



Solutions with you in mind

Annual Report **2009**

Almirall: solid performance in 2009...

- Financial performance in line with the company's objectives and market guidance.
- Increase in sales led by international sales.
- Launch of new products: Tesavel[®], Efficib[®] and Astucor[®].
- Major corporate development agreements.
- Positive R&D results in the respiratory franchise.
- Significant progress from the derma pipeline.
- Filing of Sativex[®].
- Dividend of €0.33¹ to be proposed to the Annual General Meeting.

...in line with our strategic goals:

- ✓ Leveraging own R&D.
- ✓ Growing internationally.
- ✓ Maintaining our leadership in Spain.

Strategic position

- R&D driven company focused on innovation.
- No.1 Spanish pharma, No.1 dermatology pharma in Germany and No.8 across Europe.
- A well diversified product portfolio.

Growth potential

- Broadest and deepest pipeline in company history.
- Derma pipeline and portfolio roll out.
- Explore leveraging value from Genuair[®] inhaler.

Capabilities/Opportunities

- R&D capabilities in respiratory, autoimmune and dermatological therapeutic areas.
- Presence in major Europe.
- Strong Cash Flow generation and solid Balance Sheet.

¹ Rounded figure. The exact figure represents a 5% increase over the previous year.

Net Sales
€925.5 mill
 +2.5%

Net Income
€151.5 mill
 +11.3%

Dividend
€0.33¹
 +5%

2009 Functional Income Statement

(rounded to nearest € million)

	2009	2008
Net Sales	925.5	902.8
% change	2.5%	13.9%
Gross Profit	580.9	569.4
% sales	62.8%	63.1%
Other Income	107.8	153.1
EBITDA	243.9	230.0
% sales	26.4%	25.5%
Depreciation and Amortisation	64.8	63.3
EBIT	179.1	166.7
% sales	19.4%	18.5%
Net Income	151.5	136.1
% sales	16.4%	15.1%
Normalised Net Income	145.3	142.5
% sales	15.7%	15.8%

EBITDA

€243.9 mill
 +6.0%

EBIT

€179.1 mill
 +7.4%

Normalised
 Net Income

€145.3 mill
 +2.0%

EPS²

€0.91

Financial Debt

€265.7 mill

Net Financial Debt³

€40.1 mill
 x 0.16 EBITDA 2009

Cash Flow from
 Operating Activities

€261.6 mill
 +12.2%

¹ Rounded figure. The exact figure represents a 5% increase over the previous year.

² Earnings per share.

³ Financial Debt (€265.7 mill) – Cash and Equivalents (€259.7 mill) + Pension Liabilities (€34.1 mill) = €40.1 mill.

2009 Balance Sheet

(rounded to nearest € million)

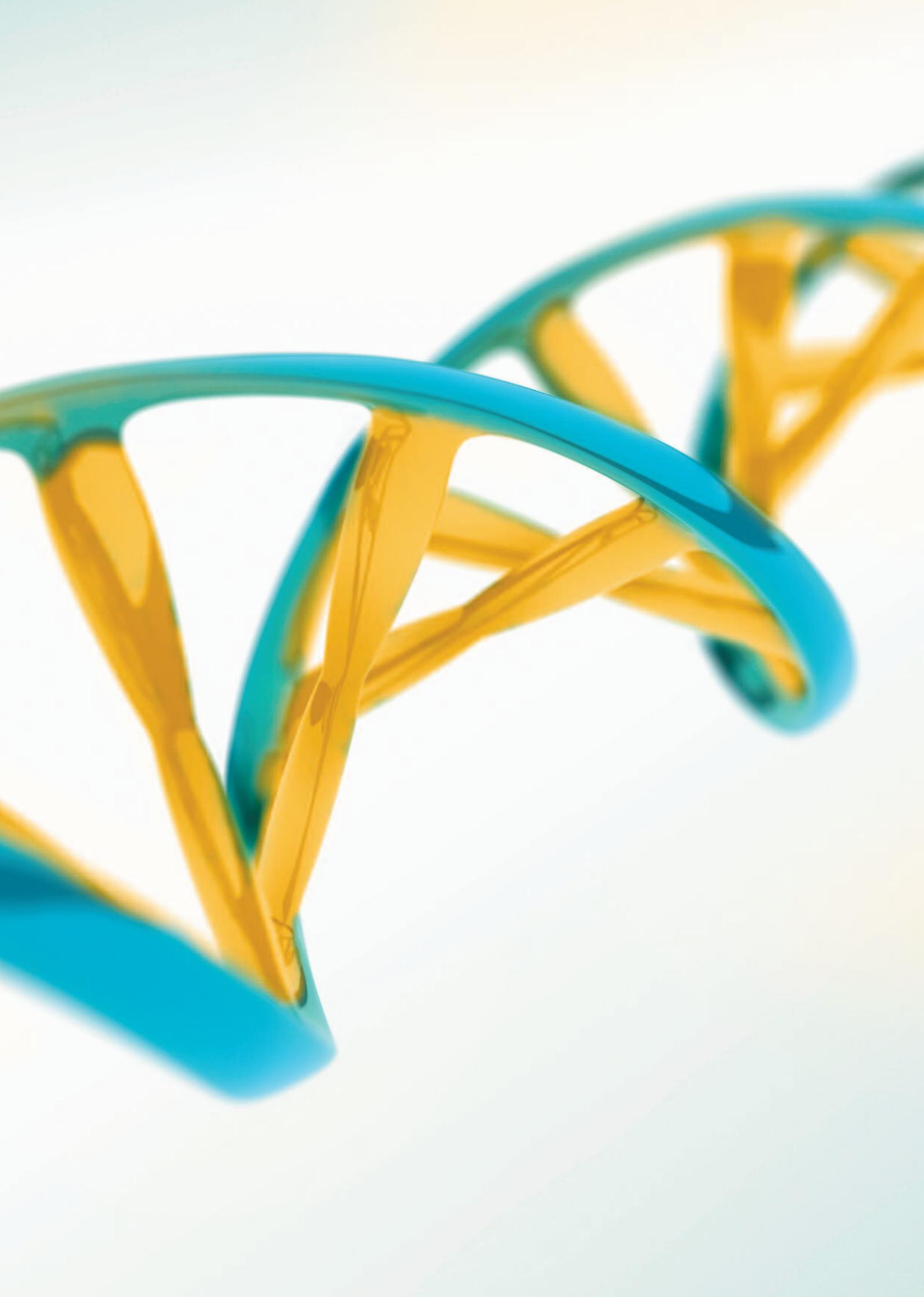
	2009	% of total	2008
Goodwill	272.7	18.4%	273.5
Intangible Assets	352.8	23.8%	342.7
Property, Plant and Equipment	169.1	11.4%	175.7
Financial Assets	10.8	0.7%	3.9
Other Non-Current Assets	173.6	11.7%	165.3
Total Non-Current Assets	979.0	66.0%	961.1
Inventories	97.7	6.6%	112.5
Accounts Receivables	120.4	8.1%	107.9
Cash and Equivalents	259.7	17.5%	186.1
Other Current Assets	26.2	1.8%	28.8
Total Current Assets	504.0	34.0%	435.3
Total Assets	1,483.0		1,396.4
Shareholders' Equity	751.0	50.6%	653.0
Financial Debt	265.7	17.9%	321.0
Other Non-Current Liabilities	228.4	15.4%	183.3
Other Current Liabilities	237.9	16.0%	239.1
Total Equity and Liabilities	1,483.0		1,396.4

2009 Cash Flow

(rounded to nearest € million)

	2009	2008
Profit before tax	171.5	144.7
Depreciation and Amortisation	64.8	63.3
Change in Working Capital	-18.8	16.2
Other Adjustments	44.1	8.9
Cash Flow from Operating Activities	261.6	233.1
Financial Income	2.9	6.8
Investments	-77.6	-24.0
Divestments	19.4	2.9
Other Cash Flows	0.1	0.0
Cash Flow from Investment Activities	-55.2	-14.3
Cash Flow from Financing Activities	-132.8	-222.7
Cash Flow generated during the period	73.6	-3.9
Free Cash Flow	206.4	218.8

Annual Report 2009



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Message from the Chairman and CEO



Almirall's performance in 2009 was solid. Our financial results are in line with guidance and we attained our objectives in an increasingly challenging environment.

Significant events included the launch of new products, the completion of major corporate development agreements and the positive progression of our pipeline.

All these results contribute to set the basis for sustainable long-term growth.

Net Sales were up 2.5% to €925.5 mill led by international sales performance (+5.6%).

EBIT and EBITDA advanced materially (+7.4% and +6.0%) reaching €179.1 mill and €243.9 mill respectively, both driven by strong international sales and continued cost base optimisation.

Net Income reached €151.5 mill (+11.3%), expanded by the disposal of 13 non-actively promoted products from our portfolio.

Normalised Net Income totalled €145.3 mill (+2.0%), despite a higher effective tax rate of 11.7%, due to lower R&D expense.

Operating Cash Flow grew by 12.2% to a new record level of €261.6 mill, which was more than sufficient to cover investment opportunities, pay-out policy and debt pay down in 2009.

Free Cash Flow reached €206.4 mill despite the acquisition of linaclotide's European rights (US\$ 40 mill down payment + US\$15 mill of equity investment in Ironwood) and milestone payment to GW Pharmaceuticals (GBP 8 mill).

Net Debt as at 31 Dec 2009 was reduced to €40.1 mill (x 0.16 EBITDA'09). Despite the Net Cash position forecast for 2010 (unless material corporate development projects are completed), Almirall has set a target to maintain its rate of debt amortisation.

Equity represents 50.6% of Total Assets (46.8% as at 31 December 2008).

In Spain, we have maintained our position as the country's leading pharmaceutical company, with stable sales of €536 mill and a market share of 5.4%.

Almirall's products continue to deliver positive results. Its top 10 products grew by 5.8% while the top six products grew by double digits (+10.7%), and accounted for 63% of Net Sales, reflecting a well balanced portfolio with no overexposure to a single product. Notable performances were seen with Ebastel® (ebastine), Esertia® (escitalopram) and Almogran® (almotriptan), all of which with double digit growth rates. The excellent growth trend of Prevencor® (atorvastatin) continued. On the flipside, Airtal® (aceclofenac) and Dobupal® (venlafaxine) showed a lowering trend due to generic/reference pricing effects.

Almirall's fastest-growing product was the dermatological product, Solaraze® (diclofenac sodium). Despite no introductions in new markets since its acquisition in late 2007, the product benefited from Almirall's commercial realignment having grown by 44% to €24 mill in 2009 and was the best selling dermatological product in Germany.

New launches in 2009 – Tesavel® (sitagliptin) and Efficib® (sitagliptin+metformin) – progressed as expected. Astucor® (amlodipine+atorvastatin) also contributed positively to the Spanish sales.

Cost rationalisation and asset optimisation included commercial realignment, marketing expense efficiencies and the consolidation of our manufacturing capabilities. Almirall continues to constantly monitor and analyse the adequacy of its commercial structure and take action to keep it in line with its goals.

In 2009, Almirall made significant progress in the respiratory field, both with our leading component Eklira® (aclidinium bromide) and with the promising LAS100977 (OD LABA). There are also two ongoing phase III BID studies with aclidinium bromide. Results are expected between the second half of 2010 and early 2011.

The dermatology pipeline has made good progress and was strengthened in 2009. The dermatology portfolio has expanded significantly since the acquisition of Hermal by Almirall in September 2007.

Two key licensed-in late-stage compounds for which Almirall holds European rights, linaclotide, for irritable bowel syndrome with constipation IBS-C (licensed from Ironwood) and Sativex® (licensed from GW Pharmaceuticals) also progressed well in 2009.

In summary, 2009 was a positive year for Almirall. We were consistent with our strategic objectives: leveraging R&D, growing internationally and maintaining our leadership position in Spain.

Our key targets for 2010 are to sustain normalized profits, deliver significant newsflow from our late-stage pipeline and undertake new ventures in corporate development.

Challenging times also bring opportunities. We will focus our efforts on delivering the best performance in our daily activities, with a view to identifying new opportunities and transforming them into long-term value for our shareholders.



Jorge Gallardo
Chairman and CEO





Mission-Vision and corporate values

Our principles:

- Researching, developing, producing and marketing safe and effective medicines.
- Promoting a corporate culture based on solid corporate values.
- Improving the health and well-being of people.

Mission-Vision

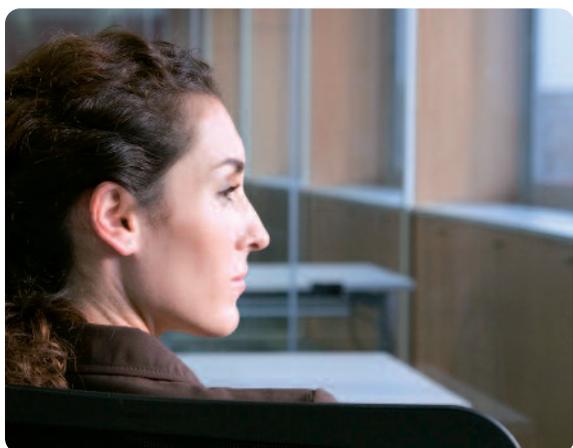
The principles of our company

We specialise in researching, developing, producing and marketing both proprietary and licensed drugs with the aim of improving people's health and well-being.

We devote substantial human and financial resources to constantly researching new drugs and obtaining effective and safe products to combat illness and disease. To attain these goals, we work every day to promote a corporate culture based on professionalism and teamwork.

Almirall defines its lines of action according to its Mission-Vision, which are the key pillars that underpin the company's daily activities and guide it into the future.

*We aim to improve
people's health and
well-being*



Contribution to society

We research and develop top quality products and services that add value to society, in order to satisfy health requirements by solving medical, social and economic problems.

Position as a pharmaceutical company

From our leadership positioning in Spain, we aim to consolidate our international presence, particularly in Europe, as a company of reference in the pharmaceutical sector.

Values that govern our lines of action

We encourage a corporate culture based on professional attitudes and teamwork so that individual and collective efficiency give the company a competitive advantage.

At Almirall, as a leading pharmaceutical company committed to healthcare, we have a team of highly qualified professionals both in Europe and in Latin America. We know that our people are the key to our success.

Almirall's culture is based on effort, development and constant improvement. Almirall recognises the talent and skills of its people and has an inclusive, respectful approach to difference. Actions are ultimately carried out by people and, therefore, they alone are able to adopt a particular philosophy and add a personal touch to their work.

Corporate values

The essence of our culture

Corporate values lie at the heart of Almirall's work ethic and inspire both the attitude and behaviour of employees in their everyday tasks based on a series of common guidelines.

*Corporate values,
key to the Almirall
culture*



Professionalism

Acting with responsibility, accuracy and efficiency.

Innovation and creativity

Working with initiative to create systems that enable us to improve the results of our daily work.

Effectiveness and agility

Concentrating our efforts on work processes that add value to overall results.

Teamwork

Cooperating with colleagues, meeting obligations in every area of the company.

Leadership

Supporting and encouraging work by empowering professional growth through participation and confidence in new professional challenges.

