Almirall, S.A. (formerly Laboratorios Almirall, S.A.) and Subsidiaries (the Almirall Group)

Consolidated Financial Statements for the year ended 31 December 2009 and Consolidated Directors' Report, together with Auditors' Report

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

ALMIRALL, S.A. (formerly Laboratorios ALMIRALL, S.A.)
and Subsidiaries (ALMIRALL GROUP)

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2009 AND 2008
(Thousands of euros)

ASSETS	Note	31 December 2009	31 December 2008	EQUITY AND LIABILITIES	Note	31 December 2009	31 December 2008
				Share capital		19,932	19,932
Goodwill	7	272,672	273,465	Share premium		166,796	166,796
Intangible assets	8	352,804	342,714	Legal reserve		3,986	3,986
Property, plant and equipment	9	169,060	175,745	Other reserves of the Parent		349,269	243,736
Financial assets	10	10,811	3,899	Consolidation reserves		67,500	89,378
Deferred tax assets	20	173,636	165,267	Valuation adjustments		(3,346)	(1,900)
NON-CURRENT ASSETS		**978,983**	**961,090**	Translation differences		(4,674)	(5,071)
				Profit for the year		151,494	136,137
				EQUITY	13	**750,957**	**652,994**
				Deferred income	14	67,686	27,706
				Bank borrowings and other financial liabilities	15	195,765	252,215
				Deferred tax liabilities	20	89,089	82,644
				Retirement benefit obligations	18	34,116	32,904
				Provisions	17	13,196	11,844
				Other non-current liabilities	16	24,339	28,193
Inventories	11	97,704	112,529	**NON-CURRENT LIABILITIES**		**424,191**	**435,506**
Trade and other receivables	12	120,398	107,888				
Current tax assets	20	20,502	24,445	Bank borrowings and other financial liabilities	15	69,922	68,756
Financial assets	10	220,281	143,796	Trade payables		142,687	154,411
Cash		39,385	42,286	Current tax liabilities	20	56,211	37,718
Other current assets		5,719	4,382	Other current liabilities	16	39,004	47,031
CURRENT ASSETS		**503,989**	**435,326**	**CURRENT LIABILITIES**		**307,824**	**307,916**
TOTAL ASSETS		**1,482,972**	**1,396,416**	**TOTAL EQUITY AND LIABILITIES**		**1,482,972**	**1,396,416**

The accompanying Notes 1 to 29 and the Appendix are an integral part of the consolidated balance sheets at 31 December 2009 and 2008.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

ALMIRALL, S.A. (formerly Laboratorios ALMIRALL, S.A.) and Subsidiaries (ALMIRALL GROUP)

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Thousands of euros)

	Note	2009	2008
Revenue	19	925,486	902,827
Cost of materials used	19	(289,006)	(280,079)
Gross margin		**636,480**	**622,748**
Other income	19	107,827	153,143
Staff costs	19	(230,433)	(243,596)
Depreciation and amortisation charge	7, 8 and 9	(64,824)	(63,318)
Net change in allowances, provisions and write-downs	19	(1,834)	4,674
Other operating expenses	19	(268,099)	(307,917)
Net gains/(losses) on non-current asset disposals	19	17,121	840
Restructuring costs	19	(8,534)	-
Other current operating income/(losses)		1,956	972
Impairment losses on property, plant and equipment, intangible assets and goodwill	8	(1,025)	(5,100)
Gains/(Losses) on revaluation of financial instruments	15	(391)	1,597
Finance income	19	2,943	6,752
Finance costs	19	(19,764)	(25,105)
Exchange differences, net	19	67	(968)
Profit before tax from continuing operations		**171,490**	**144,722**
Income tax	20	(19,996)	(8,585)
Profit for the year attributable to the Parent		**151,494**	**136,137**
Earnings per share (euros):	22		
A) Basic		0.91	0.82
B) Diluted		0.91	0.82

The accompanying Notes 1 to 29 and the Appendix are an integral part of the consolidated income statements for the years ended 31 December 2009 and 2008.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

ALMIRALL, S.A. (formerly Laboratorios ALMIRALL, S.A.) and Subsidiaries (ALMIRALL GROUP)

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(Thousands of euros)

	Notes	2009	2008
PROFIT PER INCOME STATEMENT (I)		**151,494**	**136,137**
Income and expenses recognised directly in equity:			
Arising from cash flow hedges	15	(1,801)	(7,063)
Retirement benefit obligations	18	(80)	4,917
Tax effect		564	644
Total income and expense recognised directly in equity (II)		**(1,317)**	**(1,502)**
Transfers to profit or loss:			
Arising from revaluation of financial assets	10	(184)	(971)
Tax effect		55	291
Total transfers to profit or loss (III)		**(129)**	**(680)**
Total recognised income and expense (I+II+III)		**150,048**	**133,955**

The accompanying Notes 1 to 29 and the Appendix are an integral part of the consolidated statements of recognised income and expense for 2009 and 2008.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

ALMIRALL, S.A. (formerly Laboratorios ALMIRALL, S.A.) and Subsidiaries (ALMIRALL GROUP)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Thousands of euros)

