

CORPORACIÓN DERMOESTÉTICA S.A.

CONSOLIDATED RESULTS 2005

Summary

- **In 2005 our sales grew by 22.6%, growth kept steady in the 4Q05 +19.0% (pro forma basis)¹.**
 - Spain: sales increased by 10.9% in the fourth quarter compared to the fourth quarter of 2004. The annual increase rose to 8.2%.
 - Portugal: sales for 2005 grew by a cumulative 22.9%.
 - The United Kingdom: sales continued to grow at an outstanding rate and the year's cumulative growth stood at 53.3%.
 - Italy: along the year sales were driven by the number of centres available and by their incipient turnover. Many of them have started to render medical services during the last months of the year. Thus, only in the last quarter certain management indicators have shown their first relevant figures.
- **In pro forma terms, CORPORACIÓN DERMOESTÉTICA EBITDA exceeded €15,000 thousand in 2005 and EBIT exceeded €6,700 thousand.**
 - Results in the more established countries (Spain, Portugal and the UK) rose by 23.1% to €28,569 thousand in EBITDA terms and by 33.4% to €22,155 thousand in EBIT terms. Overall Group's figures result lower because of the impact of launching the business in Italy.
 - The growth and profitability of the vision business in the United Kingdom continued to show outstanding growth, whilst margins and growth in Spain and Portugal have levelled out.
- **There were no new extraordinary impacts in the fourth quarter. The reported consolidated results show the one-off impacts detailed in 1H05.**
 - Reported sales grow 48.7%. Reported results show losses of €3,753 thousand in 2005 as a result of the year's one-off impacts and of the efforts made to launch the Italian clinics and the aesthetic medicine division in the United Kingdom.
- **During 2005, €13,407 thousand were invested in expanding and upgrading our network of clinics and Ultralase was acquired to become our new subsidiary in the United Kingdom. Even after these investments, the company remains financially strong (net debt of €32,450 thousand).**

¹ Pro forma results are defined as the sum of the consolidated results for each of the countries Corporación Dermoestética currently operates in. They therefore assume that Ultralase has been part of the Group for the whole of this financial year and the previous one (from 1/1/2004) to be able to make homogenous comparisons. In addition, "one-off" adjustments derived from IPO costs and the acquisition of Ultralase have not been taken into account as detailed and reconciled in the results report for the first half of 2005.

Relevant information

- In 2005 **Spain**, plans to open seven clinics were completed. Only one of the seven (Orense) is pending the final administrative procedures before opening. Three new clinics are projected for 2006. Gijón is projected to open in the first half of the year and another two clinics could be opened by the end of the year or in early 2007.
- A new obesity treatment was introduced during 2005 (the intragastric balloon) with considerable success.
- In **Portugal**, work on the three new clinics finished during 2005. Braga opened in January and Aveiro in October. The opening of the third clinic (Coimbra) is pending the final administrative procedures.
- Dental treatments have been carried out since the end of 2004 and right through 2005 in Portugal.
- In May 2005, Corporación Dermoestética acquired Ultralase and integrated it in the Group. The results of our new subsidiary in the **United Kingdom** have exceeded all forecasts.
- During 2005, investment was made in setting up the new cosmetic surgery and aesthetic medicine division in the United Kingdom. The division will be commercially launched at the end of the first quarter 2006 and services will initially be offered in four clinics.
- The construction of all our clinics in **Italy** was finished during 2005 and marketing activity started.
 - By the end of the year, 21 clinics were up and running, with all their human and technical resources ready to offer high quality medical services.
 - The clinics started to offer their first medical and surgery treatments in 2005, many of them towards the end of the year, therefore the figures for treatments given are still low.
 - From the last week of August onwards, Corporación Dermoestética has been in the Italian media on a continuous basis. Since then, new P.R. support has been added which has contributed to increase market awareness of our brand and to obtain an increasing response.
- The Company is currently working on strengthening marketing tools and we have shifted the management focus to concentrate on the selection, training and supervision of the clinics' staff with the aim to produce results from positive market response.
 - The improvement of indicators such as conversion rate from calls to consultations, and from consultations into bookings is our short-term management objectives.
 - Sales figures are progressively increasing, although they are still far from *break even*.
- CORPORACIÓN DERMOESTÉTICA began successfully trading on the **Spanish stock exchange** on 13th July 2005. Shares were initially quoted at €9.10 per share. The IPO was 13.4 times oversubscribed.