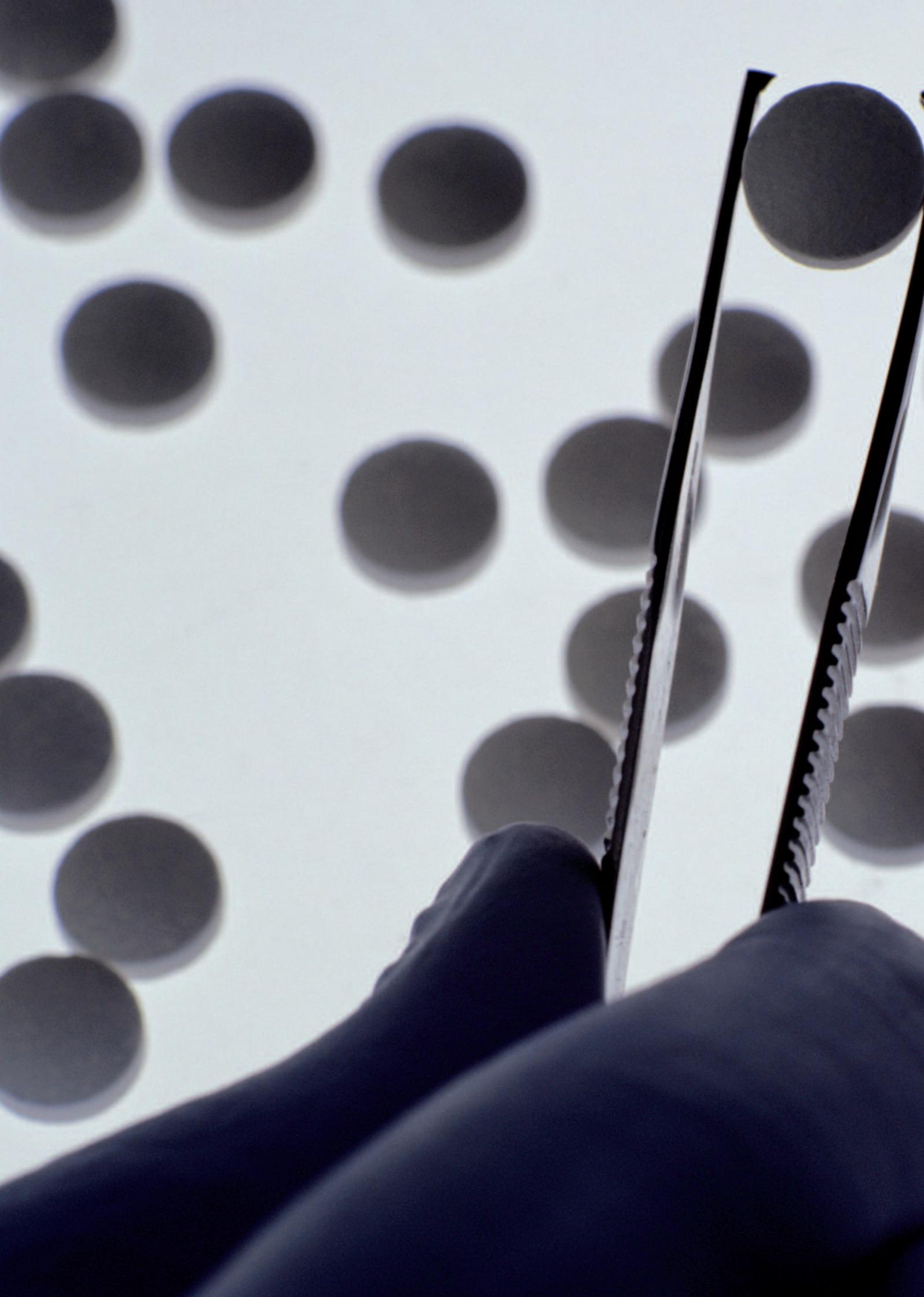
Customer focus

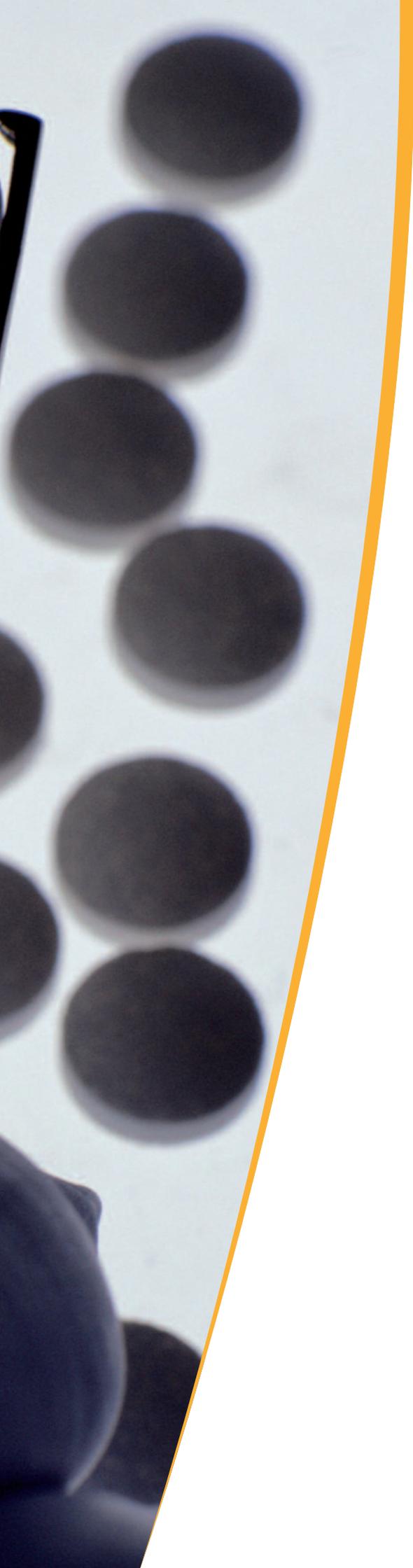
Working with an attitude of serving those who are to receive the results of our activities.

Transparency

Maintaining an attitude of accessibility to others, supplying information needed for the understanding and performing of our work.

Almirall's commitment to its employees aims to help them develop their talent and strengthen their sense of belonging to the company.



A microscopic view of several dark, spherical cells arranged in a grid pattern on a light blue background. A thick, bright blue diagonal line runs from the top left towards the bottom right, separating the image from the text.

Business model and strategy

Our priorities:

- Becoming a leading pharmaceutical company in Europe.
- The key: leveraging own R&D.
- Our business model combines proprietary products and corporate development activities.

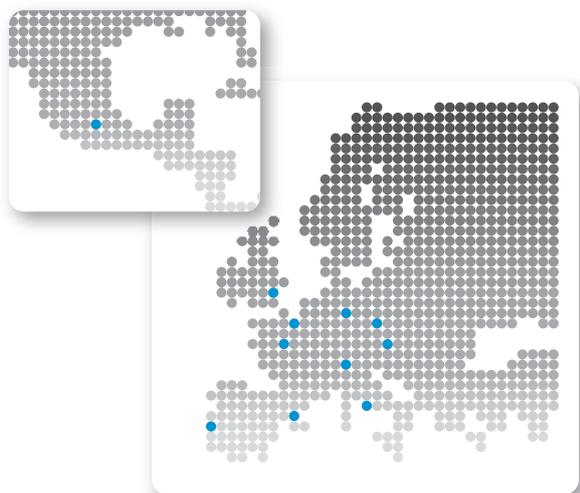
Who we are

Since its foundation in 1943, Almirall's proven track record in R&D activities has made it a leading company in Spain, with an increasing presence on the European stage and with proprietary products in over 70 countries across the five continents.

Based in Barcelona (Spain), Almirall started a successful process of internationalisation over a decade ago through the establishment of affiliates in Europe and Latin America. Outside Spain, it currently has affiliates in Austria, Belgium, France, Germany, Italy, Mexico, Poland, Portugal, Switzerland and United Kingdom-Ireland, where it has a diverse product portfolio thanks to its research, an extensive sales network and an excellent team of professionals.

Almirall continues to analyse investment opportunities in other markets and maintains strategic alliances with other international pharmaceutical companies that market its R&D products.

Most of the products marketed by Almirall are made at its own pharmaceutical and chemical plants, located in Spain and Germany. These facilities are equipped with the latest technology in order to manufacture a broad range of products and its capacity can be increased in the future.



Almirall's presence

70 countries | 11 affiliates

Over

3,000 employees

The products marketed by Almirall mainly belong to the following therapeutic areas: cardiovascular, central nervous system, digestive, musculoskeletal, respiratory (which includes products for allergies) and urology.

Almirall mainly sells its products to wholesalers. They are either distributed from its own warehouses or through logistics operators. In addition, it focuses its efforts on promoting and providing information about its products to General Practitioners (GP) and specialists.

The company manufactures most of the active ingredients developed by its R&D Area, as well as third parties products. It currently has three pharmaceutical plants (two in Spain and one in Germany), whose total production in 2009 was around 107 million units, and two chemical plants in Spain, whose production in 2009 was 110 tonnes.

Almirall has over three thousand employees worldwide.

Corporate profile

Corporate name	Almirall, S.A.
Headquarters	Ronda General Mitre, 151 - 08022 Barcelona (Spain).
Ranking of the company	<ul style="list-style-type: none"> • Leader in Spain with a market share of 5.4% (IMS TAM Dec. 09). • No.1 derma company in Germany and No.8 in Europe. • Almirall is ranked 66th among pharmaceutical laboratories in terms of turnover. • In Europe, it is ranked 33rd among pharmaceutical companies.
Total Revenues 2009	• €1,033 mill.
Net Sales 2009	<ul style="list-style-type: none"> • €925.5 mill. • Increase of 2.5% compared with previous year.
Spanish market	• €536 mill (57.91% of total sales in 2009).
International market	• €389.5 mill (42.09% of total sales and 5.6% increase in comparison with 2008 results).
R&D resources	<ul style="list-style-type: none"> • In 2009, the company devoted about 13% of its Net Sales to R&D and over 17% of its staff works in this area. • Leading pharmaceutical company in Spain in terms of R&D investment.
International presence	<ul style="list-style-type: none"> • Almirall's products are present in over 70 countries (including the USA and Japan). • 11 affiliates: 10 in Europe (Austria, Belgium, France, Germany, Italy, Poland, Portugal, Spain, Switzerland and the United Kingdom-Ireland) and 1 in Latin America (Mexico).
Staff	<ul style="list-style-type: none"> • Over 3,000 employees, of whom over 1,300 work for our international affiliates. • Over 3% of total payroll is devoted to training. • Sales staff of around 1,600 people in 11 countries.

Strategy

Drive towards the future

One of the main reasons Almirall pursues a strategy of long term growth and consolidation is to make advances in research and development. Our goal is to promote the creation of innovative products in order to improve the health and wellbeing of people.

Therefore, the Research and Development Area is of prime strategic importance to Almirall and is considered one of its principal driving forces for future growth. Almirall ranks third among the Spanish companies that invest the most in R&D and the first Spanish pharmaceutical company in the European ranking of the top 1,000 companies that invest the most in research and development (2008 EU Industrial R&D Investment Scoreboard).

Current R&D efforts focus on the following pathologies: asthma, COPD (Chronic Obstructive Pulmonary Disease), multiple sclerosis, rheumatoid arthritis, psoriasis and other dermatological conditions.

Almirall's strategic products that are marketed internationally include aceclofenac, almotriptan, ebastine, Solaraze®, Vaniqa® and the Balneum® line.

R&D
driven pharmaceutical
company



*Pharmaceutical company
with global reach*

Strategic goals

- **Leveraging our own R&D**
With the goal of helping to combat illnesses, we adopt a research and development policy that leads to the discovery of innovative products, both through our own research projects and through collaborations with other companies and research centres.
- **Growing internationally**
We work to strengthen Almirall in countries where we have our own affiliates, such as in Austria, Belgium, France, Germany, Italy, Mexico, Poland, Portugal, Spain, Switzerland and the United Kingdom-Ireland, and we analyse investment opportunities in other markets, such as strategic alliances with other international pharmaceutical companies.

Our goal is to establish ourselves as a leading pan-European pharmaceutical company. Almirall's products are currently present in over 70 countries on the five continents.

- **Maintaining leadership in Spain**

The proven efficiency of our products, together with the dedication and professionalism of our sales network, have placed us in a leading position on the Spanish market, which we aim to maintain. We aspire to continue being leaders in the Spanish pharmaceutical sector.

These three strategic pillars have guided Almirall's growth over the last decade.

The attainment of these goals is reflected in the figures obtained in 2009. They are the result of the appropriate corporate structure, an excellent team of professionals, a broad international presence and a major commitment to R&D, which has become manifest in a high quality product portfolio that enables us to offer the best therapeutic solutions to people all over the world.

Leader
in the Spanish
pharmaceutical sector



Almirall's business model

Almirall is a flexible company that is able to manage its relationship with partners in order to maximise the potential of each of its products in the territories in which it operates. As a result, the company has signed major agreements to obtain the marketing rights of the products from international pharmaceutical companies.

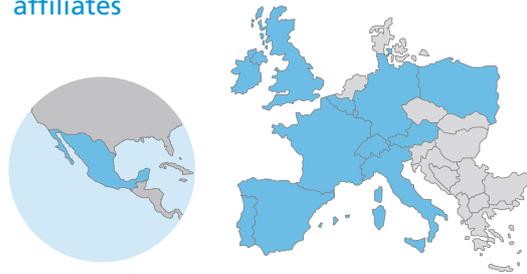
Thanks to Almirall's leadership position and the professionalism of its team, the company has been chosen to in-license the distribution of products from prestigious pharmaceutical companies.

45%
proprietary products

2009 Sales
€925 mill

55%
other companies' products

Direct sales by Almirall through 11 affiliates



Out-licensing Sales



Most relevant examples

Japan	Ebastine	Dainippon Sumitomo
USA	Almotriptan	Johnson & Johnson
USA	Acidinium bromide*	Forest
USA	LAS100977*	Forest

Almirall has been a successful in-licensor of major pharma

Europe	Linaclotide*	Ironwood
Europe (except UK)	Sativex®**	GW Pharma
Spain	Sitagliptin	MSD
Spain	Salmeterol + Fluticasone	GSK
Spain	Escitalopram	Lundbeck
Spain	Atorvastatin	Pfizer

* In clinical development.
** In filing process.

Our business model

A successful combination of R&D and corporate development.

1. Products sold through the company's own affiliates

Both the products developed by Almirall's own R&D and products licensed by third parties (license-in products) are marketed via the company's own sales force. This sales force has been consolidated in Spain and across Europe and Latin America.

Under license-in agreements, Almirall markets the products of other pharmaceutical companies through its network of affiliates.

2. Sales via licensed companies

Almirall also markets its own research products through collaboration agreements with other leading multinational pharmaceutical companies, in order to increase the presence of Almirall's products in those markets where it does not have operative affiliates.

Additionally, in those countries in which Almirall has its own sales force, the granting of additional license-out agreements allows more of our products to be introduced on the market, thus maximising the business of our company in those countries.



Dual business model:

- *Own affiliates*
- *License-out agreements*





Operations

Almirall increased its Net Sales in 2009 to €925.5 mill:

- The company has a portfolio with a well balanced, diverse product range.
- Leader in Spain and growing internationally.
- Major agreements in 2009 that strengthen its core business.

Marketing activities in 2009

From a marketing strategy viewpoint, Almirall's business model is based on a twofold approach. The first is to market products through the company's own network of affiliates. The second involves entering into agreements with licensed companies.

Following the acquisitions in 2007, Almirall opened new four affiliates in 2008. Consequently, Almirall operated with 11 own affiliates in 2009: Austria, Belgium, France, Germany, Italy, Mexico, Poland, Portugal, Spain, Switzerland and the United Kingdom-Ireland.

New agreements and launches

In 2008 Almirall signed a co-marketing agreement with Merck Sharp & Dohme (MSD) under which MSD grants Almirall the rights to market sitagliptin under the brand name of Tesavel® for Spain.

Tesavel® (sitagliptin) is indicated for the treatment of type-2 diabetes. It is the first product of a new therapeutic class (dipeptidyl peptidase-4 inhibitors).

Sitagliptin acts by increasing the levels of active incretin hormones that enhance the body's natural process of regulating blood glucose level. When the level of blood glucose rises, the incretins stimulate the pancreas to produce insulin and instruct the liver to reduce its glucose production.

The commercial launch of Tesavel® has allowed Almirall to add a novel product to its portfolio in a market which is expected to increase its prevalence in the next few years.

The licensing agreement signed with MSD also enabled Almirall to launch a combination of sitagliptin and metformin in a single tablet, which Almirall markets under the brand name of Efficib® and that was launched in 2009.

*Tesavel®, Efficib® and Astucor®,
three new launches strengthen
the core business*

Furthermore, in 2008 Almirall signed a co-marketing agreement with Pfizer for the marketing by Almirall of a combination of amlodipine and atorvastatin.

January 2009 saw the launch of this combination of amlodipine and atorvastatin in a single tablet under the brand name of Astucor®, thus strengthening Almirall's portfolio of cardiovascular products.

Astucor® is an efficacious treatment for the reduction of cardiovascular risk. It monitors the blood pressure of patients with three or more cardiovascular risk factors and normal or slightly high cholesterol levels, while reducing the risk of suffering a cardiovascular episode, such as myocardial infarction or cardiovascular death.

The progression of sales of Tesavel® (sitagliptin) and Efficib® (sitagliptin+metformin) was as expected and, together with Astucor® (amlodipine+atorvastatin), they contributed positively to Almirall's sales turnover in Spain.

In April 2009, Almirall signed two major license-in agreements in order to strengthen its core business: linaclotide and silodosin.

The pan-European licensing agreement with Ironwood Pharmaceuticals for linaclotide enables Almirall to market the compound on an exclusive basis, and to take full charge of the associated regulatory activities.

Linaclotide is a peptide that is administered orally in a single daily dose that acts directly on the intestinal lining, as an antagonist of type C guanylate cyclase.



2 new licensing agreements in 2009: silodosin and linaclotide

It is currently in phase III of development for the treatment of irritable bowel syndrome with constipation (IBS-C) and results are expected in the second half of 2010.

The licensing agreement with Recordati in Spain for silodosin is on a co-marketing basis. It is an antagonist agent of alpha 1A-adrenoceptor receptors that is used in the treatment of symptoms associated with benign prostatic hyperplasia (BPH).

The European Commission recently approved silodosin, which Almirall will market under the brand name Silodyx®.

We are likewise expecting a regulatory ruling for Sativex® (for the treatment of spasticity in multiple sclerosis) in the first half of 2010. These two products, which are pending pricing and reimbursement processes, could generate sales in 2010 and contribute to sustaining our core business in the years to come.

Listed below are the most relevant license-in agreements as at the end of 2009:

Molecule	Partner	Brand marketed by Almirall
Atorvastatin	Pfizer	Prevencor®
Venlafaxine	Pfizer/Wyeth	Dobupal®
Eflornithine	Skinmedica	Vaniqa®
Diclofenac sodium	Skyepharma	Solaraze®
Salmeterol+fluticasone	GlaxoSmithKline	Plusvent®
Lansoprazole	Takeda	Opiren®/Opiren Flas®
Escitalopram	Lundbeck	Esertia®
Risedronate	Sanofi-Aventis	Actonel®
Candesartan-Candesartan/HCTZ	Takeda	Parapres®/Parapres Plus®
Tolterodine	Pfizer	Urotrol®/Urotrol Neo®
Pantoprazole	Nycomed	Pantopan®
Tetrahydrocannabinol+cannabidiol	GW Pharmaceuticals	Sativex®
Atorvastatin+amlodipine	Pfizer	Astucor®
Sitagliptin	Merck Sharp & Dome	Tesavel®
Sitagliptin+metformin	Merck Sharp & Dome	Efficib®
Silodosin	Recordati	Silodyx®
Linaclotide	Ironwood Pharmaceuticals	--

Sales via licensed companies

Almirall's international expansion over the last decade has been based on three of its proprietary R&D products: ebastine, almotriptan and aceclofenac.

International expansion based on 3 proprietary R&D products

Listed below are the most important license-out agreements as at the end of 2009:

Major Almirall license-out agreements worldwide

Ebastine	Territory
Dainippon	Japan
Boryung	South Korea
Nycomed	Scandinavian & Baltic countries, and Russia
Eurofarma	Brazil
Zuellig & Woo Co. Ltd.	China
Eczacibasi Ilac Ticaret As	Turkey
Novis Pharmaceutical	Greece
Chiesi Farmaceutici S.P.A.	Italy
Highnoon Labs.	Pakistan
Ahmed Khalil Albaker Trading E.	United Arab Emirates
Elmor	Venezuela
Droguerie Phenicia	Lebanon
Al-Maseela Pharmaceutica Co. W.	Kuwait
Orient Europharma	Taiwan
Aspen Pharmacare	South Africa
Harley's	Kenya
The Star Medicines Import	Cyprus
Ranbaxy Malaysia Snd. Bhd.	Malaysia and Singapore

Almotriptan

Johnson & Johnson

Solvay

Meda

Yuhan

Pharmachemie

Territory

USA

Italy

Scandinavian countries

South Korea

The Netherlands

Aceclofenac

Gedeon Richter

Abiogen

Crinos

Galenica

The Star Medicines Import

Biomeks

Daewoong

Orient Eurofarma

BMS Egypt

Droguerie Phénicia

Elmor

Piex

Highnoon Labs.

