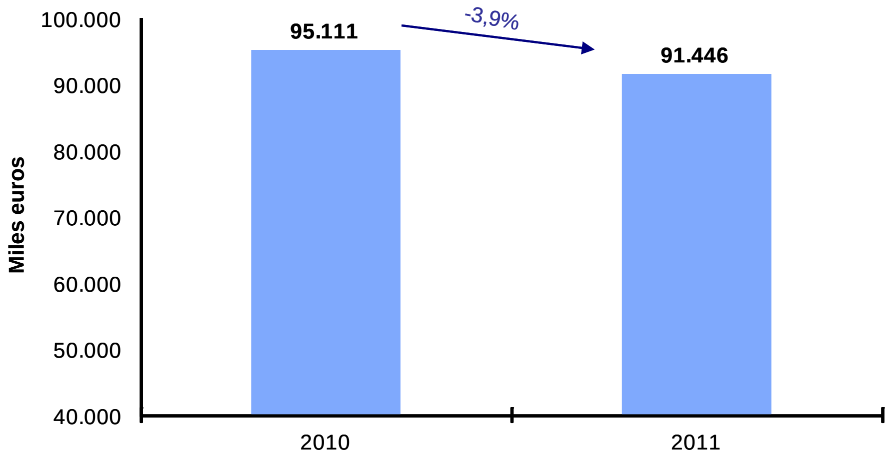
PRIM's income statement for 2011 is summarised below:

Eur '000	2011	2010	Change	% Change
Net Sales	91,446	95,111	-3,665	-3.9%
EBITDA	14,536	17,532	-2,996	-17.1%
% sales	*15.9%*	*18.4%*		*-2.5pp*
EBIT	11,979	14,969	-2,990	-20.0%
% sales	*13.1%*	*15.7%*		*-2.6pp*
EBT	12,524	15,085	-2,561	-17.0%
Net Income	8,909	8,532	377	4.4%
% sales	*9.7%*	*9.0%*		*0.7pp*

Unaudited data

In the adverse economic situation described above, the PRIM Group ended the year with **revenues** amounting to 91.45 million euro. This performance is acceptable considering the weak economic context, especially in Spain (the Group's main market), where new measures were implemented to contain public spending at the various levels of the Health Administration.

Sales



Unaudited data

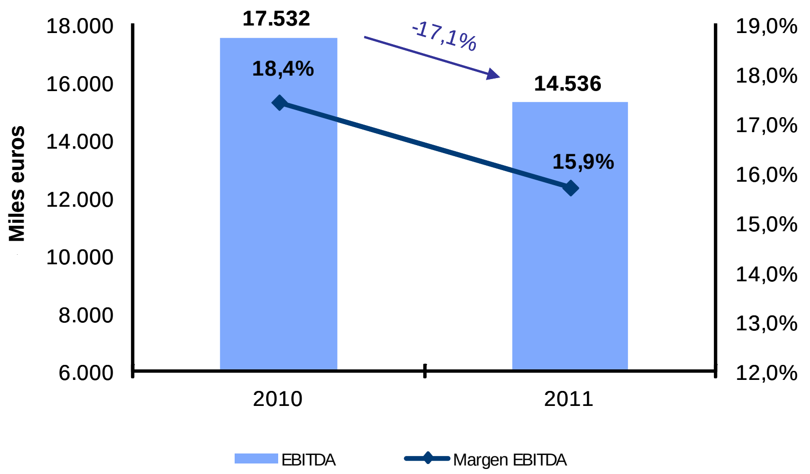
In view of this situation, PRIM implemented significant cost cutting measures in all Group companies in 2011. As a result, **procurement expenditure** declined by 2.4% in 2011, to 37.63 million euro, accounting for 41% of sales (the same as in 2010).

Personnel expenses declined by 0.1% year-on-year to 25.76 million euro. The Group's average workforce in the year amounted to 493, compared with 502 in 2010.

Other operating expenses increased to 13.90 million euro, i.e. +1.3% compared with 2010.

The notable efforts to contain operating expenses did not offset the decline in revenues in the period, resulting in **EBITDA** of 14.54 million euro. The EBITDA margin was 15.9% .

EBITDA



Unaudited data

Depreciation and amortisation eased slightly in the year, amounting to 2.56 million euro (-0.2% with respect to 2010). As a result, **EBIT** totalled 11.98 million euro, and the EBIT margin was 13.09%.