This results report has been compiled by the Company with the sole aim of being used for the presentation of the Group's results for 2005.

The information collected in this document and any of its data on future projections or estimates have not been verified independently. The company takes no responsibility whatsoever as to whether the information and opinions contained in the present document are exact and complete.

The risks and uncertainties that could potentially affect the information included in this note are difficult to predict. The company takes on no obligation to review or to publicly update these statements should any unforeseen changes or events take place which could affect them.

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1. Evolution of the Company's Business

Spain and Portugal

Spain and Portugal <i>Thousand €</i>	Cumulative 3Q		Incr. %	4Q		Incr. %	Year		Incr. %
	2005	2004		2005	2004		2005	2004	
Net sales	58,556	53,780	8.9%	18,801	17,139	9.7%	77,357	70,920	9.1%
Gross margin	45,738	41,067	11.4%	14,659	13,595	7.8%	60,398	54,662	10.5%
<i>% of net sales</i>	78.1%	76.4%		78.0%	79.3%		78.1%	77.1%	
EBITDA	14,922	13,719	8.8%	3,428	4,760	-28.0%	18,350	18,479	-0.7%
<i>% of net sales</i>	25.5%	25.5%		18.2%	27.8%		23.7%	26.1%	
Depreciation	(2,853)	(2,684)	6.3%	(965)	(1,031)	-6.4%	(3,818)	(3,715)	2.8%
EBIT	12,069	11,034	9.4%	2,464	3,730	-33.9%	14,533	14,764	-1.6%
<i>% of net sales</i>	20.6%	20.5%		13.1%	21.8%		18.8%	20.8%	

Sales grew by 9.7% in the fourth quarter (4Q05 v. 4Q04). Growth in the full year 2005 was 9.1%. However, the number of new treatment bookings slowed in the fourth quarter to +3.5%.

Profit margins dropped as a result of increased overheads and personnel expenses. The EBITDA margin for 2005 was 23.7% whilst the EBIT margin stood at 18.8%.

Spain:

- Turnover for the fourth quarter (+10.9%) benefited from the treatment booking growth in the previous two quarters, despite slower growth in bookings in the last few months of the year.
- Treatment bookings rose by 4.8% during the fourth quarter. The cumulative increase for treatment bookings for 2005 stands at 8.6% (previous figure +9.8% cumulative as of the end of the third quarter). The sales growth was due to like for like² growth of 3% and to the contribution of newly-opened clinics which added around 5.6 percentage points.

Portugal:

- During the fourth quarter of 2005, the increase of sales slowed in Portugal as a result of opting out of one of the two private television channels. These differences were resolved at the beginning of 2006. Despite this, growth for the year as a whole was high at 22.9%.
- Treatment bookings rose by 31.4% during 2005. The growth in business was due to an increase in the bookings made in centres opened before 2004 (like for like growth of 12.2%) and to the contribution of newly-opened clinics (Braga and Aveiro) which added 19.2% to growth.
- Bookings and sales grew sharply in Portugal during 2005. Short-term growth rate forecasts are more conservative as a consequence of the recent reduction in advertising and of comparisons with former periods with a considerably larger turnover.

² Growth for comparable clinics or "like for like" is calculated by excluding treatments booked in clinics that have not been open for the whole of the last two tax years (2004 and 2005). This applies to the centres in Toledo, Marbella and Algeciras (opened in 2004) and Cartagena, Sabadell, Alcorcón, Jerez, Santiago de Compostela and Logroño (in 2005).

Margins and results:

- Gross margins for 2005 increased from 77.1% in 2004 to 78.1% in 2005. This allowed us to offset completely the forecasted increase in advertising costs, which took place mainly in the first half of the year.
- During the year, overheads raised €819 thousand and personnel costs rose €2,206 thousand, which reduced the EBITDA margin on sales. These impacts were more intense in the second part of the year.
- In absolute terms, the EBITDA for Spain and Portugal remained almost unchanged at €18,350 thousand, thanks to the sales volume growth.