Harley's

Leterago-Rowe

Territory

Eastern Europe

Italy

Italy

Greece

Cyprus

Turkey

South Korea

Brazil

Egypt

Lebanon

Venezuela

Francophone Africa

Pakistan

Kenya

Central America

Segmentation of Net Sales in 2009

In 2009, Almirall Net Sales reached €925.5 mill, which represents +2.5% compared to 2008.

Below is a detailed breakdown of sales based on a number of segmentation criteria.

Net Sales
€ 925 mill

Net Sales by distribution channel

	(rounded to nearest million euros)		
	2009	2008	% Var.
Own Sales Network (Spain)	536.0	534.0	0.4%
Own Sales Network (affiliates)	282.8	275.1	2.8%
Licensee sales	71.0	60.5	17.3%
Corporate sales	35.7	33.1	7.7%
Total	925.5	902.8	2.5%

In 2009, 58% of sales (€536 mill) were made in Spain and 30% (€282.8 mill) through international affiliates. Therefore, almost 90% of the sales recorded during the year were achieved through the company's own sales infrastructure, with international sales being the most significant contributor to the overall increase.

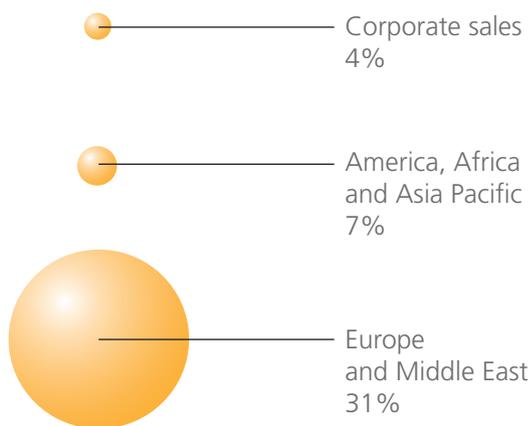
90% of sales
 through own
 sales network

Sales by licensees of Almirall's proprietary products (license-out) in those territories where the company does not have a direct presence increased by 17.3% compared to the previous year, whilst corporate sales rose by 7.7% in comparison with 2008.

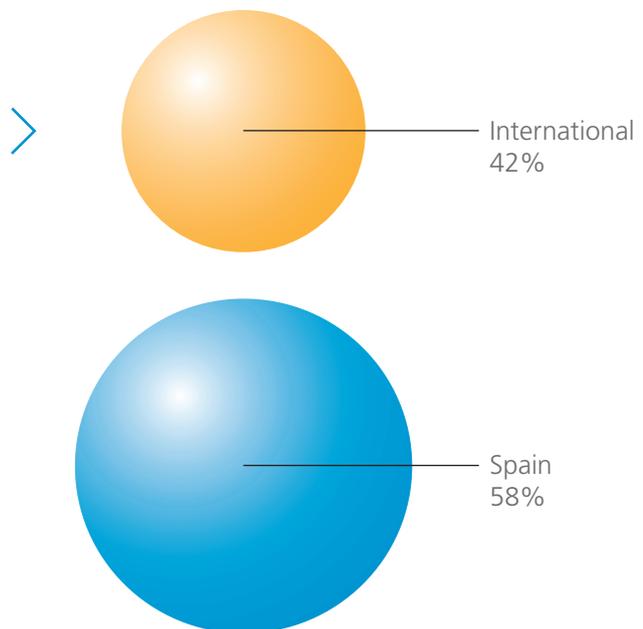
Net Sales by geographical area

	(rounded to nearest million euros)		
	2009	2008	% Var.
Spain	536.0	534.0	0.4%
Europe and Middle East	284.1	269.0	5.6%
America, Africa and Asia Pacific	69.6	66.6	4.6%
Corporate sales	35.7	33.1	7.7%
Total	925.5	902.8	2.5%

From a geographical point of view, Spanish sales remained stable compared to the previous year, despite the sale of 13 non-core products, which accounted for sales of approximately €8 mill in 2008. The performance in the remaining regions was positive, with increases that varied between 4 and 8%.



Distribution of domestic sales vs. international sales:



A well-balanced product portfolio

Almirall's main products continue to perform favourably.

The 10 top-selling products grew by 5.8% (the overall growth of the top 6 in the list grew by double digits in percentage terms +10.7%) and accounted for 63% of Net Sales, which reflects a well-balanced portfolio without over exposure to a single product.

Ebastel® (ebastine), Esertia® (escitalopram) and Almogran® (almotriptan) all performed well with a double digit growth. The excellent growth of Prevencor® (atorvastatin) continues. However, Airtal® (aceclofenac) and Dobupal® (venlafaxine) showed a downward trend due to the reference/generic prices.

Solaraze® (diclofenac sodium) performed the best out of all of Almirall's products. Although it has not been launched on new markets since its acquisition at the end of 2007, the product has grown by 44% to reach €24 mill, thus becoming the most widely sold dermatological product in Germany. New market launches are anticipated for 2011 and, therefore, the outlook in terms of growth for this product is positive.

Very positive
performance of Solaraze®

+44%



Net Sales

Brand name	(rounded to nearest million euros)		
	2009	2008	% Var.
Ebastel® and others (ebastine)	114.4	100.7	13.7%
Prevencor® (atorvastatin)	112.8	104.5	7.9%
Esertia® (escitalopram)	65.4	55.6	17.8%
Plusvent® (salmeterol+fluticasone)	60.1	59.7	0.6%
Almogran® (almotriptan)	51.8	44.0	17.7%
Parapres® (candesartan cilexetile)	44.0	40.2	9.6%
Airtal® and others (aceclofenac)	43.1	50.0	-13.8%
Opiren® (lansoprazole)	34.9	35.2	-1.0%
Dobupal® (venlafaxine)	34.5	46.8	-26.3%
Solaraze® (diclofenac sodium)	24.3	16.8	44.3%
Others	340.2	349.4	-2.6%
Total Net Sales	925.5	902.8	2.5%

The product portfolio marketed by Almirall is characterised by a balanced proportion of proprietary products and products licensed to Almirall by other pharmaceutical companies, an appropriate diversification in a range of therapeutic areas, and by a balanced distribution of sales by product, whereby sales are not overly exposed to any particular product.

The products that generated the most sales for the company are ebastine and atorvastatin, which accounted for around 12% of sales.

List of the 10 top-selling brands in 2009

Brand name	Sales 2009	% of sales*	Proprietary product	License	Therapeutic area
Ebastel® and others (ebastine)	114.4	12	•		Respiratory
Prevenor® (atorvastatin)	112.8	12		•	Cardiovascular
Esertia® (escitalopram)	65.4	7		•	CNS**
Plusvent® (salmeterol+fluticasone)	60.1	6		•	Respiratory
Almogran® (almotriptan)	51.8	6	•		CNS**
Parapres® (candesartan cilexetile)	44.0	5		•	Cardiovascular
Airtal® and others (aceclofenac)	43.1	5	•		Musculoskeletal
Opiren® (lansoprazole)	34.9	4		•	Gastrointestinal
Dobupal® (venlafaxine)	34.5	4		•	CNS**
Solaraze® (diclofenac sodium)	24.3	3	•		Dermatology
Total Top 10 brands	585.3	63	•	•	
Others	340.2	37	•	•	
Total Net Sales	925.5	100	~45%	~55%	

* Rounded percentage.

** Central Nervous System.

In 2009, proprietary products and licensed products respectively accounted for about 45% and 55% of sales.

Almirall has therapeutic solutions for treating the main factors of cardiovascular risk, such as hypertension or hypercholesterolaemia, including a drug which is considered to be among the most efficacious for the treatment of this condition.

As far as the central nervous system (CNS) is concerned, Almirall has products available for the treatment of conditions such as migraine, anxiety or depression. As part of its commitment to

improving the quality of life of people suffering from neurological disorders or deteriorating mental health, Almirall is conducting a research programme into CNS drugs which is one of the company's biggest challenges in the coming years.

2009 Sales

45% | 55%
 proprietary | licensed
 products | products

Almirall has achieved a clear leadership position in the gastrointestinal area through considerable research effort, as reflected in the wide range of products available for the treatment of some of the most prevalent conditions of the upper digestive tract (dyspepsia, gastritis, oesophagitis, or gastric and duodenal ulcers).

The dermatological area experienced strong growth in 2009. Almirall has therapeutic solutions available for the treatment of chronic idiopathic urticaria, allergic dermatitis and facial hirsutism.

Net Sales by therapeutic area

	(rounded to nearest million euros)			
	2009	2008	% Var.	% of sales
Cardiovascular	188.3	176.4	6.8%	20.3%
Respiratory	185.6	171.8	8.0%	20.0%
Central Nervous System (CNS)	169.2	172.7	-2.1%	18.3%
Gastrointestinal	145.1	139.7	3.9%	15.7%
Dermatological	115.1	102.8	11.9%	12.4%
Musculoskeletal	71.9	82.1	-12.4%	7.8%
Urological	19.6	22.4	-12.6%	2.1%
Other therapeutic areas	30.7	34.9	-12.0%	3.3%
Total	925.5	902.8	2.5%	100%

Cardiovascular, respiratory and CNS products led 2009 sales

Almirall's Net Sales by therapeutic area show that the company has a highly diversified range of products.

In consistency with its pipeline, Almirall continues to make progress in its key focus therapeutic categories: respiratory, gastrointestinal and dermatology, (that in 2009 accounted for 48.1% of sales, showing a growth rate of 7.6%).

A positive evolution was also seen in the cardiovascular area, whilst the products for the treatment of CNS and musculoskeletal disorders lost momentum as expected.

Proprietary R&D products

Four of Almirall's proprietary R&D products form part of its extensive product portfolio. Three of these products are among the top 10 sellers on the market: ebastine, aceclofenac and almotriptan, which are responsible for Almirall's international growth over the past few years. Likewise, almagate, another proprietary R&D product, is a leader on the Spanish market.

Ebastine

Ebastine is a product developed by Almirall launched in Spain in 1990 and which to date has been marketed in 32 countries worldwide through the company's own affiliates and licensees.

Ebastine is a second generation antihistamine which is administered once a day. It is indicated for the treatment of allergic rhinitis and chronic idiopathic urticaria. In some countries it is indicated for improving the symptoms associated with mosquito bites and atopic dermatitis.

Ebastine is leader of the antihistamine market in Spain. Its efficacy and safety are backed by thorough, extensive research: over 100 clinical studies have been conducted on over 15,700 patients.

In addition to the tablet formulations and oral solution, in 2005 a new formulation in the shape of a lyophilised tablet was developed. It dissolves rapidly in the mouth without the need to be taken with water. This is a highly innovative formulation on the antihistamine market, which also provides greater comfort to patients suffering from allergies. In 2009, ebastine sales accounted for 12% of Almirall's sales.

Ebastine:
a leading antihistamine
present in
32 countries



3 proprietary R&D products
amongst the top 10 sellers

Almotriptan

Almotriptan is one of the products developed by Almirall's R&D. This antimigraine product belongs to a class of compounds known as triptans, which are 1B/1D receptor selective agonists of serotonin. Triptans are a more selective therapeutic class in migraine treatment and they are used to treat headaches associated with migraine attacks, once the symptoms have appeared.

Almotriptan is currently one of the most favoured triptans by neurologists and GPs, thanks to the results obtained in clinical studies performed during its development and to the positive experiences acquired since it was first marketed. This is backed up by recently published thorough studies, including the internationally recognised 'Act when Mild' (AwM) and 'START', which show its great efficacy, with a placebo-like tolerability profile, in the early treatment of migraines and a novel clinical study on menstrual migraines.

The sound scientific evidence that supports almotriptan means our molecule was the first Spanish R&D product to be approved by the US Food and Drug Administration (FDA). Likewise, positive outcomes in adolescent patients resulted in

the FDA awarding almotriptan approval for the treatment of migraine in adolescents (as of 12 years of age), thus making it the first product of its class to obtain it.

Since it was first released in Spain in 2000, almotriptan has been launched in another 18 countries (including Canada, South Korea and the United States) and is also marketed in Belgium, France, Germany, Italy, Portugal and the United Kingdom through Almirall's own affiliates.

In 2009, almotriptan accounted for 6% of Almirall's total sales.



Aceclofenac

Aceclofenac belongs to the group of non-steroid anti-inflammatory drugs (NSAID) and anti-rheumatic drugs.

Due to its notable anti-inflammatory and analgesic properties, it is indicated for the treatment of pain and inflammation associated with chronic joint disorders (such as arthrosis or rheumatoid arthritis), as well as painful and inflammatory processes such as lower back pain, toothache or joint pain.

Aceclofenac:
135 million
patients treated



The mechanism of action of aceclofenac is largely based on inhibiting the synthesis of prostaglandins. It is a powerful inhibitor of the cyclo-oxygenase II enzyme involved in the production of prostaglandins. Once administered orally, aceclofenac is absorbed rapidly and completely in the form of an unaltered pharmaceutical.

This product was launched on the Spanish market in 1992. In 1995 it was approved for sale in the rest of Europe, becoming it the first Spanish drug to be approved in the UK. It is now registered in over 70 countries and distributed both through licensees (license-out) and via the company's own affiliates.

It is estimated that 135 million patients worldwide have been treated with aceclofenac since its launch. Currently, aceclofenac is the most prescribed product by orthopaedic surgeons in Spain.

Its global sales accounted for 5% of Almirall's sales in 2009.

Almagate

Almagate is a leading antacid in the Spanish market that was developed by Almirall's R&D.

Almagate, which has the capacity both to neutralise hydrochloric acid and inhibit active pepsin, belongs to a group of drugs called 'antacids'. They contain aluminium hydroxide and magnesium and are also capable of absorbing and neutralising biliary acids.

Almagate is indicated for acid-related digestive disorders, such as gastritis, dyspepsia (digestive disorder), hyperchlorhydria (gastric acid), duodenal ulcer, gastric ulcer, eosophagitis and hiatus hernia.

Almagate:
66%
market share

Since its launch in Spain in 1984, it has become an emblematic product and the undisputed leader of the antacid market, with a market share of 66.2% in Spain (according to IMS TAM data of December 2009 for the antacid A2A1 market).

After over 25 years on the market Almagate has built a strong reputation for itself and its excellent track record of safety, efficacy and quick action give it a crucial differentiating factor. Since its creation 25 years ago, Almagate has been marketed in a range of different forms.

In 2009, its global sales accounted for 2.4% of Almirall's sales.



Dermatological products

Following the acquisition of the dermatological businesses of Hermal and Shire, Almirall has become a major player in Europe in the field of dermatology. Almirall has added a new strategic therapeutic area to its portfolio through this operation, which will make a significant contribution to the company's growth in key European countries. Almirall is currently the No. 1 dermatological company in Germany and the eighth largest company at European level.

Within its extensive portfolio of dermatological products, Almirall focuses on three products:

No. **1** derma company
in Germany

No. **8** derma company
in Europe

Solaraze®

Solaraze® contains a non-steroidal anti-inflammatory agent (diclofenac sodium) formulated with hyaluronic acid.

Launched in 2001, it is indicated for the treatment of actinic keratosis, an early stage in skin cancer caused by exposure to the sun, which is on the rise all over the world and affects between 8 and 10% of the world's population.

In 2007 Almirall acquired the marketing rights to Solaraze® in Europe and in various countries in the Asia Pacific region from the British pharmaceutical company Shire.

In Europe and Australia Solaraze® is a market leader in the topical treatment of actinic keratosis. It is currently sold in 12 countries, where it is marketed through Almirall's affiliates and distributors.



Vaniqa®

Vaniqa® contains eflornithine (as monohydrate hydrochloride). Eflornithine acts as an irreversible inhibitor of ornithine decarboxylase, an enzyme involved in the production of hair follicle.

Vaniqa® has been proven to slow the growth of hair. It is the only topical prescription medicine available for the treatment of facial hirsutism in women. This affects between 5 and 15% of all women and has a profound negative impact on their quality of life.

In 2007 Almirall acquired the marketing rights to Vaniqa® from the British pharmaceutical company Shire for Europe, Canada and a number of countries in the Asia Pacific region.

Almirall markets the product in 12 countries through its affiliates and distributors.



Balneum®

Balneum® is a range of medicinal products designed to treat and help prevent dry and itchy skin conditions (eczema and skin infections), for example atopic dermatitis or *pruritus senilis*.

All the products in this range contain ingredients that imitate lost skin components, such as urea or natural moisture. Some products also contain polidocanol, a compound that actively treats itching caused by dry skin conditions.

The Balneum® product range is currently marketed in over 20 countries across Europe and Asia. In many countries, Balneum® is a well-known brand with over 40 years experience.



Production

Almirall's industrial organisation ensures that quality products are manufactured in the amounts and within the timeframes required to meet the global demand for our products.

Our manufacturing process strictly fulfils all of the company's quality guidelines and complies with environmental, safety and production regulations. Pharmaceuticals for human use which are manufactured or imported within the European Community, including those intended exclusively for exportation or clinical studies, and active ingredients used as raw materials for the production of drugs, must be manufactured according to the principles and guidelines set out in the Good Manufacturing Practices. Almirall adheres strictly to these principles and guidelines, as laid down by Directive No. 2003/94/EC dated 8 October.

All proprietary R&D products are manufactured at Almirall's pharmaceutical plants

Moreover, Almirall has suppliers for the active ingredients and other components for its products. All suppliers must be qualified in accordance with applicable regulations and comply with statutory manufacturing standards in the countries in which Almirall sells its products, thus ensuring adequate supply on commercially viable terms while meeting the requirements of both Almirall and the market.

All proprietary R&D products are manufactured in Almirall's pharmaceutical and chemical plants, along with part of the production of third-party

research products (license-in). At present, Almirall's production capacity is sufficient to meet both current demand and the foreseeable demand over the next few years, thanks to its three pharmaceutical plants (two in Spain and one in Germany) and two chemical plants in Spain.

Almirall's industrial strategy is based on continual improvement processes, by adapting to new product development needs and to technological advances in manufacturing and production, and on a policy of cost efficiency.