PRIM's **financial earnings** declined, affected by the reduction in financial revenues (10.9% lower than in 2010) and by the increase in financial expenses in the year (+112.5% year-on-year). The decline in financial revenues was due to the decline in default interest payments in 2011 (i.e. interest the Group collects from regional governments as a result of late payment). Higher financial expenses are related to the increase in debt in the period due to financial needs arising from the increase in the average days receivable and higher interest rates.

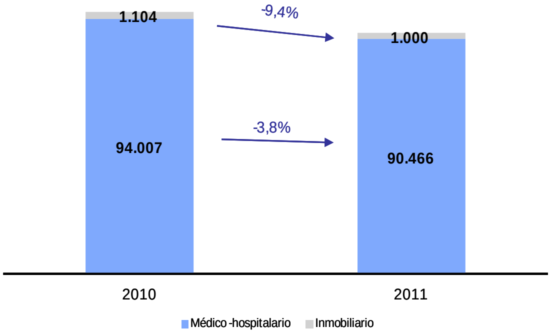
The decline in financial and operating earnings resulted in EBIT of 12.52 million euro. Lower taxes paid in the year offset this performance, with the result that **net profit attributable to the parent company** increased by 4.4% to 8.91 million euro.

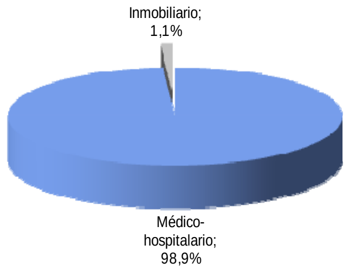
4. Revenue performance by line of business and geographic area

The **medical supply** business, which includes hospital and orthopaedic supplies and affiliates, obtained 90.47 million euro in revenues. This performance was due to the general deterioration in demand, from public sector clients (primarily hospitals) as a result of the cost containment measures in the health sector implemented by the central government, and from private sector clients, which continued to be affected by the worsening economic situation and the credit crunch.

As regards **real estate activity** (including the lease of the group's previous offices on Avenida Llano Castellano, in Madrid), revenues totalled 1 million euro, although this component still accounts for just a small percentage (1.1%) of total revenues.

Revenues by activity



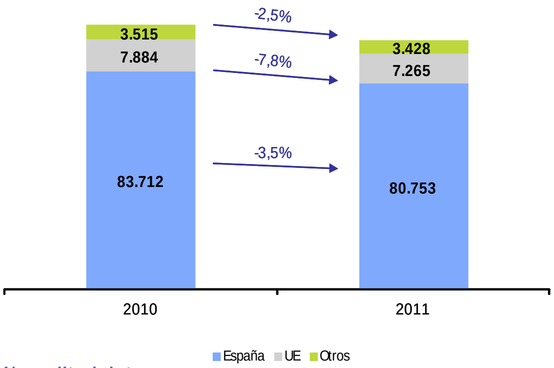


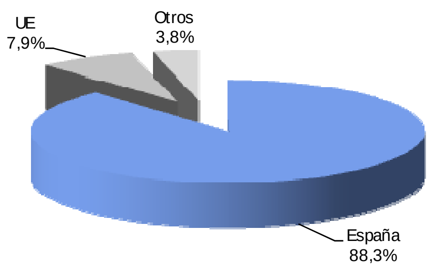
Unaudited data

Sales in Spain (which accounts for 88.3% of the Group total) fell 3.5% year-on-year, to 80.75 million euro, due to the above-mentioned deterioration of the Spanish economy and the cost containment measures in the public healthcare sector.

This poor performance was compounded by the decline in activity in the European market, which provided revenues of 7.26 million euro, i.e. 7.8% less than in 2010, due primarily to the slowdown in demand from private sector customers. Exports accounted for 11.7% of the total.