The United Kingdom

The United Kingdom <i>Thousand €</i>	Cumulative 3Q		Incr. %	4Q		Incr. %	Year		Incr. %
	2005 PF	2004 PF		2005 PF	2004 PF		2005 PF	2004 PF	
Net sales	30,773	18,884	63.0%	10,969	8,345	31.4%	41,742	27,229	53.3%
Gross margin	25,282	15,156	66.8%	9,150	6,594	38.8%	34,432	21,750	58.3%
<i>% of net sales</i>	82.2%	80.3%		83.4%	79.0%		82.5%	79.9%	
EBITDA	8,114	2,886	181.2%	2,105	1,851	13.7%	10,219	4,737	115.7%
<i>% of net sales</i>	26.4%	15.3%		19.2%	22.2%		24.5%	17.4%	
Depreciation	(1,960)	(2,171)	-9.7%	(636)	(722)	-11.9%	(2,596)	(2,893)	-10.3%
EBIT	6,154	715	760.7%	1,469	1,129	30.1%	7,623	1,844	313.5%
<i>% of net sales</i>	20.0%	3.8%		13.4%	13.5%		18.3%	6.8%	

In the United Kingdom turnover continued to grow at an outstanding rate. Cumulative growth stood at 53.3% (pro forma) exceeding all forecasts as a result of the company's improved position in the ophthalmology market.

Results for the vision division have multiplied thanks to an increase in sales. The aesthetic medicine division has been prepared to be launched.

Income and results:

- During the fourth quarter of 2005, turnover reached €10,969 thousand, compared to €8,345 thousand in the fourth quarter of 2004, i.e. an increase of 31.4%. Our success in marketing our services in the vision market has allowed both volume growth and higher average prices.
- This sharp increase in our business figures has significantly improved our EBITDA margin, which reached 24.5% at the end of 2005 as opposed to 17.4% in 2004.

Income and results by divisions:

- The above results include the costs incurred during the year to launch our aesthetic activities which totalled €2,153 thousand (€997 thousand in the last quarter of the year) as a result of rents, advertising, personnel costs and other expenses required to launch the activity and those linked to the start-up costs of the only partially open centre as of the end of the year.

Pro Forma Thousand €	Total		Vision		Aesthetics	
	4Q05	2005	4Q05	2005	4Q05	2005
Net sales	10,968	41,742	10,941	41,686	28	55
Gross margin	9,150	34,432	9,144	34,427	6	5
% of net sales	83.4%	82.5%	83.6%	82.6%	22.4%	9.8%
EBITDA	2,105	10,219	3,096	12,367	(991)	(2,148)
% of net sales	19.2%	24.5%	28.3%	29.7%	n.a.	n.a.

- The vision division's results for the last quarter showed again robust growth. The EBITDA stood at €3,096 thousand as opposed to €1,851 thousand in the same quarter in 2004 and EBIT stood at €2,484 thousand vs. €979 thousand in 2004. These results also compare favourably with previous quarters in 2005, taking into account seasonality.

Italy

Italy Thousand €	Cumulative 3Q		Incr. %	4Q		Incr. %	Year		Incr. %
	2005	2004		2005	2004		2005	2004	
Net sales	2,242	1,303	72.1%	1,081	443	144.3%	3,323	1,746	90.4%
Gross margin	1,346	756	78.0%	797	173	361.1%	2,143	929	130.7%
% of net sales	60.0%	58.0%		73.7%	39.1%		64.5%	53.2%	
EBITDA	(10,017)	(6,286)	59.4%	(3,547)	(2,322)	52.8%	(13,564)	(8,608)	57.6%
% of net sales	-446.8%	-482.4%		-328.0%	-524.6%		-408.1%	-493.1%	
Depreciation	(951)	(1,187)	-19.9%	(852)	(740)	15.1%	(1,803)	(1,927)	-6.5%
EBIT	(10,968)	(7,473)	46.8%	(4,399)	(3,062)	43.6%	(15,367)	(10,535)	45.9%
% of net sales	-489.2%	-573.5%		-406.7%	-691.8%		-462.4%	-603.5%	

After opening the vast majority of clinics and the continued marketing support from September onwards, the early indicators of market response are starting to be meaningful. Treatment bookings for medical and surgical treatments and turnover figures are progressing but still far from their midterm targets.