Key figures of our manufacturing plants

	Production in 2009	Maximum production capacity	Surface area
Pharmaceutical Plants			
Sant Andreu de la Barca (Spain)	51.2 mill units	65.6 mill units	28,252 m ²
Sant Just Desvern (Spain)	23.6 mill units	41.4 mill units	8,310 m ²
Reinbek (Germany)	32.2 mill units	47.0 mill units	21,000 m ²
Total Pharmaceutical Plants	107.0 mill units	154.0 mill units (two shifts)	57,562 m²
Chemical Plants			
Sant Celoni (Spain)	89.0 mt	173.3 mt	5,904 m ²
Sant Andreu de la Barca (Spain)	21.0 mt	65.9 mt	3,973 m ²
Total Chemical Plants	110.0 mt	239.2 mt (two shifts)	9,877 m²





Research and Development

Key to Almirall's growth:

- We research innovative molecules that improve people's health.
- Leaders in pharmaceutical research in Spain.
- We have the largest R&D project portfolio in our history.

The importance of R&D at Almirall

One of the keys to Almirall's growth in recent decades has been its ability to develop new drugs through its Research & Development area (R&D).

Almirall has more than 40 years' experience in carrying out research with the aim of providing society with innovative drugs that contribute to improving people's health and well-being. Almirall's scientists play a key role in all the stages of the research and development process, from the launch of a new research programme through to the registration of a new pharmaceutical product.

Their role is not limited to ensuring that Almirall has the capacity to innovate in all R&D areas. Scientists are also responsible for ensuring the quality, efficacy and safety of the resulting drugs, as required by professional ethical standards and according to the guidelines laid down by the International Conference on Harmonisation (ICH).

In addition, the R&D area includes several support departments that are responsible for supervising all regulatory and organisational aspects and all matters relating to quality assurance and intellectual property.

Over **40**
years of research



13%
of Net Sales
allocated to R&D

The fact that all of our scientists are committed to excellence and innovation is crucial to discovering and developing safe and efficacious drugs for the treatment of diseases within our therapeutic focus. This daily effort is enhanced by an international network of partnerships with both public and private research institutions that are all leaders in their respective fields.

In 2009 Almirall allocated about 13% of Net Sales and 17% of human resources to R&D activities, with total R&D spending of more than €121 mill.

Three of Almirall's R&D drugs were among its 10 top-selling products during 2009:

- ebastine
- aceclofenac
- almotriptan

These three products have made a decisive contribution to Almirall's international growth over the last few years.

R&D strategy

Almirall's research objective is to provide its pipeline with novel, high-quality candidate molecules to meet uncovered medical needs in our specialist therapeutic areas. With this goal in mind, a multidisciplinary group of scientists conducts research into respiratory, autoimmune and dermatological diseases. Our team of biologists, pharmacologists, physicians and chemists work with the most advanced technology to identify the key underlying mechanisms of these diseases. The knowledge gained from this research is used to design and synthesise new chemical entities with therapeutic potential, which are subsequently developed through preclinical and clinical trials.

Thus, the current Research & Development strategy at Almirall is based on three fundamental aspects:

1. Therapeutic focus

In 2009 Almirall directed its research efforts towards identifying and developing new drugs for the treatment of respiratory diseases (asthma and COPD), autoimmune diseases (rheumatoid arthritis and multiple sclerosis) and dermatological diseases. By focusing on specific therapeutic areas that combine significant unmet medical needs and common underlying pathophysiology, Almirall's R&D teams are able to fully harness their scientific knowledge and the experience gathered from previous projects, which allows them to be more competitive.

During the course of 2009 the decision was taken by Almirall to increase its R&D resources in the respiratory area. As a result of this strategy, it is planned to licence autoimmune disease programmes as of 2010.

In addition to respiratory and autoimmune diseases the Almirall R&D team has also been analysing other therapeutic areas where costs of clinical development are low and timelines relatively short, and which have sustainability to become therapeutic points of entry in 2010 and beyond.

R&D focused on three areas:

- *Respiratory*
- *Autoimmune*
- *Dermatological*





2. Broadening Respiratory Area

Before 2009 Amirall's research strategy was based on working with target mechanisms that were highly validated, at least to the phase IIb level. Given our success in this area, in 2009 the decision was taken in respiratory diseases to accept a lower level of validation for new targets. Although this increases the risk in the respiratory portfolio it also enables more target options to cover the critical uncovered medical needs identified in diseases such as asthma and COPD.

3. Integrated development of new drugs

Amirall believes it is essential to position the new drug adequately from the earliest phases of the R&D process. To achieve this, the characteristics of the future drug are determined by a multidisciplinary team comprised of R&D scientists and marketing specialists.

This dual evaluation of the viability, which is based not only on the properties of the product but also on the present and future competitive environment, increases the chances of commercial success at the time of launch.

Amirall directs its R&D efforts in developing new drugs in the respiratory, autoimmune and dermatological areas and aims to improve the quality of life of patients with COPD, asthma, rheumatoid arthritis, multiple sclerosis and a number of dermatological conditions.

Almirall's research focus

Respiratory diseases

Asthma

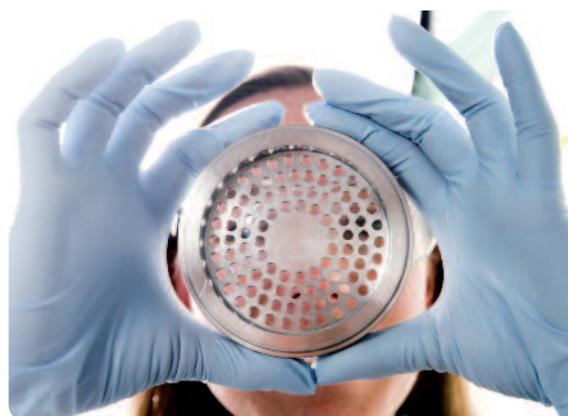
Asthma is an inflammatory condition involving the respiratory system and one of the most common chronic conditions. It is estimated to affect around 300 million people over the world and has a substantial overall impact in terms of morbidity, mortality, decline in quality of life and cost to society.

Anti-inflammatory treatment with inhaled corticosteroids (ICS) is the most widely used maintenance therapy. The purpose of this treatment is to control the symptoms of the disease and prevent acute episodes. The addition of Long-Acting Beta-Agonists (LABAs) provides better control through prolonged bronchodilation. The combination of fixed doses of both components into a single inhaler ensures adequate control of the condition in most patients, while improving ease of administration and compliance by patients.

Global sales of pharmacological treatments for asthma amounted to nearly 20 billion dollars in 2009 with the combination of fixed doses of LABA/inhaled ICS being the top-selling drug. Oral anti-leukotrienes were the second most sold product for the treatment of asthma.

Many therapeutic needs have yet to be met in this area. These include improving patients compliance when administering the drug, which requires improving posology and developing easier-to-use inhalers; new nonsteroidal treatments, which are more effective and safer; new alternative products for acute and/or refractory asthma; new therapies that slow down or reverse structural changes in the airways; and innovative approaches aimed at altering the process that leads to developing the disease.

Asthma affects
300 million
people worldwide



COPD

The Chronic Obstructive Pulmonary Disease (COPD) is a serious health issue across the world which is mainly associated with smoking. The World Health Organisation estimates that by 2020, the disease could become the fifth most prevalent and serious disease in the world. The characteristic airflow obstruction associated to COPD is usually progressive and irreversible, and is accompanied by other systemic and respiratory signs that ultimately have an impact on the patient's life expectancy and quality of life.

COPD is a term that covers a wide range of conditions characterised by a gradual limitation of the patient's respiratory capacity. Pulmonary emphysema and chronic bronchitis are among the most common diseases classified as COPD.

The vast majority of COPD cases are linked to the inhalation of tobacco smoke or other noxious gases over a prolonged period of time. Although COPD is an under-diagnosed condition, its mortality rate and cost in terms of healthcare are increasing dramatically all over the world.

Long-acting antimuscarinics (LAMAs) are the most effective group of bronchodilators when it comes to improving the pulmonary function, as they reduce symptoms, improve the patient's quality of living and prevent exacerbations, whilst long-acting inhaled beta-agonists (LABAs) are alternative/supplementary bronchodilators. This therapy can also be supplemented with inhaled corticosteroids (ICS) so as to diminish the frequency and seriousness of exacerbations.

Global sales of pharmacological treatments for COPD amounts to over 12 billion dollars in 2009 led by combinations of fixed doses of LABA and inhaled ICS, closely followed by inhaled LAMAs. There is a steady rise in prescriptions of combinations of fixed doses of LAMA and LABA/ICS as a supplementary treatment for the most serious patients.

Many medical needs have yet to be satisfied. These include searching for new alternative treatments to reduce the progress of the disease, treating and preventing acute episodes, improving sensitivity to inhaled corticosteroids, and finding new and effective oral maintenance therapies, as well as adequate solutions for systemic symptoms.



Asthma and COPD

Therapeutic needs not yet covered

Autoimmune diseases

Rheumatoid arthritis

Rheumatoid arthritis is an inflammatory autoimmune condition characterised by the chronic bilateral inflammation of joints, which causes the degradation of joints and loss of functionality, thus adversely affecting the patient's quality of life. As a result of this chronic inflammation and joint destruction, the patient also suffers considerable pain.

Currently available treatments are based on disease-modifying antirheumatic drugs (DMARDs) and, more recently, on biological therapies that provide some degree of control of the disease by reducing signs and symptoms, by slowing the progressive destruction of joints and by improving physical function. All of these therapies are commonly used in combination with methotrexate, the most widely used DMARDs and a key component of most combinations.

In 2009 the global sales of DMARDs molecules is estimated to exceeded 11 billion dollars, nearly 80% of which corresponded to prescriptions for rheumatoid arthritis and ankylosing spondylitis.

Today, R&D efforts are directed at developing oral drugs that provide the same level of control of the disease as biological drugs. In addition, since combination therapies are the main treatment option, these drugs could be added to those that already exist.

Multiple sclerosis

Multiple sclerosis is a chronic autoimmune disease characterised by nerve fibre demyelination, damaging the nervous system and causing symptoms of tiredness, as well as cognitive and visual disorders. The disease is sometimes accompanied by neurological symptoms and often ends up causing physical and cognitive disabilities.

Current treatments involve disease-modifying drugs that can slow the progress of the disease and even prevent long-term disability.

In 2009 sales of disease-modifying drugs are estimated to surpass 8 billion dollars for a condition that affects just over 0.1% of the world population.

The market is currently dominated by injected interferons, which are considered to be moderately effective but safe. The emergence of more efficient, safer oral therapies would mark a significant step forward in the treatment of this disease.

We want to improve the quality of life of patients who suffer from asthma, COPD, rheumatoid arthritis, multiple sclerosis and certain dermatological indications



Dermatology

Covering a surface area of 2m² skin is the largest organ of our body. Skin diseases present a great variety of symptoms that require both topical and systemic treatments. There are various forms of dermatoses which, although they do not constitute a threat to life, have a significant impact on the patient's social and professional field, as well as on their quality of life. The most common skin conditions are psoriasis, eczema, acne and skin infections.

Psoriasis

Psoriasis is a chronic inflammatory disease that affects between 1.5 and 3% of the world population. It manifests itself as erythematous plaques covered with marked hyperkeratosis usually on the elbows, knees or scalp.

Eczema

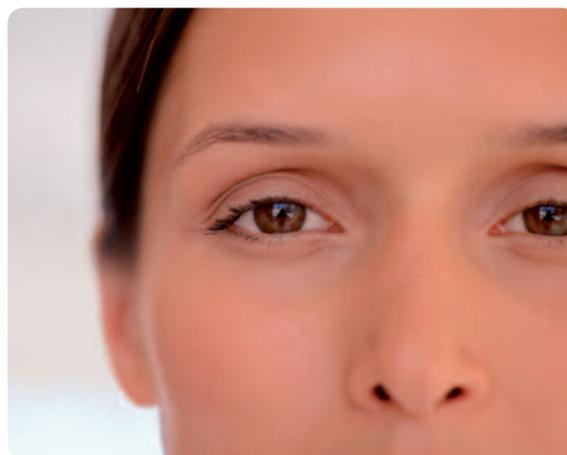
Eczema is a form of skin inflammation with different pathogenetic origins. The various subtypes of eczema are differentiated by the underlying cause of skin inflammation, such as atopic eczema, toxic contact eczema or allergic contact eczema.

Acne

Acne *vulgaris* appears in areas rich in sebaceous glands and is characterised by seborrhoea and the formation of comedones, inflammatory papules, pustules and cysts. Almost all teenagers suffer some form of acne during puberty. Acne usually disappears spontaneously at the beginning of adulthood.

Skin infections

The principal causes of skin infection are viruses, bacteria and fungi. Skin conditions are caused by a broad spectrum of germs that require antiviral, antibiotic and antifungal treatments.



R&D resources

Almirall's innovative infrastructure is equipped with the most advanced technology to meet the future challenges of Research & Development. The company employs approximately 550 highly qualified professionals committed to discovering and developing new drugs, with the aim of improving people's health and quality of life. As a result of this effort, Almirall is leader in the Spanish biomedical research industry.

Almirall carries out most of its R&D activities in its facility located in Sant Feliu de Llobregat (Spain), which was inaugurated in 2006. This R&D centre houses all of the departments involved in the process of conducting research and development of a new drug.

In addition to these R&D facilities, it also has two chemical units in Spain which are dedicated to chemical research and active principle scale-up, respectively based in Sant Just Desvern and Sant Andreu de la Barca in the Barcelona area.

In Germany the company has two centres of excellence in the fields of inhalation and dermatology.

Centre of Excellence for Inhalation

Almirall Sofotec, the centre of excellence for inhalation, is based in Bad Homburg, near Frankfurt. This centre was set up in the middle of last century as a member of the Degussa AG company. It specialised in developing innovative drugs for all kinds of application. In the early 80s it started developing inhalation products with dosage devices, followed by dry powder inhalers in the 90s. In 2001 Sofotec GmbH & Co. KG was founded as a spin-off of Degussa AG. The company remained based in the centre and retained the intellectual property rights and know-how for the inhalation products. Almirall acquired the inhalation centre in June 2006 and Sofotec became 'Almirall Sofotec'. Almirall Sofotec is currently one of the leading companies in the pharmaceutical development of dry-powder inhalation products.

Almirall Sofotec has increased its development capacity by more than 50% in the last two years thanks to its growing pipeline of inhalation research. This centre of excellence employs more than 130 specialists who are fully dedicated to the development, through own research, of inhalation products delivered by Almirall's dry-powder Genuair® inhaler.

Leader in
biomedical
research in Spain



The inhalation centre carries out the projects from the initial stages of development through to its registration. To enhance work efficiency, it evaluates new technology on an ongoing basis and conducts research into the future of inhalation ensuring Almirall's leadership in the respiratory field.

Centre of Excellence for Dermatology

Almirall's centre of excellence in the field of

dermatology is based in Reinbek, near Hamburg. This centre, which was acquired by Almirall in 2007, has more than 60 years' experience in the development and marketing of dermatological products in Europe. With its unique formulation knowledge and experienced R&D team, it has developed a dermatological R&D line for research projects into the treatment of five different skin conditions.

External partnerships

Almirall has teamed up with leading academic research groups and biotechnology companies across the world.

Almirall's research scientists have established a wide network of external partnerships with experts in the fields of biology, chemistry and X-ray crystallography, to contribute to the identification and validation of new targets, the creation of new research programmes, and to gain access to new technology, and thereby accelerate the process of identifying new drugs.



Major international collaborations with:

- *Academic groups*
- *Biotechs*

This network involves partnerships with universities, research institutes and technology companies across Europe and the United States, including among others the Universities of Michigan, Imperial, Cardiff, Dundee and Glasgow, NIH, Pneumolabs, the Lovelace Respiratory Research Institute, Proteros and Evotec.

Almirall has also established a close partnership with Spanish universities in Barcelona, Valencia or Santiago de Compostela, as well as with the Hospital Clínic of Barcelona, the Hospital Universitario of Salamanca, the Consejo Superior de Investigaciones Científicas (CSIC -Superior Council for Scientific Research) and the Parc Científic de Barcelona.

Furthermore, Almirall works in close collaboration with a number of Spanish biotechnology companies, including CrystaX, Galchimia, Enantia and Chemotargets, as reflected in the completion by Almirall of the Genius Pharma project, an initiative sponsored by the Spanish Government to foster research in Spain through the development of technological platforms aimed at facilitating the discovery of new drugs. In 2009 Almirall, in collaboration with Esteve and Palau Pharma successfully submitted an application for the second generation of the Genius Pharma project (Neogenius).

Almirall has also entered into partnerships with internationally renowned centres and conducts preclinical safety tests that comply with Good Laboratory Practices (GLP). Additionally, it has

partnered with institutions specialising in pharmaceutical development and formulation, with a view to developing new technologies aimed at improving drug administration systems, particularly in the inhalation field.

From a clinical point of view, Almirall has entered into partnerships with private universities and hospitals across Europe, the United States and several other countries, particularly for the purpose of conducting phase I, II and III clinical trials, always complying with Good Clinical Practices (GCP) and the International Criteria for Harmonisation (ICH). These multicentre trials mean we can validate more extensively the efficacy and safety of our products among different groups of population before filing for international registration.

Research programmes and new drug development

In 2009 a large part of Almirall's R&D resources was dedicated to the clinical development of aclidinium bromide either as a monotherapy or in combination with fixed doses. Other trials included phase II clinical trials with a Long-Acting Beta-Agonist (LABA) for the treatment of asthma.

In May of this year Almirall added linaclotide to its development pipeline through a pan-European licensing agreement with Ironwood Pharmaceuticals, Inc. Linaclotide is currently in late stage development for the treatment of irritable bowel syndrome with associated constipation (IBS-C) and other gastrointestinal conditions.