Breakdown of sales by geographical area





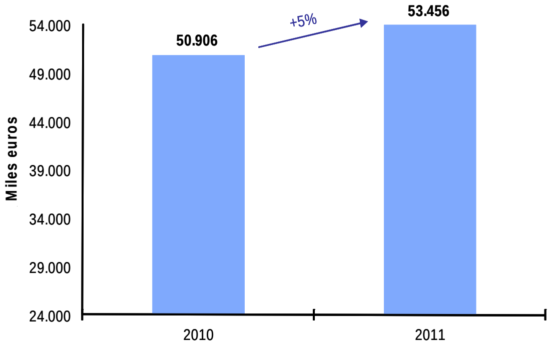
Unaudited data

2011

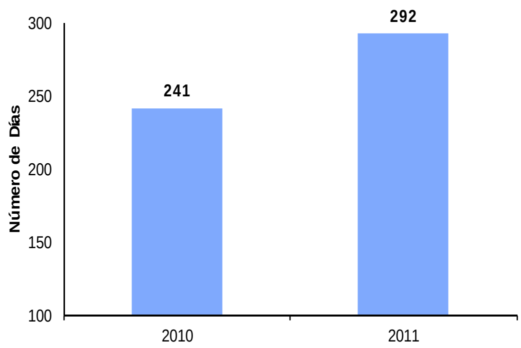
5. Consolidated balance sheet

The PRIM Group maintained its strategy of having a solid financial structure. However, its high exposure to public sector clients (mainly hospitals) led to another increase in **working capital** (+5%), due primarily to the +16.1% increase in short-term customer receivables (to 62.79 million euro), which increased the average collection period to 292 days (241 days in 2010).

Working capital



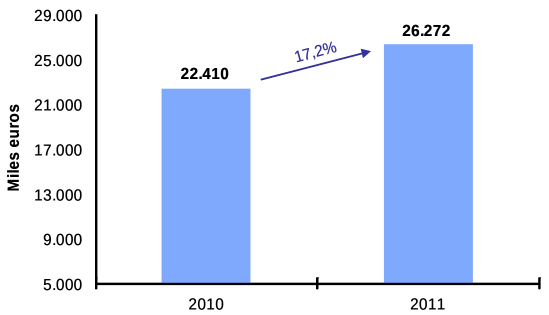
Customer days receivable



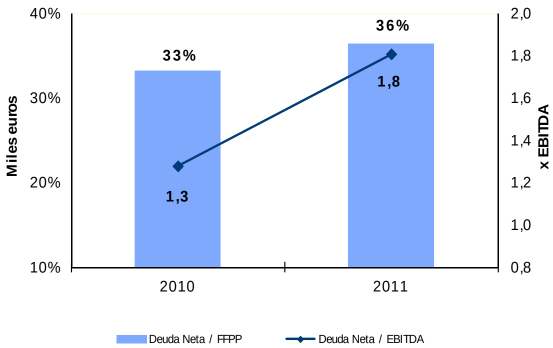
Unaudited data

The increase in working capital raised the Group's debt; as a result, PRIM ended the year with **net financial debt** of 26.27 million euro, up 17.2% year-on-year. Nevertheless, debt remains quite low and net debt accounts for just 1.8% of Group EBITDA. **Leverage**, which was 33% in 2010, remained at reasonable levels, reaching 36% at the end of 2011.

Net debt



Leverage



Unaudited data

Treasury stock declined, to 2.70 million euro; the company had 412,814 own shares at the end of December 2011, accounting for 2.43% of capital (slightly higher than the 2010 figure: 2.38%).

6. Regulatory disclosures in the period communicated to the C.N.M.V.

On 12 January, the Board of Directors declared a dividend of 0.05 euro gross per share out of 2010 earnings, payable to the 17,347,124 shares outstanding.

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

On 28 February, the Company filed information on its results in the second half of 2010.

On 3 May, the company filed modifications to its results from the second half of 2010, which had been presented provisionally on 28 February.

On 4 May, the Company disclosed that it had received the assessments corresponding to the tax audits for the years 2006 and 2007. The Company also noted that it would appeal.

On 5 May, and in accordance with article 82 of Act 24/1998 of Securities Market Law, and in a supplementary disclosure to the 4 May disclosure relating to the tax audits of the Company's accounts for the years 2006 and 2007, the company disclosed the provisions made in the 2010 financial statements. The Company reiterated that it was readying appeals against the tax assessments.

On 17 May, the Company filed information on its results in the first quarter of 2011.

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.

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

On 31 August, the Company disclosed its results for the first half of 2011.

On 15 November, the Company filed information on its results for the third quarter of 2011.

On 30 December, the Board of Directors declared a dividend of 0.05 euro gross per share out of 2011 earnings, payable to the 17,347,124 shares outstanding at that time.

7. Subsequent events

An interim dividend out of 2011 income amounting to 0.05 euro gross per share was paid on 18 January.