The different aspects of our Group's activities in Italy have been detailed on page 2 (Relevant information) of this report.

Early management indicators:

- Market response to the services offered by Corporación Dermoestética in Italy can be quantified in terms of calls. During the fourth quarter, the number of calls received in Italy, exceed 30% equivalent calls received in Spain in the same period. During the first two months of 2006, call figures continued to increase satisfactorily.

- The marketing expenditure required to reach this response was €1,781 thousand in the 4Q05 and €6,188 thousand for 2005 as a whole. During the fourth quarter of 2005 and the first few months of 2006, we have continued to add new marketing and communication tools and new marketing staff have also been taken on.
- The number of consultations held in our clinics grew steadily throughout 2005. Quarterly figures by the end of the year were in excess of 20% of the consultations held in Spain.
- The number of bookings grew more slowly and the percentage of consultations which were converted into bookings was slightly lower than in Spain. Both the conversion of calls into consultations and of consultations into bookings are currently top of the Company's sales management agenda in Italy.
- The average ticket size is lower than half the Spanish figure and it is still way below its target value, since the proportion of high added value treatments (generally speaking, medical treatments and especially surgical treatments) is still low. The average ticket size should increase over time as a result of experience and of the progressive evolution of the sales mix towards greater added value services. This is a medium-term objective.

Bookings, sales and results:

- Average monthly bookings during the fourth quarter reached €511 thousand. This figure was considerably higher than the bookings made in previous quarters, but was still way below the figures needed to break even (currently estimated at approximately €2,300 thousand per month).
- Sales stood at €1,081 thousand for the last quarter. This was due to the fact that a considerable percentage of the treatments had been only recently booked and thus, had not been completed.
- The results in Italy involved EBITDA losses of €13,564 thousand as of the end of the year and €3,547 thousand for the quarter in line with previous quarters.
- As of today, 21 clinics are up and running with all their technical and human resources in place and two more clinics are finished, pending final administrative procedures.

2. Consolidated Results for the third quarter 2005

Pro forma Profit and Loss Account³

Pro Forma Thousand €	Cumulative 3 Q		Incr. %	4 Q		Incr. %	2005		Incr. %
	2005	2004		2005	2004		2005	2004	
Net sales	91,571	73,968	23.8%	30,851	25,927	19.0%	122,422	99,895	22.6%
Gross margin	72,367	56,979	27.0%	24,607	20,362	20.8%	96,973	77,341	25.4%
% of net sales	79.0%	77.0%		79.8%	78.5%		79.2%	77.4%	
EBITDA	13,019	10,319	26.2%	1,986	4,289	-53.7%	15,005	14,608	2.7%
% of net sales	14.2%	14.0%		6.4%	16.5%		12.3%	14.6%	
Depreciation	(5,764)	(6,042)	-4.6%	(2,453)	(2,493)	-1.6%	(8,217)	(8,535)	-3.7%
EBIT	7,255	4,276	69.7%	(467)	1,796	126.0%	6,788	6,072	11.8%
% of net sales	7.9%	5.8%		-1.5%	6.9%		5.5%	6.1%	

Sales rose by 22.6% in 2005 in the four countries. Fourth quarter growth was 19.0% compared to the previous year.

In absolute terms of EBITDA, the Group's results exceeded €15,000 thousand and grew by a modest 2.7%. The effort made during the last quarter of the year to launch the business in Italy and the aesthetic medicine division in the United Kingdom together with the seasonal factor inherent to the fourth quarter have influenced both the quarterly and yearly results.

If we exclude the impact of Italy, CORPORACIÓN DERMOESTÉTICA in the markets in which it is more established (Spain, Portugal and the UK) increased its income by 21.3% and its EBITDA by 23.1% to €28,569 thousand (24.0% on sales).