Projects under development in the respiratory area

Acclidinium bromide monotherapy (Eklira®)

In 2008 the two major ACCLAIM phase III clinical studies were completed along with five phase IIb and pharmacokinetic trials. The results provide conclusive evidence of the clinical efficacy and safety of acclidinium bromide as a new M3 muscarinic antagonist for the treatment of COPD. Acclidinium bromide led to an improvement in the pulmonary function and was well tolerated by patients, with a favourable risk/benefit profile. New clinical studies were initiated in 2009 to reinforce the selection of dose regimens, including higher and more frequent doses. Acclidinium bromide is administered to patients by means of the Genuair® device, a new multidose inhaler device developed by Almirall. Results of a new 3 months phase III study with acclidinium bromide at twice daily regimen have shown its efficacy in bronchodilation and improvement of quality of life with a favourable safety profile. Acclidinium bromide is partnered with Forest Laboratories, Inc. for development and commercialization in the USA. Ongoing clinical activities with acclidinium bromide monotherapy comprise phase III efficacy and safety studies through twice-daily administration.

New ongoing
phase III
clinical studies

Combination of acclidinium bromide and formoterol (LAS40464)

In alignment with the development plan for acclidinium bromide, new phase IIb studies were initiated in 2009 to support the dose selection of a combination of fixed doses of acclidinium and formoterol administered via Genuair®.

Combination of acclidinium bromide and ICS (LAS40369)

The combination of acclidinium with an anti-inflammatory for the treatment of COPD is currently at the preclinical stage. Patients with COPD who suffer acute episodes are usually treated with inhaled corticosteroids and bronchodilators. Consequently, it is advisable to combine both therapies into a single device so as to facilitate the patient's adherence to treatment.

LAS100977 (OD LABA)

Is a highly potent novel once daily LABA that in early phase II testing demonstrated fast onset and long-lasting (24-hour) efficacy with a very good tolerability profile in patients with stable asthma after multiple dosing. The combination of a fixed dose of LAS100977 and a corticosteroid is currently being developed in the Genuair® inhaler for once-a-day administration for the treatment of both asthma and COPD. During 2009 a co-development and marketing agreement for this molecule was signed with Forest Laboratories, Inc. for the USA.

LAS186368

A once-a-day Beta 2 adrenergic bronchodilator for the treatment of asthma and COPD. This is a back up for LAS100977.

Projects under development in the autoimmune area

LAS186323 and LAS187247

In 2008 the first human study was completed along with the preclinical development of LAS187247. Both of these compounds are designed for the treatment of rheumatoid arthritis and multiple sclerosis. Almirall is actively seeking a partner for this project through a license.

Sativex®

A THC+CBD endocannabinoid receptor agonist currently submitted for approval in UK and Spain for the treatment of resistant spasticity in multiple sclerosis patients and in phase II/III for resistant cancer pain. In 2006 Almirall acquired the rights to market Sativex® in the EU (except the United Kingdom) from GW Pharmaceuticals, a UK based company. Almirall supervises all aspects of the drug development while preparing its introduction, expected to happen first in Spain (2010) and followed by other main European countries (2011).



The largest
R&D pipeline in
Almirall's history

Projects under development in the dermatological area

The dermatological pipeline has also made progress and was strengthened in 2009. The dermatological project portfolio has grown significantly since the acquisition of Hermal in September 2007, specifically through six projects in the clinical phase or pending registration.

LAS41002

A topical anti-inflammatory for the treatment of eczema that acts on the corticosteroid receptor. The project consists of three distinct formulas to ensure that the drug is suitable for different types of skin conditions and in different locations. Currently for two formulations approval processes are in progress. An application for approval of another formula is expected to be filed by end of 2010.

LAS41003

The topical combination of anti-inflammatory and antimicrobial activity means that this project, which is currently in phase II, may be an interesting option for the treatment of various types of eczematous skin infection.

LAS41004

This compound is currently in the preclinical stage. The aim is to confirm the anti-inflammatory activity of the compound in topical administration for the treatment of psoriasis.

LAS41005

This compound has an antimyototic action on cells with skin cancer combined with strong keratolysis that improves the efficacy of the treatment of non-melanoma skin cancer. The purpose of the product is to treat cases of moderate to serious non-melanoma skin cancer.

LAS41007

This is a project which contains well-established active used in a unique formulation for the treatment of actinic keratoses. The project has moved into clinical phase II in 2009.

Projects under development in the gastrointestinal area

Linaclotide

Is a first-in-class medicine for the treatment of irritable bowel syndrome with constipation (IBS-C) licensed from Ironwood Pharmaceuticals for Europe. It is a once daily, orally delivered peptide that acts locally in the gut with no detectable systemic exposure at therapeutic doses. Linaclotide is an agonist of guanylate cyclase type-C, a receptor found on the lining of the intestine. The molecule is currently in phase III studies for IBS-C.

Irritable bowel syndrome with constipation (IBS-C) is a chronic functional gastrointestinal disorder characterized by abdominal pain and discomfort associated with altered bowel habits. In Europe there is currently no available therapy to treat this disorder. An estimated nine million patients in Europe suffer from IBS-C. Patients can be affected physically, psychologically, socially, and economically.

An estimated 9 million people suffer from IBS-C in Europe

Pipeline status

A Pipeline with significant upside

(the right end of each bar represents status of development as at 25 February 2010)

		Preclinical	Phase I	Phase II	Phase III	Registration	Expected filing date
Respiratory							
Eklira®	(anti-muscarinic)	COPD					2011
AB ¹ + Formoterol (LAS40464)	(anti-muscarinic + LABA)	COPD					Undisclosed
AB ¹ + ICS (LAS40369)	(anti-muscarinic + ICS)	COPD					Undisclosed
LAS100977	(OD LABA)	Asthma / EPOC					>2013
LAS186368 (back up for LAS100977)	(OD LABA)	Asthma / COPD					>2013
Autoimmune							
LAS186323	(DHODH inhibitor)	RA ² / MS ³					>2013
LAS187247 (back up for LAS186323)	(DHODH inhibitor)	RA ² / MS ³					>2013
Sativex®	(CB agonist)	Multiple Sclerosis Spasticity					Filed
		Oncological Pain					Undisclosed
Dermatological							
LAS41002	(topical anti-inflammatory)	Skin inflammation (e.g. eczema, psoriasis) – Formulation 1 & 2					Filed
		Skin inflammation (e.g. eczema, psoriasis) – Formulation 3					2010
LAS41003	(combination)	Infected eczema					>2013
LAS41004	(combination)	Psoriasis					>2013
LAS41005	(combination)	Non-melanoma skin cancer					Filed
LAS41007	(undisclosed)	Non-melanoma skin cancer					>2013
Gastrointestinal							
Linaclootide	(guanylate cyclase type-C agonist)	IBS-C ⁴					Undisclosed

¹ AB: Aclidinium Bromide.² RA: Rheumatoid Arthritis.³ MS: Multiple Sclerosis.⁴ IBS-C: Irritable Bowel Syndrome with associated Constipation.

Aclidinium bromide

In phase III studies acclidinium bromide showed improvements in the pulmonary function and was well tolerated, with a favourable risk/benefit profile. New clinical studies were initiated in 2009 to reinforce the selection of dose regimens, including higher and more frequent doses. Results of a new three-month phase III study with acclidinium bromide twice-daily regimen have shown its efficacy in bronchodilation and improvement of quality of life with a favourable safety profile.

LAS100977 (OD LABA)

In 2008 Almirall successfully completed the "Proof of Concept" (in phase II) for LAS100977, a potent new Long-Acting Beta Agonist compound (LABA), which proved to be efficacious over a period of 24 hours following a single daily administration and well tolerated by asthmatic patients.

LAS100977 is the leading compound of the LABA programme for asthma and COPD. In February 2009, positive results were announced following a phase II multiple dose study. In this study, LAS100977 showed a good safety and tolerability profile with the administration of multiple doses for the treatment of bronchoconstriction in asthmatic patients. The results clearly indicate that LAS100977 is a potent LABA that acts over 24 hours and is well tolerated by asthmatic patients.

At the end of April 2009, Almirall also announced positive results from a phase II a study with the once-a-day Long-Acting Beta Agonist LAS100977 in asthma patients.

Results showed a statistically and clinically significant increase in change from pre-dose trough FEV (Forced Expiratory Volume) versus placebo for all doses of LAS100977, as well as a sustained significant effect over a 24 hour period. In addition, LAS100977 provided a quick onset of action five minutes after the first administration. All doses tested were very well tolerated with no treatment-emergent adverse events related to drug class effect. The results of this study, in terms of efficacy, duration of action, and safety were consistent to that seen in the previous studies.

In December 2009 Almirall and Forest Laboratories, Inc. announced an agreement to develop, market and distribute LAS100977 in the United States. Almirall and Forest are developing LAS100977 in combination with an undisclosed corticosteroid using Almirall's proprietary Genuair® inhaler for the treatment of both asthma and COPD.

Genuair®: Almirall's dry powder inhaler

The acclidinium bromide franchise products (and future inhalation compounds developed by Almirall) are administered using an innovative inhaler developed by Almirall. It is based on a successfully marketed model in Europe, which Almirall has improved and adapted for use across the world. Compared with other competing products, it is easy to use and provides patients with the following benefits:



- Inhalation is carried out in just two simple steps: pressing the button and inhaling. Throughout the development of the product, the overriding objective was the ease of use and safety of Genuair® for the patient.
- Genuair® provides the patient with intuitive feedback that the inhalation has been completed correctly. Genuair® includes two verification systems: the first one is a visual system that uses a control window which indicates that "Genuair® is ready for inhalation", and which changes colour once inhalation has been completed successfully, "Genuair® has delivered the dose"; the second system is through sound. Patients hear a 'click' once they have inhaled strongly enough to ensure that the medicine has been administered properly to the lungs.

Genuair®
inhaler: safe
and easy to use







Finance and stock performance

Solid performance in 2009:

- Financial targets achieved.
- Results are in line with guidance.
- Positive performance of share price (+66%).

2009 overview



¹ Earnings per share.

² Rounded figure. The exact figure represents a 5% increase over the previous year.

³ Financial Debt (€265.7 mill) – Cash and Equivalents (€259.7 mill) + Pension Liabilities (€34.1 mill) = €40.1 mill.



Consolidated Financial Statements

Key financial ratios of 2009

Summary of the year: main achievements

Almirall's performance in 2009 has been solid in an increasingly challenging environment. Financial results are in line with guidance and Almirall has attained its financial objectives.

Almirall has continued to grow and reinforce its base business with new launches, partnering and licenses in line with the company's main goals: leveraging R&D, growing internationally and maintaining its leadership in Spain.

Net Sales were up 2.5% to €925.5 mill led by international sales (+5.6%). EBIT and EBITDA advanced significantly (+7.4% and +6.0%) reaching €179.1 mill and €243.9 mill respectively, both driven by strong international sales and continued cost optimisation.

Net Income reached €151.5 mill (+11.3%) expanded by the disposal of 13 non-actively promoted products from the Spanish portfolio. Normalized Net Income totalled €145.3 mill (+2.0%) despite a higher effective tax rate of 11.7% due to lower R&D expense.

Operating Cash Flow grew by 12.2% to a new record level of €261.6 mill and Almirall has improved its solid Balance Sheet with a Net Debt at 31 December 2009 lowered to €40.1 mill (x 0.16 EBITDA'09). Despite an expected Net Cash position during 2010 (unless material corporate development projects are completed), Almirall is aiming to maintain its rate of debt amortisation.

In summary, in 2009 the company has been consistent both with the guidance provided and with its strategic objectives. Moreover, the company's new licences, combined with the commitment to improving management of the Income Statement, have resulted in an improvement in the company's margins and financial situation.

Net Sales over
€925 mill

*Almirall has fulfilled
its guidance and
strategic goals*

2009 Income Statement

	(rounded to nearest million euros)		
	2009	2008	% Var.
Net Sales	925.5	902.8	2.5%
Gross Profit	580.9	569.4	2.0%
% of sales	62.8%	63.1%	
Other Income	107.8	153.1	-29.6%
R&D	-121.0	-139.3	-13.1%
% of sales	13.1%	15.4%	
SG&A	-386.8	-418.2	-7.5%
% of sales	41.8%	46.3%	
Other Operating Expenses	-1.8	1.6	n.m.
% of sales	-0.2%	0.2%	
EBIT	179.1	166.7	7.4%
% of sales	19.4%	18.5%	
Depreciation	64.8	63.3	2.4%
% of sales	7.0%	7.0%	
EBITDA	243.9	230.0	6.0%
% of sales	26.4%	25.5%	
Sale of Non-Current Assets/Other	19.0	0.8	n.m.
Restructuring Costs	-8.5	0.0	n.m.
Impairment Losses	-1.0	-5.1	-80.4%
Net Financial Income/(expenses)	-17.1	-17.7	-3.4%
Tax	-20.0	-8.6	132.6%
Net Income	151.5	136.1	11.3%
Normalized Net Income	145.3	142.5	2.0%
Earnings per share (€) ¹	€0.91	€0.82	
Normalized Earnings per share (€) ¹	€0.87	€0.86	
No. of employees end of period	3,125	3,344	-6.5%

¹ Number of shares at the end of the period.

n.m.: not material.

Comments on the Functional Income Statement for 2009

Net Sales were up 2.5% to €925.5 mill on sustained growth of the international affiliates and acceleration of the partners activity. Higher volumes provided nearly 3% of growth while price erosion subtracted less than 1%. Euro sales represented most of Net Sales and the unfavourable impact of the UK sterling pound and the Mexican peso slightly hindered the positive trend in its evolution. Our top 10 products, representing 63% of Net Sales, were up 5.8% while the top 6 products grew at double digit (+10.7%).

Gross Margin amounted €580.9 mill.

Other Income continues to be a key contributor and a reflection of Almirall's operating model. This magnitude stood at €107.8 mill.

R&D expenses were lower than 2008 at €121 mill (13.1% on sales) as the company moves forward with the widest and deepest pipeline in its history. Lower expenses in absolute terms were driven by the full allocation in 2008 of pivotal phase III trial costs from our respiratory franchise.

In addition to investments in innovation, Almirall aims continuously to improve organizational efficiencies, promote savings and allocate efficiently its assets as a result.

SG&A (Selling, general and administrative) expenses for the year were €386.8 mill (41.8% of sales), compared to €418.2 (46.3% sales) in 2008.

EBIT and EBITDA advanced materially (+7.4% and +6.0%) reaching €179.1 mill and €243.9 mill respectively, both driven by strong international sales, continued cost discipline and lower R&D expense.

Sustained growth of international affiliates



5.8%
increase
Top 10 products

Restructuring Costs amounted €8.5 mill following commercial realignment in several markets, with the main adjustment taking place in Spain.

Net Income reached €151.5 mill (+11.3%) expanded by the disposal of 13 non-actively promoted products from the Spanish portfolio with yearly sales in 2008 of approximately €8 mill.

Normalized Net Income totalled €145.3 mill (+2.0%) despite a higher effective tax rate of 11.7% due to lower R&D expense. The effective tax rate in 2010 is expected to lower due to higher projected R&D as the pipeline moves forward.

+11.3%
Net Income

2009 Balance Sheet

	(rounded to nearest million euros)		
	2009	% of BS	2008
Goodwill	272.7	18.4%	273.5
Intangible Assets	352.8	23.8%	342.7
Property, Plant and Equipment	169.1	11.4%	175.7
Financial Assets	10.8	0.7%	3.9
Other Non-Current Assets	173.6	11.7%	165.3
Total Non-Current Assets	979.0	66.0%	961.1
Inventories	97.7	6.6%	112.5
Accounts Receivables	120.4	8.1%	107.9
Cash and Equivalents	259.7	17.5%	186.1
Other Current Assets	26.2	1.8%	28.8
Total Current Assets	504.0	34.0%	435.3
Total Assets	1,483.0		1,396.4
Shareholders' Equity	751.0	50.6%	653.0
Financial Debt	265.7	17.9%	321.0
Other Non-Current Liabilities	228.4	15.4%	183.3
Other Current Liabilities	237.9	16.0%	239.1
Total Equity and Liabilities	1,483.0		1,396.4

Comments on the 2009 Balance Sheet

Regarding the company's Balance Sheet as at 31 December 2009, it is worth mentioning that both Goodwill and Intangible Assets reflect the effect of the acquisitions of Hermal and the Shire product portfolio in 2007. Additionally, the increase of Intangible Assets over the previous year is linked to the linaclotide down payment and a Sativex® milestone.

Property, Plant and Equipment account remained lower owing to strict and disciplined management of the company's investments.

Other Non-Current Assets position of €173.6 mill includes tax credits which are mostly attributable to accumulated R&D tax deductions as per the applicable law. These will be applied in subsequent years.

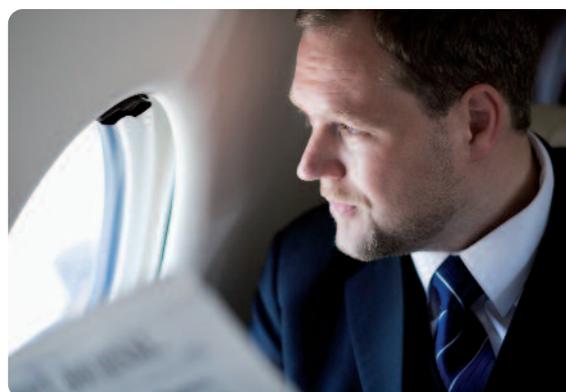
Working capital has not been materially affected by adverse macro trends. Accounts Receivables were up mainly due to one-offs (OD LABA down payment and the divestment of 13 non-core products).

On the liabilities side, Shareholders' Equity had the effect of:

- a) A dividend payout of €52 mill
- b) Net Income for the period of €151.5 mill

Amounts owed to financial institutions, as a result of the debt incurred to finance the 2007 acquisitions, was lowered to €265.7 mill. During 2009 the company repaid approximately €60 mill worth on debt.

Our low Net Debt gives financial flexibility for financing new corporate development operations



Equity represents
50.6 %
 of Total Assets

After deducting Cash and Equivalents and Pension Liabilities, Net Debt was reduced to €40.1 mill, which is equivalent to 0.16 times EBITDA of the year.

Net Debt as at 31 December provides Almirall's balance sheet strong financial flexibility to finance

new corporate development ventures, including the search for new license-in opportunities and the selective evaluation of acquisitions.

Lastly, Equity represents a healthy 50.6% of Total Assets (46.8% at 31 December 2008).