On 24 February, the Board of Directors gave notice of a General Shareholders Meeting, to be held at the company's headquarters on 29 and 30 March, at first and second call, respectively.

Annex 1. Consolidated Income Statement (IFRS)

Eur '000	2011	2010	Change	% Change
Net sales	**91,446**	**95,111**	**-3,665**	**-3.9%**
Other operating income	463	439	24	5.5%
Changes in inventories of finished goods and work in progress inventories	-162	-78	-84	107.1%
Procurements	-37,628	-38,558	930	-2.4%
Staff costs	-25,761	-25,776	15	-0.1%
Other costs / incomes	-13,822	-13,605	-217	1.6%
EBITDA	**14,536**	**17,532**	**-2,996**	**-17.1%**
% sales	***15.9%***	***18.4%***		
Depreciation and amortisations	-2,557	-2,563	6	-0.2%
EBIT	**11,979**	**14,969**	**-2,990**	**-20.0%**
% sales	***13.1%***	***15.7%***		
Financial income	2,177	2,443	-266	-10.9%
Financial costs	-1,585	-746	-839	112.5%
Other gains and loses	-47	-1,581	1,534	-97.0%
EBT	**12,524**	**15,085**	**-2,561**	**-17.0%**
Income taxes	-3,615	-6,553	2,938	-44.8%
Earnings after taxes	**8,909**	**8,532**	**377**	**4.4%**
Minority interests	0	0	0	n.a.
Net profit	**8,909**	**8,532**	**377**	**4.4%**
% sales	***9.7%***	***9.0%***		

Unaudited data

Annex 2. Consolidated Balance Sheet (IFRS)

Eur '000	2011	2010	Change	% Change
Property, plant and equipment	11,092	11,573	-481	-4.2%
Real estate investments	3,576	3,859	-283	-7.3%
Goodwill	2,229	2,229	0	0.0%
Other intangible assets	230	299	-69	-23.1%
Non-current financial assets	4,602	4,815	-213	-4.4%
Available for sale financial assets	557	482	75	15.6%
Other non-current assets	11,418	9,702	1,716	17.7%
Non-current assets	**33,704**	**32,959**	**745**	**2.3%**
Inventories	20,208	22,120	-1,912	-8.6%
Trade and other receivables	62,791	54,078	8,713	16.1%
Current financial assets	273	107	166	154.4%
Other current assets	7	39	-32	-82.1%
Cash and cash equivalents	901	1,448	-547	-37.8%
Current assets	**84,180**	**77,792**	**6,388**	**8.2%**
Total Assets	**117,884**	**110,751**	**7,133**	**6.4%**
Share capital	4,337	4,337	0	0.0%
Share premium	1,227	1,227	0	0.0%
Reserves	61,283	56,486	4,797	8.5%
Profit for the year attributable to the parent	8,909	8,532	377	4.4%
Treasury stock	-2,703	-3,104	401	-12.9%
Interim dividend	-867	0	-867	n.a.
Equity attributable to shareholders of the parent	**72,186**	**67,478**	**4,707**	**7.0%**
Minorities	0	0	0	n.a.
Total equity	**72,186**	**67,478**	**4,707**	**7.0%**
Bank borrowings	12,147	13,424	-1,277	-9.5%
Long term provisions	2,229	2400	-171	-7.1%
Deferred tax liabilities	243	167	76	45.2%
Other non-current liabilities	355	396	-41	-10.4%
Non-current liabilities	**14,974**	**16,387**	**-1,413**	**-8.6%**
Short term provisions	0	7	-7	-100.0%
Bank borrowings	15,026	10,435	4,591	44.0%
Trade and other payables	15,698	16,444	-746	-4.5%
Other current liabilities	0	0	0	n.a.
Current liabilities	**30,724**	**26,886**	**3,838**	**14.3%**
Total Equity and Liabilities	**117,884**	**110,751**	**7,133**	**6.4%**
Net Financial Debt	**26,272**	**22,410**	**3,862**	**17.2%**