³ The pro forma profit and loss account assumes that Ultralase has been part of the Group since 1/01/2004 and does not take into account adjustments for one-off impacts described in the following section aiming to show how the business has performed under our present Group's structure. Both pro forma and reported P&L are reconciled in the next paragraphs.

Consolidated Profit and Loss Account

Corporación Dermoestética	Cumulative 2005 PF	Adjustments for one-off impacts 1S 05	Year		Incr. %
			2005	2004	
<i>Thousand €</i>					
Net sales	122,422	(14,347)	108,075	72,666	48.7%
Purchases	(25,449)	2,432	(23,017)	(17,074)	34.8%
GROSS MARGIN	96,973	(11,915)	85,058	55,592	53.0%
Other operating expenses	(81,968)	5,542	(76,427)	(45,721)	67.2%
EBITDA	15,005	(6,374)	8,631	9,871	-12.6%
Depreciation	(8,217)	975	(7,241)	(5,642)	28.3%
EBIT	6,788	(5,398)	1,390	4,228	-67.1%
Financial results	(3,604)	(948)	(4,552)	350	n.m.
Corporate Tax	(2,517)	1,926	(591)	(2,106)	-72.0%
NET INCOME	668	(4,420)	(3,753)	2,472	n.m.

No significant new one-off impacts occurred during the fourth quarter to merit separate analysis.

Thus, the one-off impacts during 2005 were basically the ones detailed in the first half-year results report.

Depreciation in 2005 amounted to €8,217 thousand (pro forma) and €7,241 thousand in the reported consolidated profit and loss account.

Financial expenses increased significantly, as a result of the aforementioned impact and of two extra effects:

- €2,694 thousand (pro forma) of interest costs incurred by the Company on behalf of customers in the UK and €1,897 thousand in the consolidated profit and loss account.
- €673 thousand from the increase in our debt position as a result of the acquisition of Ultralase (€1,047 thousand on a pro forma basis).

3. Consolidated Balance Sheet, Investments and Financial Position

Consolidated Balance Sheet

Balance Sheet <i>Thousand €</i>	2005	%	2004	%	Difference 05 / 04	
ASSETS						
Fixed assets						
Property, plant and equipment	43,252	35%	26,895	40%	16,357	(*)
Intangible assets						
Goodwill	36,649	30%	0	0%	36,649	(**)
Other intangible assets	3,040	2%	950	1%	2,090	
Other	12,754	10%	5,373	8%	7,380	
	95,695	78%	33,219	49%	62,476	
Current Assets						
Cash and equivalents	15,390	12%	29,200	43%	(13,810)	
Debtors	3,087	2%	3,475	5%	(388)	
Inventory	3,674	3%	1,839	3%	1,835	
Other	5,813	5%	109	0%	5,704	
	27,964	23%	34,623	51%	(6,659)	
Total assets	123,659	100%	67,842	100%	55,817	
LIABILITIES						
Shareholders' Equity						
Paid-in Capital	3,989	3%	539	1%	3,450	
Reserves	12,401	10%	12,401	18%	0	
Retained Earnings	8,833	7%	16,036	24%	(7,203)	
	25,223	20%	28,976	43%	(3,753)	
Long term Liabilities						
Debts with credit institutions	38,903	31%	3,307	5%	35,596	
Liabilities from deferred taxes	12,405	10%	5,500	8%	6,905	
Provisions	3,225	3%	2,103	3%	1,122	
Other long term liabilities	7,157	6%	760	1%	6,397	
	61,690	50%	11,670	17%	50,020	
Short term Liabilities						
Debts with credit institutions	2,903	2%	2,979	4%	(76)	
Commercial creditors	28,472	23%	21,471	32%	7,001	
Other short term liabilities	5,371	4%	2,746	4%	2,625	
	36,746	30%	27,196	40%	9,550	
Total Liabilities	123,659	100%	67,842	100%	55,817	

(*) The variation is due to the inclusion of the "property, plants and equipment" amounts from Ultralase (date of first consolidation: 14/05/05) and to the investments made by the Group during 2005.

(**) The variation is due to the goodwill generated in the Group as a result of the acquisition of Ultralase.