2009 Cash Flow

	(rounded to nearest million euros)	
	2009	2008
Profit Before Tax	171.5	144.7
Depreciation and Amortisation	64.8	63.3
Change in Working Capital	-18.8	16.2
Other Adjustments	44.1	8.9
Cash Flow from Operating Activities	261.6	233.1
Financial Income	2.9	6.8
Investments	-77.6	-24.0
Divestments	19.4	2.9
Other Cash Flows	0.1	0.0
Cash Flow from Investing Activities	-55.2	-14.3
Financial Expense	-19.8	-25.1
Dividends distribution	-52.5	-52.5
Debt increase/ (decrease)	-55.3	-145.2
Other Cash Flows	-5.2	0.1
Cash Flow from Financing Activities	-132.8	-222.7
Cash Flow generated during the period	73.6	-3.9
Free Cash Flow	206.4	218.8

Comments on the 2009 Cash Flow

Operating Free Cash Flow grew by 12.2% to a new record level of €261.6 mill, which was more than sufficient to cover investment opportunities, pay-out policy and debt pay down in 2009.

Depreciation and Amortisation kept stable after the 2008 rising following the 2007 acquisitions.

The change in Working Capital was driven mainly by decrease in stocks and increase in accounts receivable.

Free Cash Flow reached €206.4 mill despite significant investments of the period: the acquisition of linaclotide European rights (US\$ 40 mill down payment + US\$15 mill of equity following positive phase III chronic constipation data) and milestone payments to GW Pharmaceuticals (GBP 8 mill) after the positive phase III and continued regulatory progress of Sativex®.

€261_{mill}
Cash Flow from
Operating Activities

Contents of the External Auditors' Report

The External Auditors' Report issued by Deloitte on 25 February 2010 concerning the consolidated annual accounts for 2009 includes the following documents:

- Consolidated Balance Sheet as at 31 December 2009
- Consolidated Income Statement
- Consolidated Statement of Equity changes
- Consolidated Cash Flow statement
- Notes to the Consolidated Accounts

The report on the consolidated annual accounts contained a favourable and clean opinion.

The full contents of the consolidated 2009 Annual Accounts, the notes to the accounts and the auditors' report can be found at www.cnmv.es, www.almirall.com and on the CD-ROM version of this Annual Report.

Almirall on the Stock Exchange

The 2007 IPO provided Almirall with a new source of financing to carry out corporate development operations. This resulted in the acquisition of Hermal and a portfolio of eight products from Shire, as well as the opportunity to improve the company's international visibility and prestige.

Global financial situation

The turbulences of the financial markets in 2008 and 2009 affected the performance of stock markets across the globe, leading to a sharp fall of share prices in 2008, a significant recovery in 2009 and significant volatility in early 2010.

This financial environment has not affected materially Almirall's results and stock performance in 2009. Moreover, Almirall's share price has climbed 66% during this year following successful quarterly results and the achievement of R&D yardsticks and corporate development announcements.

Main events driving stock evolution

Almirall has delivered quarterly results well aligned with the financial guidance for 2009 and market consensus.



+66%
Evolution
of share price
in 2009

The company has also completed relevant agreements in corporate development: pan-European in-licensing of linaclotide from Ironwood, silodosin in-licensing from Recordati for Spain, and the out-licensing of the LAS100977 (OD LABA) in the US to Forest Laboratories Inc.

During 2009 Almirall has also made significant progress in the respiratory field, both with our leading compound Eklira® (aclidinium bromide) and with the promising LAS100977 (OD LABA). Two phase III BID study with aclidinium bromide are ongoing. Results are expected between the second half of 2010 and early 2011.

The dermatology pipeline has made good progress and has been reinforced during 2009. The dermatology portfolio has expanded significantly since the acquisition of Hermal by Almirall in September 2007.

Two key licensed-in late-stage compounds for which Almirall holds European rights, linaclotide, for irritable bowel syndrome with constipation (IBS-C) (licensed from Ironwood) and Sativex® (licensed from GW Pharmaceuticals) have also obtained positive results from studies during 2009.

In summary 2009 has been a positive year for Almirall. We have been consistent with our strategic objectives: leveraging R&D, growing internationally and maintaining our leadership position in Spain.

Share price performance

Almirall's share price performed very well during 2009, rising by 66%.

The share price as at 31 December 2008 was €5.50 which included a discount of approximately 45% relative to the market consensus (c. €10.20).

Twelve months after the share price had climbed 66% to €9.14 as at 31 December 2009.

Below is a summary of the key figures regarding Almirall's share price in 2009:

Relevant figures regarding Almirall's share price	2009
Dividends paid out (charged against 2009)	€0.33 *
Maximum share price (16.11.2009)	€9.78
Minimum share price (02.01.2009)	€5.89
Closing price as at 31 December 2009	€9.14
Number of shares as at 31 December 2009	166,098,610
Stock market capitalisation as at 31 December 2009	€1,518,141,295

* Rounded figure. The exact figure accounts for 5% of the increase compared with the previous year.

Almirall share price vs IBEX 2009 (Base 100)



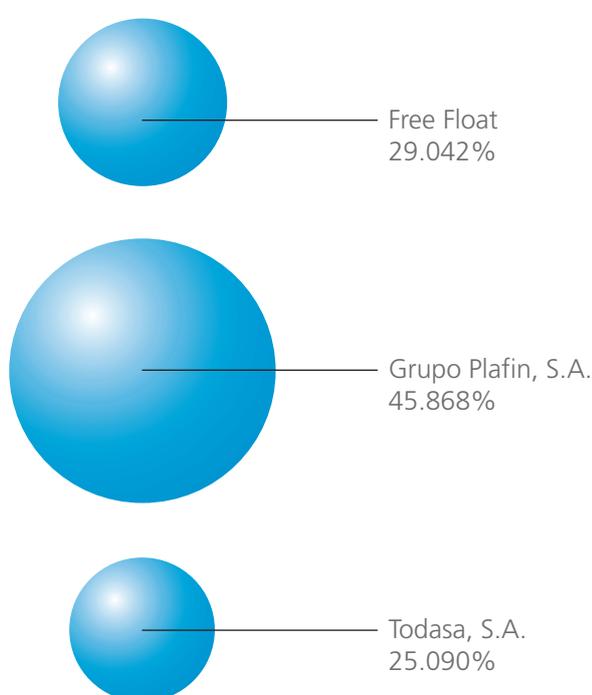
This graph shows the performance of Almirall share vs the IBEX 35. The stock price was up 66% and exceeded IBEX35 yearly increase (66% vs 29.8%).

Share capital structure and significant interests

Almirall's share capital is represented by 166,098,610 shares with a nominal value of €0.12 each.

As at 31 December 2009 the shareholding structure of the company was distributed as follows:

Shareholding structure (as at 31 December 2009):



In mid October 2008 Grupo Plafin, S.A. and Todasa, S.A. announced a market repurchase of up to 5% of Almirall shares in the following twelve months (from the date of the announcement). On 15 October 2009, the majority shareholders of Almirall, S.A., Grupo Plafin, S.A. and Todasa, S.A. companies, announced that after twelve months of market repurchase process, they proceeded to its conclusion.

After the acquisition of shares made under the mentioned repurchase process, the companies Grupo Plafin, S.A. and Todasa, S.A. increased their joint participation in the capital of Almirall by 1.205% vs. the percentage held prior to the start of the buying process, bringing its combined current capital in Almirall to 70.958%.

Therefore and according to the information contained in the official filings of Spain's National Securities Market Commission (Comisión Nacional del Mercado de Valores) as at 31 December 2009 the following shareholders had a significant interest (both direct and indirect) of more than 3% in the share capital of Almirall, S.A.:

Name or company name of the direct shareholder	No. of shares	% Ownership Interest in Almirall
Grupo Plafin, S.A.	76,186,338	45.868%
Todasa, S.A.	41,673,973	25.090%

Analysts' forecasts

As at 31 December 2009 a total of 17 Spanish and international analysts covered the performance of the Almirall share price and its business evolution via their periodic reports:

Entity	Location
Ahorro Corporación	Madrid
Banesto	Madrid
BBVA	Madrid
BNP Paribas Fortis	Madrid
BOA/Merrill Lynch	London
BPI	Madrid
Caja Madrid/ESN	Madrid
Cheuvreux	Madrid
Citi	London
Goldman Sachs	London
Ibersecurities	Madrid
JB Capital Markets	Madrid
Kepler	Madrid
La Caixa	Madrid
Morgan Stanley	London
Santander	Madrid
Venture Finanzas	Madrid

As at 31 December the market consensus on the target price was around €10.

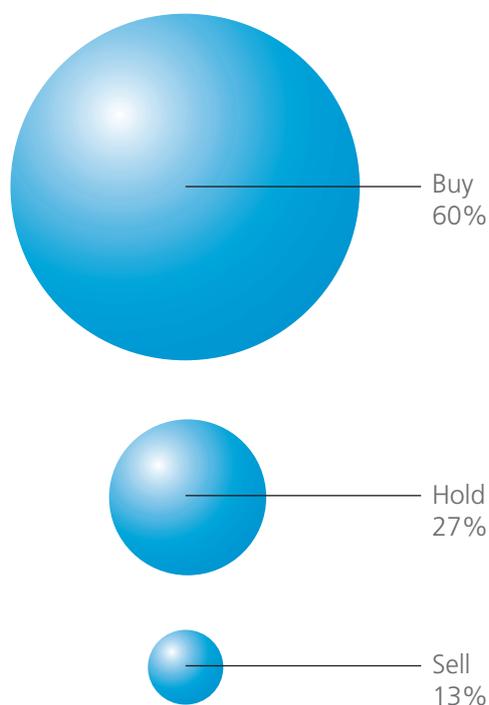
The summary of recommendations according to Bloomberg and Thomson Reuters at the end of 2009 is shown below:

Market Consensus by Bloomberg (as at 31.12.2009)

Number of recommendations	15
Highest target price	€11.40
Lowest target price	€8.30
Consensus target price	€9.95

As at 31 December 2009, 60% of Bloomberg's recommendations were "Buy".

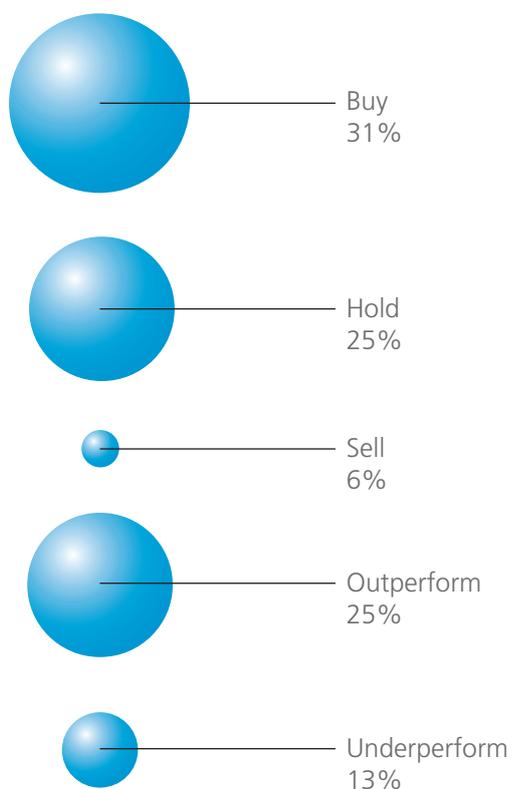
Recommendations by Bloomberg (as at 31.12.2009)



Market Consensus by Thomson Reuters (as at 31.12.2009)

Number of recommendations	16
Highest target price	€11.35
Lowest target price	€8.30
Consensus target price	€10.00

Recommendations by Thomson Reuters (as at 31.12.2009)



As at 31 December 2009, 31% of Thomson Reuters' recommendations were "Buy".



Transparency and proximity with shareholders

During 2009 a range of initiatives were undertaken to present the company to the community of investors, both nationally and internationally.

Specifically, over 200 individual meetings were held with investors in 22 cities in Europe and North America in 2009:



The number of meetings with investors represents a 16% increase compared to 2008.

Countries	No. One-on-one meetings
Andorra	5
Spain	65
Belgium	4
Denmark	5
Ireland	5
Germany	12
Portugal	11
United Kingdom	37
Italy	3
Canada	13
United States	26
France	26
Sweden	4
Switzerland	4
TOTAL	220

There were also public presentations in different forums in collaboration with large national and international finance institutions to provide company information to potential investor clients (industry conferences, presentations at Small & Mid Caps events, etc.) with a total attendance of 154 people.

In 2010 the company will continue these activities with the aim of improving its visibility both on a national and international level.







Corporate Development

We strengthen our core business and diversify our pipeline:

- A model based on acquisitions and license agreements.
- We evaluate selected acquisitions.
- We establish alliances with biotechnology and pharmaceutical companies.

Corporate Development

Like other pharmaceutical companies, Almirall's sales mix includes both proprietary and licensed products. These include acquisitions and licensing agreements with third parties.

We diversify and strengthen our business through

acquisitions
and licenses



This dual business model, which has been key to Almirall's growth over the past decade, allows us to diversify and strengthen our core business and pipeline.

Acquisitions essentially include assets such as products, product portfolios or companies.

Licensing agreements (both in and out, see the section on Operations) are a major strategic element for Almirall as they contribute to the company's growth and international expansion.

Additionally, Almirall can carry out certain selected divestments in order to optimise its assets.

In Almirall, we are committed to building up value through partnering via:

- Actively pursuing new licensing opportunities in our territories.
- Acquiring selectively companies and products.
- Finding suitable partners for our R&D projects.
- Cooperating with commercially well-established local partners in the countries in which we do not have a direct presence.

Our strengths

- > Commercial presence in Major European markets and Mexico.

- > Ten affiliates in Europe, (Austria, Belgium, France, Germany, Italy, Poland, Portugal, Spain, Switzerland and United Kingdom-Ireland) and one in Latin America (Mexico).

- > Successful track record in marketing and sales.

- > Proven R&D experience, with a special commitment to respiratory, autoimmune and dermatology areas.

- > Proprietary technology platform for developing inhaled products.

- > Expertise in the management of regulatory procedures and clinical trials in the EU and USA.

- > Excellent know-how and resources throughout every process, from the manufacture of active ingredients to the finished product.

- > Cash Flow for investment in business opportunities.

- > Leading products in key areas that can be licensed in other markets.

- > Corporate culture based on investing in talent development with continuous training programs.

License-in

Almirall actively looks for business opportunities with a common objective, shared by the entire organisation: to obtain licenses with high added value, products and technologies to provide society with innovative drugs that contribute to improving the health and quality of life of human beings. Almirall can assist its partners with regard to clinical trials, regulatory processes, price setting and marketing.

We are actively seeking new in-licensing opportunities, mainly products in development stage in specialist areas for the European territory.

Thanks to a well defined focus on certain therapeutic areas and a straightforward initial assessment process, we are able to react rapidly and move negotiations forward in a short time.

Main therapeutic areas to be explored at pan-European level

- Respiratory
- Dermatology
- Gastroenterology
- Neurology
- Pain
- Autoimmune

We focus on in-licensing products in advanced development stage in specialist areas

Therapeutic areas to be explored in Spain

In addition to these areas of interest, the department of Corporate Development in Spain helps strengthen Almirall's leadership position through acquisitions and licensing-in synergistic business opportunities with existing therapeutic areas in which Almirall Spain has a presence, such as:

- Allergy
- Cardiology
- CNS (Central Nervous System)
- Dermatology
- Gastroenterology
- Musculoskeletal
- Respiratory diseases
- Urology

Almirall's business model is a successful combination of R&D and corporate development where in-licensing will continue to be a key driver of future growth for our company.

Our corporate development efforts met with great success in 2009.

Our most recent in-licensing deals (linaclotide, silodosin) illustrate Almirall's potential for establishing alliances with biotech companies and pharmaceutical corporations:



Linaclotide

The biggest
in-licensing
agreement
in our history

- Ironwood.** In May 2009, Almirall announced the signature of an exclusive pan-European licensing agreement for linaclotide, a first-in-class late stage compound for the treatment of irritable bowel syndrome with constipation (IBS-C), originated by Ironwood Pharmaceuticals. Linaclotide offers a remarkable market opportunity, as an estimated nine million people suffer from IBS-C across Europe and there are very limited treatment options available for patients. The agreement with Ironwood, with an initial downpayment of US\$40 mill, is the biggest in-licensing agreement that Almirall has signed in the whole of its history. Thanks to this agreement, the company will strengthen the gastrointestinal area with a broad territorial outreach that includes all countries in the European Union, plus the Commonwealth of Independent States (CIS), Norway, Russia, Switzerland and Turkey, as well as other countries of former Yugoslavia. In November 2009, positive results from two pivotal phase III trials for chronic constipation (CC) were obtained and the first indication for linaclotide in the US was announced. These phase III trials are part of a larger phase III programme that is investigating the effect of linaclotide on CC and IBS-C. Subsequent to these positive results, Almirall announced a US\$15 mill equity investment in Ironwood Pharmaceuticals. Almirall's priority in Europe will be IBS-C, an indication with high unmet need. Phase III results from the currently ongoing studies for IBS-C are expected in the second half of 2010.

- **Recordati.** In April 2009, Almirall announced a co-marketing agreement with Recordati, by virtue of which Recordati grants Almirall marketing rights in Spain of silodosin, a new compound for benign prostate hyperplasia (BPH). The drug will also be marketed in Spain by Recordati España. The agreement enables Almirall to strengthen its core business in the coming years and enhance its product portfolio in the urology area. In February 2010, the European Commission authorised the marketing of silodosin, which Almirall will launch under the brand name Silodyx®.

Our experience allows us to provide significant added value to companies who want to partner with a dynamic and growing medium-sized European company, capable of successfully marketing its assets, and willing to give the right priority to in-licensed projects. Our clinical and regulatory teams offer their experience and expertise to ensure that the most appropriate development is carried out and the project successfully reaches the market.

License-out

Almirall bases its product licensing strategy on both its development needs and future commercial prospects.

Based on its licensing strategy, the company offers the possibility to license projects at their earliest stage, right after the “proof of concept” phase (phase IIa).

In this sense, in December 2009 it was announced that Almirall and Forest Laboratories Inc. had entered into an agreement to develop, market and distribute LAS100977 in the United States, a drug for the treatment of both asthma and COPD (Chronic Obstructive Pulmonary Disease), thus expanding their collaboration in the respiratory field.