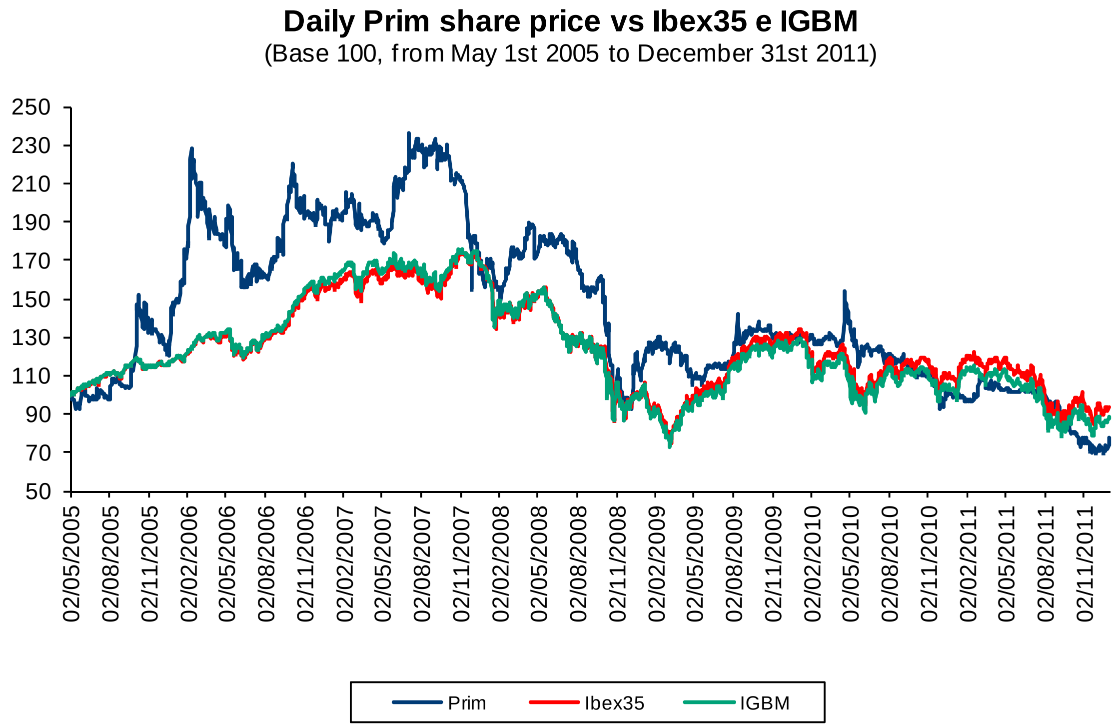
Unaudited data

Annex 3. Consolidated Cash Flow Statement (IFRS)

Eur '000	2011	2010	Change	% Change
Operating proceeds	87,096	89,576	-2,480	-2.8%
Operating payments	-75,543	-83,641	8,098	-9.7%
Interests paid	0	0	0	n.a.
Dividend paid and other payments from other equity instruments	0	0	0	n.a.
Dividends received	0	0	0	n.a.
Interests received	0	0	0	n.a.
Proceeds (payments) from income tax	-4,674	-3,765	-909	24.1%
Proceeds (payments) from operating activities	-3,724	-3,719	-5	0.1%
Cash flow from operating activities	**3,155**	**-1,549**	**4,704**	**n.d.**
Investments	-1,857	-2,117	260	-12.3%
Divestments	0	0	0	n.a.
Other cash flows from investment activities	995	1,628	-633	-38.9%
Cash flow from investing activities	**-862**	**-489**	**-373**	**76.3%**
Proceeds and payments from equity instruments	-20	-712	692	-97.2%
Proceeds and payments from financial liability instruments	401	3,872	-3,471	-89.6%
Dividends payments	-3,300	-2,483	-817	32.9%
Other cash flows from financing activities	-185	-115	-70	60.9%
Cash flow from financing activities	**-3,104**	**562**	**-3,666**	**n.a.**
Effect of foreign exchange rate changes	**264**	**454**	**-190**	**-41.9%**
Net increase/ decrease in cash & equivalents	**-547**	**-1,022**	**475**	**-46.5%**
Cash & equivalents at the beginning of the period	**1,448**	**2,470**	**-1,022**	**-41.4%**
Cash & equivalents at the end of the period	**901**	**1,448**	**-547**	**-37.8%**

Unaudited data

Annex 4. Share Price Performance



Daily price of Prim shares since May 2005

Share data at 31/12/11	
Market Cap	**69,388,496**
# shares	17,347,124
Share price	4.00
High-Low	5.85 -3.55

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%
2011	**-21.2%**	**-13.1%**	**-14.6%**

Average Daily Volume		
	# shares	Eur
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	68,633
2011	**10,830**	**51,226**

* May 2005 starts trading at continue market