Investments

Investments Thousand €	Cumulative 3 Q		Incr. %	4 Q		Incr. %	Year		Incr. %
	2005	2004		2005	2004		2005	2004	
Clinic Openings	9,833	4,739	107,5%	2,409	1,917	25,7%	12,242	6,656	83,9%
Spain + Portugal	2,63	2,986	-11,9%	844	449	88,0%	3,474	3,435	1,1%
United Kingdom	1,251	0	n.m.	1,358	225	503,6%	2,609	225	1.059,6%
Italy	5,952	1,753	239,5%	207	1,243	-83,3%	6,159	2,996	105,6%
Maintenance	823	3,557	-76,9%	342	4	8.450,0%	1,165	3,561	-67,3%
Ordinary	154	199	-22,6%	327	2	n.m.	481	201	139,3%
Transfers of existing clinics	669	3,358	-80,1%	15	2	650,0%	684	3,36	-79,6%
TOTAL	10,656	8,296	28,4%	2,751	1,921	43,2%	13,407	10,217	31,2%

During 2005, €13,407 thousand were invested in expanding and upgrading our network of clinics (€6,159 thousand in Italy and €7,248 thousand in the rest of the countries). Additionally Ultralase was acquired to become our new subsidiary in the United Kingdom.

Spain and Portugal

- During 2005, investments were made in opening the planned clinics: Cartagena (January), Sabadell (February), Alcorcón (July), Jerez (July), Santiago (December) and Logroño (December). Only one of the seven planned clinics (Orense) is still pending the final administrative procedures before opening.
- Work is still being carried out on the Gijón clinic which is due to open during the first half of the year. Work will soon be started on the two new clinics which could be opened towards the end of 2006 or at the beginning of 2007.
- In Portugal, investments included work on the three new clinics. Braga opened in January and Aveiro in October. Coimbra is set to open in the very near future. There are no plans to open any new clinics in Portugal during 2006.
- In addition, investments were also made in 2005 for moving to new premises to the value of €684 thousand. The largest investments corresponded to the move of our Barcelona clinic (€137 thousand invested in 2005 in addition to the investments made in previous years) and of our Almería clinic (€269 thousand).
- There are plans to move two of our current clinics during 2006.

The United Kingdom

- Clinic Openings. During 2005 the Hammersmith clinic (aesthetic medicine pilot clinic) was opened thanks to an investment of €313 thousand. The ophthalmic clinic in Reading was opened after the close of the quarter.
- The increase in the range of activities offered at our clinics, with the introduction of the new aesthetic medicine division, is currently underway and in some of them (Guildford) new services have begun to be offered very recently. We forecast that aesthetic medicine and surgery services will be available in four of our clinics before the end of the first quarter 2006.
- In the vision division, there are plans underway to open at least one more clinic in the second half of 2006 and preparations will be started on a second new clinic due to open at the end of 2006 or the beginning of 2007.
- According to the agreements signed during the acquisition of Ultralase (value of the acquisition €42,240 thousand), during the second quarter a total of €33,000 thousand was paid out. An additional payment of €5,146 thousand was paid out in October.

Italy

- During 2005, a total of €6,159 thousand was invested in the construction work for the opening of new clinics.
- A drastic reduction in investment is foreseen during 2006 as a result of the completion of the Italian clinics network.

Financial Position

Financial Position

Thousand €

	2005	2004
Long Term Debt with credit institutions	38,903	3,307
Short Term Debt with credit institutions	2,903	2,979
Long Term Debts with old shareholders of Ultralase (*)	5,947	0
Short term Debts with old shareholders of Ultralase	87	0
Other financial liabilities (short term)	0	26
Gross Financial indebtedness	47,840	6,312
Cash and equivalents	(15,390)	(29,200)
Net Financial indebtedness	32,450	(22,888)

(*) The final amount of the long-term debt maintained with former Ultralase shareholders will be calculated based on the EBITDA actually generated in 2007 and 2008. As of 31st December 2005, the amount was corrected based on the EBITDA forecast for these two years.

In keeping with the Group's general policy, we expect to self-finance our international expansion and to repay existing debt from the acquisition of Ultralase (mostly long-term debt) with the resources generated by the Group's ordinary activities.