This respiratory compound is an inhaled, once-daily administered Long-Acting Beta-Agonist (LABA) that until now has been developed by Almirall to treat bronchoconstriction in asthmatic patients.

LAS100977 (OD LABA) has shown very encouraging results in the completed phase II studies, and we believe it will be a highly competitive product in this large drug class.

LAS100977:

75 US\$
mill
upfront payment

Almirall and Forest will develop LAS100977 (OD LABA) in combination with an inhaled corticosteroid using Almirall's proprietary Genuair[®] inhaler for the treatment of both asthma and COPD.

Under the terms of the agreement, Forest made an upfront payment to Almirall of US\$75 mill and will pay other milestone payments and sales-based royalty payments. Forest will assume responsibility for the United States regulatory approval and commercialisation.

This agreement will extend the strong collaboration established three years ago between Almirall and Forest in the respiratory area with acclidinium bromide for the treatment of COPD, whose phase III studies will be completed between end 2010 and early 2011. This will also allow the two companies to leverage from the current Eklira[®] (acclidinium bromide) collaboration to optimise these exciting respiratory compounds.

Therapeutic areas of interest

Almirall focuses most of its commercial activities on the following business areas:

- **Allergy**
Almirall is already present in this therapeutic area. The most prominent product in this area is Almirall's R&D antihistamine: ebastine, which is marketed in over 30 countries.
- **CNS (Central Nervous System)**
The company's presence in this segment has been consolidated through Almirall's R&D anti-migraine drug: almotriptan, the first Spanish R&D drug to be approved by the US Food and Drug Administration (FDA).
- **Dermatology**
Almirall has positioned itself as a leading company in this area following the acquisition of Hermal and a portfolio of eight products from Shire, which in the main belong to this area.
- **Respiratory**
This is in line with its research approach and with the future launch of acclidinium bromide, currently in phase III of clinical trials.

Corporate development priorities for 2010

- Partnering acclidinium bromide and LAS100977 (OD LABA) in key geographies outside the US.
- Pursuing new license-in opportunities.
- Continuing to evaluate selected acquisitions.



Social commitment

Our activities fulfil a threefold commitment:

- Developing innovative products that improve people's health and well being.
- Promoting the talent of our employees.
- Protecting the environment.

A commitment to society

The goals that underpin Almirall's day-to-day business include researching, developing, producing and marketing innovative products, so that healthcare professionals can provide to their patients with the best therapeutic solutions. We also strive to provide our staff members with healthy surroundings that will foster their talent and to respect the environment through the implementation of environmental protection measures. This further proves our firm commitment to the environment, to our employees and to society.

Society

Our commitment to patients and healthcare professionals

Training activities

In order to promote the development of healthcare professionals and improve their skills, Almirall supports their continuing training by sponsoring and encouraging any kind of activity that will enable them to optimise their day-to-day knowledge.

Last year's figures for Spain show the value given by Almirall to professionals' training: 115 courses with over 3,800 attendees; over 80 workshops with 1,200 plus attendees; and 65 medical meetings with over 5,800 attendees.



The aim of these activities is, on the one hand, to improve the skills of healthcare professionals with regard to their relationships with patients and, on the other, provide them with a better knowledge of our products.

In addition, in Spain we have been involved in more than 140 projects organised by civil society (trade associations and scientific societies) designed to improve the training of healthcare professionals.

Training for healthcare professionals:

10,800
participants

Professional ethics

In addition to its commitment to the research and development of innovative products for improving health, Almirall believes it has the duty and the responsibility to continue monitoring the effectiveness and safety once they are available to healthcare professionals.

In Spain, there are currently 37 research projects under way, of which 7 are clinical studies, 8 involve research carried out by third parties and 22 are research projects that examine the effects of our products on patients. Over 8,348 professionals and 51,280 patients are taking part in these projects.

The results of the clinical studies performed are available on our corporate website under the R&D section, clinical trials, and we are also actively involved in ensuring that the scientific knowledge derived from these research projects is disseminated to healthcare professionals in scientific publications. Thus, in 2009 Almirall generated 26 papers in scientific journals and 35 specific publications were written for conferences (posters and other kinds of submission).

The medical calls by our representatives continue to be one of the company's most effective means of communication with healthcare professionals. We are thus able to come into direct contact with them and inform them of the latest advances made in research related to our products.

The Internet has likewise become widely accepted as a means of disseminating knowledge about our products and of providing services to professionals. This is borne out by the 12 projects that are

currently being carried out by our Spanish subsidiary. Most of these projects are undertaken in-house, although we occasionally sponsor projects carried out by third parties. In total, 36,000 healthcare professionals have registered with our medical websites and between them they have visited 6.2 million of our pages.

*37 research projects
with 51,280 patients*



Almirall websites:

36,000
registered healthcare
professionals

Almirall is fully committed to promoting its products in a professional, ethical and transparent way, as a result of which it ensures that its products are properly used and it is able to provide high quality healthcare advice. Our endeavour to ensure transparency prevails over all of our company's actions and our priority is to provide healthcare professionals with tools that enable them to give a better service to their patients.

Our commitment to integrity in our relations with healthcare professionals has prompted us to actively adopt and promote the codes of ethics that are promoted by the various pharmaceutical industry associations in the countries in which we operate.

As a member of the IFPMA (International Federation of Pharmaceutical Manufacturers and Associations), the EFPIA (European Federation of Pharmaceutical Industries and Associations) and of local associations from the pharmaceutical industry, Almirall adheres to the guidelines laid down by these federations and associations with regard to its promotional activities and its relations with healthcare professionals and other related groups.



Committed to the community

Dissemination

At Almirall, we devote all our resources, both human and financial, to the constant innovation, research and development of more effective and safer products that can improve people's health and well-being.

In the same way, we promote projects that enable us to familiarise society with the products we make. In order to do so, we undertake significant dissemination actions in Spain, which specifically address patients and their environment, with the aim of promoting lifestyle changes that will improve the health of the general population.

We promote healthy lifestyles and support initiatives that improve healthcare



Our commitment towards patients extends to a variety of initiatives promoted by civil society. We are thus actively involved through our sponsorship of Respiratory and Mental Health workshops, which are intended to enable patients and their families to deal with pain. These projects are undertaken through a partnership with the Universidad de los Pacientes (the University of Patients), run by the Autonomous University of Barcelona. The aim of all of these initiatives is to improve the quality of healthcare through information, training and research activities.

Since 2009, Almirall has published the results of the support it gives to patient organisations on the Social Commitment section of its website (www.almirall.com).

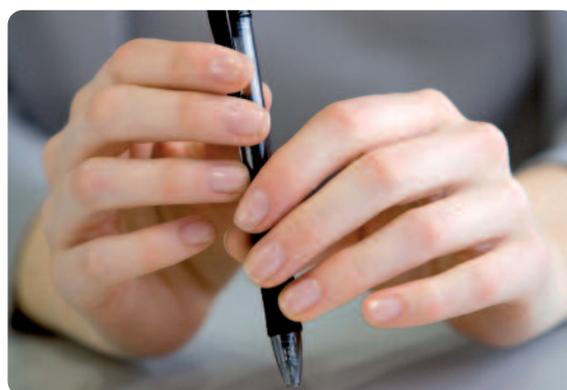


Integration

One of our aims in our constant efforts to boost the partnership between industry and society is to integrate and become involved with the social, cultural and economic framework of the places in which Almirall conducts its business activities.

Almirall has sat on the board of trustees of the Integra Foundation since 2004. The aim of this not-for-profit foundation is to act as a mediator to find job placements for people in a position of social exclusion.

In the sphere of culture, Almirall's involvement extends to its policies to sponsor music projects, and to promote the popular culture of the local communities in which it has worksites.



The company

Our commitment to employees

Almirall reaffirms its commitment to every employee in the company on a daily basis. Our goal is to contribute to the professional development and talent of our employees, by offering them a forward-looking career based on ongoing training, corporate stability and a clear commitment to innovation.

Our corporate culture takes the view that differences should be embraced and respected. There are currently over 20 nationalities among Almirall's employees. The company places great store by the added value that this diversity of individuals is able to bring to it in terms of professional progression.

Professionalism and teamwork are a substantial part of Almirall's corporate values. The individual and collective efficiency of our employees has become one of our key competitive strengths.

As a result of this continued effort, the CRF Institute, an international organisation dedicated to coordinating and reviewing research projects in the

economic sphere, named Almirall as a "Top Employer" for the second year running. Other Spanish companies were also acknowledged through this award. Like Almirall, they were rated as "trustworthy" by the organisation and stood out for their management and commitment to talent. The award acknowledges the company's commitment to bettering itself continually, creating an environment that stimulates growth and improvement, and focusing on the development of every single employee within the company. The CRF awarded a special prize to Almirall in recognition of its leading position in terms of employee training and development prospects.

At Almirall we are also committed to supporting and helping young people still in education to access the job market. Our aim is to act as a platform for their professional development. We have entered into a number of educational cooperation agreements with leading universities, under which we recruit students who are fully integrated into Almirall's work teams. Students receive a clear description of the tasks they must perform, as well as personal guidance from an experienced tutor. In addition, when new vacancies arise, previous experience within the company is taken into consideration.



Almirall
Top Employer in 2009



Occupational hazard prevention

Our occupational hazard prevention policy is a clear exponent of our active concern for a hazard-free workplace. We are likewise committed to the health and safety of our employees through this policy, which is assigned all of the resources necessary to ensure its fully effective implementation.

- **Almirall considers occupational hazard prevention a priority.** Almirall aims to make preventive actions one of its overriding corporate principles. These principles are continually improved to ensure that the maximum level of health and safety in the workplace is attained, in accordance with the legislation in force and the company's own guidelines.
- **Promoting the implementation of occupational hazard prevention in daily tasks.** This principle is based on the evidence that improved productivity can be attained in an environment in which quality is encouraged in synergy with occupational hazard prevention.
- **Training employees in health and safety at work and providing them with the means to prevent occupational hazards.** In order to promote a safe approach to all activities carried out within the company, it is of vital importance to train and inform employees about health and safety issues. It is likewise crucial that they are provided with the appropriate means and measures to prevent any kind of occupational hazard.
- **Encouraging employees to take part in matters related to occupational hazard prevention.** Our employees' knowledge and experience of the tasks that they perform are of the greatest importance in defining the company's prevention programmes and ensuring that full advantage of them is taken.

Occupational hazard prevention is a goal shared by the company and its employees. Every employee, whatever their position or duties, is responsible for ensuring that health and safety regulations are fulfilled. As a result of this joint effort, in 2007 Almirall was awarded the prestigious TÜVRheinland certificate, which proves its compliance with the international health and safety standard, OHSAS 18001:1999. After an exhaustive assessment that covered all of Almirall's workplaces and activities in Spain, TÜVRheinland certified that the company had an ongoing policy that met the latest and most demanding occupation health and safety criteria, which go beyond the requirements laid down by current Spanish legislation.

In the second annual follow-up audit, TÜVRheinland certified that Almirall had successfully adapted to the management system for the prevention of occupational hazards in accordance with the new OHSAS 18001:2007 standard; it is anticipated that this certification will be renewed in 2010.

At Almirall, we are convinced that the health and safety of our employees very much depends on having a healthy lifestyle. Ensuring that our canteens offer a balanced diet or creating spaces devoted to fitness at our worksites are examples of the actions the company has taken with regard to this matter.



Preventing occupational hazards is a top priority for Almirall

The environment

Our commitment to the environment

Almirall's environmental policy clearly reflects its commitment to the environment, which can be summarised through the following basic principles:

- A commitment to the continued improvement of our environmental management, in line with the legal requirements in force and other requirements to which Almirall adheres voluntarily.
- A commitment to the prevention of contamination, with the following order of priorities:
 - Reduction and eradication at source (e.g., substitution of materials, changes in processes, products, technology, etc.).
 - Reuse and recycling (during processes, at facilities and for external transfers).
 - Recovery and treatment (recovery of waste streams, treatment of emissions and waste discharges to reduce their impact on the environment).
 - Control mechanisms.
- Efficient and rational management of natural resources, such as raw materials, energy and water resources, through the promotion of energy and water savings, and efficient processes.
- Setting up of regular environmental management programmes, whose goals are in line with the legislation in force, the company's environmental policy and all significant environmental aspects identified.
- Involvement and participation of employees and companies that work with Almirall in the application of the principles that make up this policy.



The implementation of these principles in Spain resulted in Almirall obtaining the ISO 14001:2004 certification from the Bureau Veritas in 2004. It was awarded in recognition of Almirall's environmental management system, which covers its R&D activities, the development and manufacture of products and active principles. The ISO certification also applies to the company's management activities. After the successful renewal of the certification in 2007, it was transferred to TÜVRheinland in 2009 and it is anticipated that it will be renewed in 2010.

Among the initiatives that Almirall has promoted for a number of years, one of the main actions has been the recycling of the paper and cardboard that we use in our daily activities. This initiative resulted in the recycling of 198 tonnes of paper and cardboard in 2009. At Almirall, we have taken the selective management of waste one step further, as all of our facilities are equipped with specific plastic and metal waste containers, which means all our waste is recycled at selective collection plants.

To further develop these initiatives, at the end of 2008 we signed an agreement with FEMAREC, a not-for-profit welfare organisation and a leading charity in the professional integration of people at risk of exclusion, for the purpose of managing and recycling the paper and cardboard generated by Almirall's various facilities in Spain.

Our commitment to the environment also includes the recycling of products through our membership of the pharmaceutical industry's Integrated System for the Management and Collection of Packaging (SIGRE), which was set up and is promoted by the Spanish pharmaceutical industry's employers' association (Farmaindustria). SIGRE is a not-for-profit organisation set up for the collection and management of drug waste generated in households.



198
tonnes of recycled
paper and cardboard







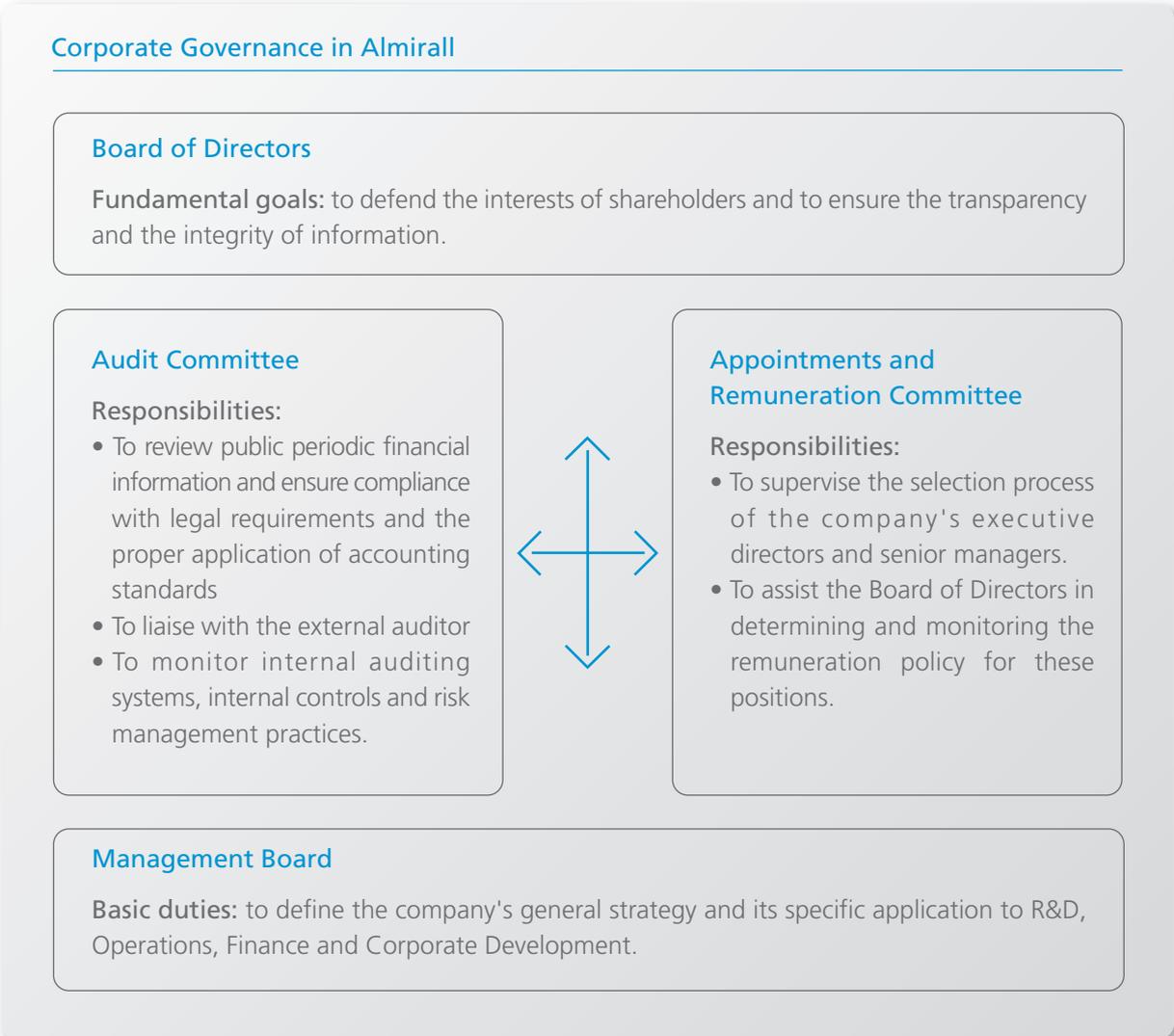
Corporate Governance

Fundamental goals:

- Defending the interests of shareholders.
- Ensuring transparency and the integrity of information.
- Defining the company's general strategy.

Almirall's Corporate Governance aims

The fundamental purpose of Almirall's Corporate Governance policy is to protect the interests of shareholders and maintain a transparent and rigorous information policy at all times.



Transparency and rigour in defending our shareholders' interests

Over
40,000
shareholders

In 2009, Almirall had approximately 40,000 shareholders. Their interests are safeguarded by the Board of Directors, whose proposals must ultimately be approved at the Annual General Meeting. In order to uphold the rigour and independence of these proposals, the Audit Committee and the Appointments and Remuneration Committee play an active and major role in drawing them up.

Board of Directors

The table below shows the members and secretary of the Board of Directors and a description of their roles:



Board of Directors

Name	Position	Nature of the position
Jorge Gallardo Ballart	Chairman and CEO	Executive member
Antonio Gallardo Ballart	1st Deputy Chairman	External director
Daniel Bravo Andreu	2nd Deputy Chairman	External director
Per-Olof Andersson	Member	Executive member
Luciano Conde Conde	Member	Executive member
Eduardo Sanchiz Yrazu	Member	Executive member
Juan Arena de la Mora	Member	Independent external member
Paul Brons	Member	Independent external member
Tom McKillop	Member	Independent external member
José Juan Pintó Sala	Secretary (Non-member)	Non-director

Audit Committee

The company has an internal audit function, which reports to the Audit Committee, and an annual external audit process that guarantees the integrity of the financial information presented.

The Audit Committee is comprised of three members, most of whom are non-executive directors appointed for four years. Members are appointed on the basis of their knowledge and experience of accounting, auditing and risk management, as well as of their knowledge, skills and experience in carrying out the other functions of the Committee. It is chaired by an independent director, Juan Arena de la Mora, and its secretary is Daniel Bravo Andreu, an external director.

Members of the Audit Committee

Name	Position
Juan Arena de la Mora	Chairman
Daniel Bravo Andreu	Member
Eduardo Sanchiz Yrazu	Member



The Audit Committee meets once every quarter to review the periodic financial information that is to be submitted to the Stock Exchange authorities, as well as the information that will be approved by the Board of Directors and included within the annual filings.

The Board's Regulations also provide that the Committee may meet at the request of its members or every time a meeting is called by the Chairman, who is required to call a meeting whenever the Committee or Chairman requests the issue of a report or the adoption of proposals, and, in any event, whenever deemed necessary for the proper discharge of its functions. Such meetings may be attended, if considered appropriate by the members of the Committee, by members of senior management, company personnel or the account auditors. Moreover, in order to ensure that it performs its functions to the best of its ability, the Audit Committee may request advice from external experts whenever needed.

The Audit Committee reports on its activities to the first plenary meeting of the Board of Directors following its own meetings. Moreover, it is required to take minutes of its meetings, of which a copy must be submitted to every member of the Board and prepare an annual report on its operations, as laid down by Article 13.4 of the Board's Regulations.

The person in charge of the internal audit function provides the Audit Committee with an annual work plan, informs it directly of any incidents that arose during the course of work and submits an activity report to the Committee at the end of the year.



Appointments and Remuneration Committee

The Appointments and Remuneration Committee is made up of three directors, mostly independent, appointed by the Board of Directors for a period of four years on the basis of their knowledge, skills and experience, as well as on the Committee’s assignments.

It is chaired by an independent director, Paul Brons, and the secretary is Antonio Gallardo Ballart, an external director. Whenever deemed necessary to discharge its functions adequately, the Committee may also seek advice from external experts.

Members of the Appointments and Remuneration Committee	
Name	Position
Paul Brons	Chairman
Antonio Gallardo Ballart	Member
Tom McKillop	Member

The Appointments and Remuneration Committee meets once every quarter and must do so every time a meeting is called by the Chairman, provided that the Committee or its Chairman requests the issue of a report or the adoption of proposals, and, in all cases, whenever deemed appropriate for the proper discharge of its functions. It reports on its activities to the first plenary meeting of the Board of Directors following its own meetings. Furthermore, the Committee must take minutes of its meetings, of which a copy must be sent to every member of the Board.

The Committee must consult the Chairman and CEO of the company, especially when it deals with matters relating to executive directors or senior managers.

Every year, the Committee issues a report on the performance of its duties to the Chairman of the Committee and to the CEO of the company, based on the report submitted by the Appointments and Remuneration Committee, in relation to its own operations and the remuneration policy of the Board.

Management Board

As the leading governing body, the Management Board defines the general strategy of the company, the overall policies and scope of operations in the areas of R&D, Operations, Finance and Corporate Development.

The Management Board represents the main organisational functions of Almirall. It is comprised of nine members. These include, in addition to the Chairman and CEO (who also acts as Chairman of the Board), Executive, Corporate and General Managers, and the General Counsel.

Members of the Management Board (as at 31 December 2009)

Name	Position	Date on which they joined the company
Jorge Gallardo Ballart	Chairman and CEO	1 November 1965
Per-Olof Andersson	R&D Executive Director	9 January 2006
Carlos Blanquer Fonquerne	General Director Industrial Area	17 June 1968
Luciano Conde Conde	Chief Executive Operating Officer	1 January 1996
Anselm Diví Tormo	Corporate Director Human Resources	9 January 2006
Enrique Domínguez Cruz	General Manager Spain	2 September 1985
Joan Figueras Carreras	General Counsel	1 October 1991
Daniel Martínez Carretero	Deputy Chief Financial Officer	1 September 2008
Eduardo Sanchiz Yrazu	Chief Executive for Corporate Development and Finance	1 May 2004

Main functions of the Management Board

R&D

The Management Board defines the therapeutic areas to which preliminary research programme resources will be allocated, as well as those related to licenses and external partnerships. In addition, it devises the company's general policy regarding the implementation of new development strategies and technological approaches designed to rationalise costs and shorten the process of developing new molecules.

Operations

As far as operations are concerned, the Management Board defines both the commercial policy in Spain and the international business strategy, with a special focus on the consistency of the acquisition policy, the establishment of new affiliates, or the purchase of products. Furthermore, from an industrial point of view, it oversees the execution of tasks in compliance with regulatory requirements, both from a quality and an environmental perspective, and is responsible for the financial optimisation of the company's manufacturing processes.

*Its basic function is:
to define the company's general
strategy and its specific application
to R&D, Operations, Finance and
Corporate Development*

Finance and Corporate Development

The Management Board also analyses and discusses the various aspects of the company's corporate finance and corporate development projects (license-in, license-out and acquisitions).

The Management Board is also responsible for supervising and dealing with critical risks (obtaining information from risk managers) and for approving newly identified risks and the action plans considered. Risk managers, who normally hold executive or senior management positions, have full responsibility for managing the risks in their respective areas of competence and for carrying out the action plans designed to monitor these risks.

Additionally, the Management Board ensures that a welcoming and dynamic atmosphere is created in the workplace that attracts talent and retains good professionals through ongoing training and the development of skills.

In summary, the Management Board is responsible for ensuring that the company's overall strategy remains consistent with Almirall's culture based on its positioning and corporate values.

Risk Management Policy

In addition, Almirall has a Risk Management Policy that is based on identifying and managing both the internal and external risks that may affect the achievement of its business objectives. The Audit Committee is responsible for supervising the implementation of the policy.

This management model identifies, classifies, evaluates and monitors risks on the basis of different categories (operational, strategic, compliance and reporting). Based on the risks identified and once the probability of occurrence and impact on the business has been assessed, a map of corporate risks is drawn up that specifies the control activities and the measures or action plans to be implemented to mitigate the potential impact, should the risks materialise.

During the course of its activities, Almirall carries out a periodic re-assessment of its risks, with the aim of adapting to the changing circumstances of business and the environment. This policy provides

Almirall's stakeholders with reasonable assurance that the controls put in place are efficient.

The sector in which Almirall operates is subject to many specific regulations in each of the various activities carried out: research, production and marketing.

Almirall has the departments and resources needed to ensure compliance with the laws and regulations relating to the correct operation of the company, and it has put in place the appropriate governing bodies, officers, controls and procedures for each of them.







Almirall at a glance

Almirall at a glance

The company

At Almirall we research, develop, produce and market proprietary drugs as well as licensed products, with the aim of improving people's health and well-being.

Almirall was founded in 1943 in Barcelona (Spain) and started its industrial and commercial activities in 1944. In the 1960s, it began its first research and development activities. Since its foundation, Almirall has become a leading pharmaceutical company in Europe. The company went public in 2007.

No. **1**
Spanish
pharmaceutical
company

11
affiliates in Europe
and Latin America

42%
international
sales

3,100
professionals
across the world

3
R&D centres

13 projects under
clinical development

Strategic objectives

- Leveraging own R&D.
- Growing internationally.
- Maintaining our leadership in Spain.

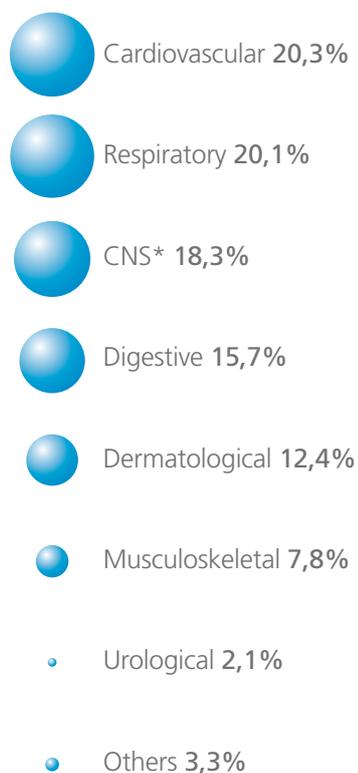


Top brands

Diversified sales
63%
among top 10

Brand name	Therapeutic area
Ebastel® and others (ebastine)	Respiratory
Prevenor® (atorvastatin)	Cardiovascular
Esertia® (escitalopram)	Central Nervous System
Plusvent® (salmeterol + fluticasone)	Respiratory
Almogran® (almotriptan)	Central Nervous System
Parapres® (candesartan cilexetile)	Cardiovascular
Airtal® and others (aceclofenac)	Musculoskeletal
Opiren® (lansoprazole)	Gastrointestinal
Dobupal® (venlafaxine)	Central Nervous System
Solaraze® (diclofenac sodium)	Dermatology

Therapeutic areas (as a % of sales)

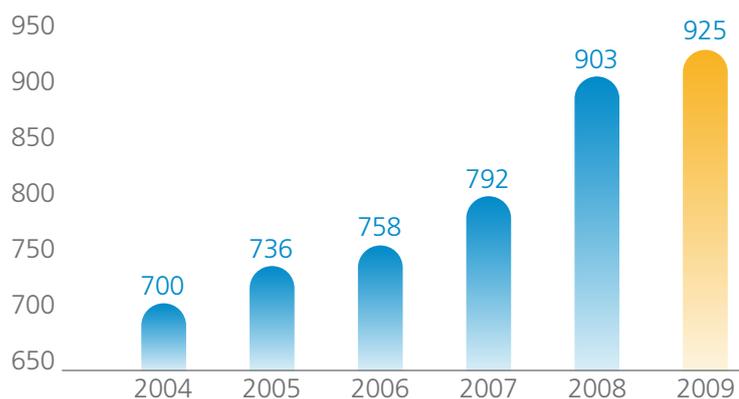


* Central Nervous System

Dermatology: a growing therapeutic area

The acquisition of Hermal, a German dermatological company, and of a portfolio of eight products from Shire, including two dermatological products, Vaniqa® (facial hirsutism) and Solaraze® (actinic keratosis), have consolidated Almirall's dermatological franchise as a growing therapeutic area.

Sales (rounded to nearest € million)



3

Research areas

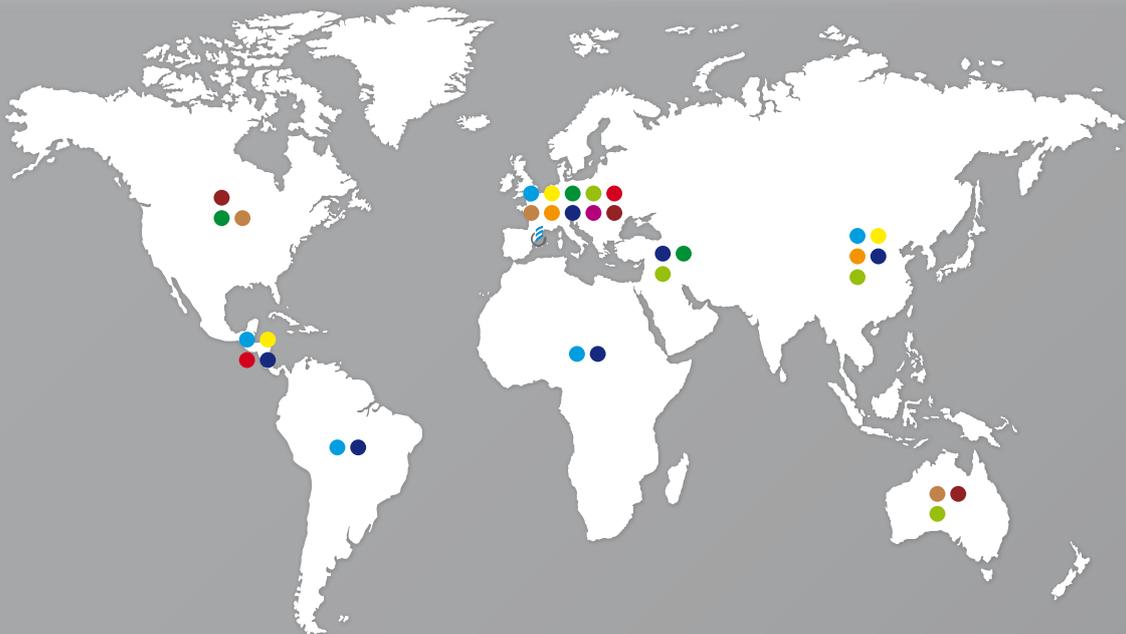
Respiratory
Autoimmune
Dermatology

International activities

Affiliates in
countries 11

Proprietary drugs
in over
countries 70

Austria
Belgium
France
Germany
Italy
Mexico
Poland
Portugal
Spain
Switzerland
United Kingdom-Ireland



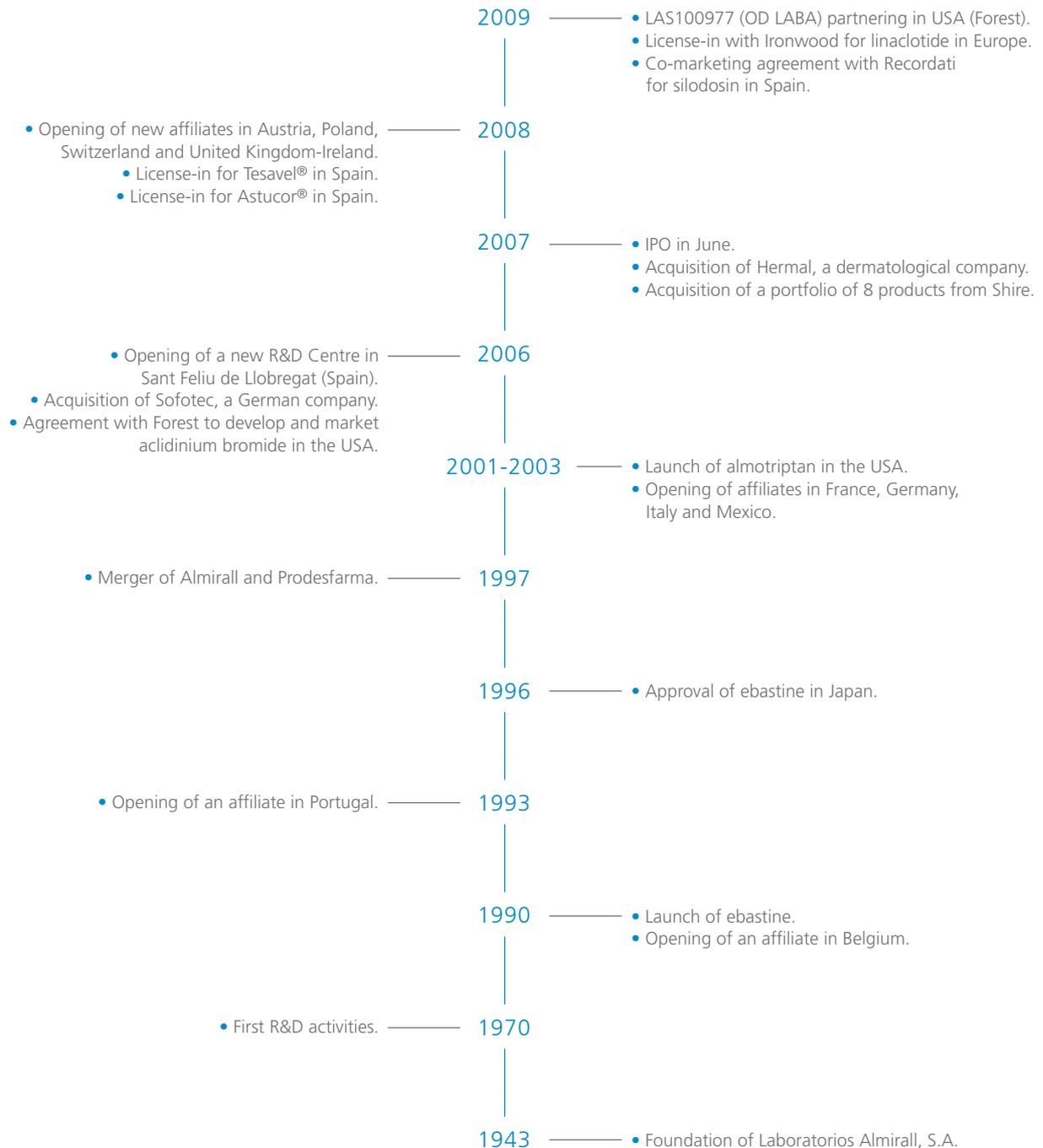
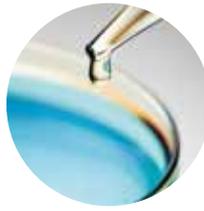
Products
on the market

- | | | | |
|---------------|---------------|----------------|----------------|
| ● Aceclofenac | ● Balneum® | ● Ebastine | ● Vaniqa® |
| ● Almagate | ● Cinitapride | ● Piketoprofen | |
| ● Almotriptan | ● Clebopride | ● Solaraze® | ● Headquarters |

Social commitment

- Almirall's environmental policy is consistent with its commitment to the environment.
- The prevention of occupational hazards is a goal shared by Almirall and its employees.
- Almirall's commitment to society includes training and awareness-raising initiatives aimed at both patients and healthcare professionals.

Almirall's history





Solutions with you in mind

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