	NOTE	Share capital	Share premium	Legal reserve	Other reserves of the Parent	Reserves of fully consolidated companies	Valuation adjustments	Translation differences	Profit attributable to the Parent	Equity
Balance at 31 December 2007	**13**	**19,932**	**166,796**	**3,794**	**91,657**	**161,964**	**282**	**(1,976)**	**131,206**	**573,655**
Distribution of profit		-	-	192	204,561	(73,547)	-	-	(131,206)	-
Dividends		-	-	-	(52,482)	-	-	-	-	(52,482)
Translation differences		-	-	-	-	-	-	(2,134)	-	(2,134)
Other changes		-	-	-	-	961	-	(961)	-	-
Total recognised income and expense		-	-	-	-	-	(2,182)	-	136,137	133,955
Balance at 31 December 2008	**13**	**19,932**	**166,796**	**3,986**	**243,736**	**89,378**	**(1,900)**	**(5,071)**	**136,137**	**652,994**
Distribution of profit		-	-	-	158,015	(21,878)	-	-	(136,137)	-
Dividends		-	-	-	(52,482)	-	-	-	-	(52,482)
Translation differences		-	-	-	-	-	-	397	-	397
Other changes		-	-	-	-	-	-	-	-	-
Total recognised income and expense		-	-	-	-	-	(1,446)	-	151,494	150,048
Balance at 31 December 2009	**13**	**19,932**	**166,796**	**3,986**	**349,269**	**67,500**	**(3,346)**	**(4,674)**	**151,494**	**750,957**

The accompanying Notes 1 to 29 and the Appendix are an integral part of the consolidated statements of changes in equity for the years ended 31 December 2009 and 2008.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

ALMIRALL, S.A. (formerly Laboratorios ALMIRALL, S.A.)
and Subsidiaries (ALMIRALL GROUP)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2009 AND 2008 (indirect method)
(Thousands of euros)

	Note	2009	2008
Cash flows from continuing operations			
Profit from continuing operations before tax		171,490	144,722
Adjustments for:			
Depreciation and amortisation charge	7, 8 and 9	64,824	63,318
Net change in long-term provisions	17	1,075	771
Gains on disposal of non-current assets	19	(17,121)	(840)
Gains/(Losses) on revaluation of financial instruments		391	(1,597)
Finance income	19	(2,943)	(6,752)
Finance costs	19	19,764	25,105
Exchange differences	19	(67)	968
Impairment losses on assets	8	1,025	5,100
Deferred income allocated to profit or loss	14	(11,759)	(10,928)
		226,679	**219,867**
Changes in working capital:			
Changes in inventories	11	14,825	322
Changes in trade and other receivables	12	(12,510)	(906)
Changes in trade payables		(11,724)	11,686
Changes in other current assets		(1,338)	(916)
Changes in other current liabilities	16	(8,027)	5,993
Changes in other non-current items:			
Long-term provisions used	17	277	-
Additions to retirement benefit obligations	18	2,699	2,480
Settlement of retirement benefit obligations	18	(1,567)	(4,631)
Additions to deferred income	14	51,739	2,000
		34,374	**16,028**
Cash flows relating to taxes:	20	**585**	**(2,825)**
Net cash flows from operating activities (I)		**261,638**	**233,070**
Cash flows from investing activities			
Finance income	19	2,943	6,752
Exchange differences	19	67	(968)
Net change in financial assets classified as held for sale	10	-	971
Investments:			
Intangible assets	8	(53,671)	(5,061)
Property, plant and equipment	9	(16,891)	(18,623)
Financial assets	10	(7,040)	(289)
Divestments:			
Intangible assets and property, plant and equipment	8 and 9	19,239	1,228
Financial assets	10	128	1,717
Net cash flows from investing activities (II)		**(55,225)**	**(14,273)**
Cash flows from financing activities			
Finance costs	19	(19,764)	(25,105)
Gains/(Losses) on revaluation of financial instruments		(41)	1,597
Equity instruments:			
Change in income and expenses recognised in equity	13	-	(2,182)
Dividends paid	13	(52,482)	(52,482)
Translation differences	13	397	(2,134)
Liability instruments:			
Bank borrowings and other financial liabilities	15	(57,085)	(145,237)
Other non-current liabilities	16	(3,854)	2,878
Net cash flows from financing activities (III)		**(132,829)**	**(222,665)**
Net change in cash and cash equivalents (I+II+III)		**73,584**	**(3,868)**
Cash and cash equivalents at beginning of year		**186,082**	**189,950**
Cash and cash equivalents at end of year	10	**259,666**	**186,082**

The accompanying Notes 1 to 29 and the Appendix are an integral part of the consolidated statements of cash flows for the years ended 31 December 2009 and 2008.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

Almirall, S.A.
(formerly Laboratorios Almirall, S.A.)
and Subsidiaries (Almirall Group)

Notes to the Consolidated Financial Statements
for the year ended 31 December 2009

1. Group activities

Almirall, S.A. (formerly Laboratorios Almirall, S.A.) is the Parent of a corporate Group ("Almirall Group"), the object of which is basically the acquisition, manufacture, storage, sale and mediation in the sale of pharmaceutical specialities and products and all manner of raw materials used to prepare the aforementioned pharmaceutical specialities and products.

The company object of the Parent also includes:

a) The acquisition, manufacture, storage, sale and mediation in the sale of cosmetics, chemical, biotechnological and diagnostic products for human, veterinary, agrochemical and food-industry use, as well as all manner of utensils, complements and accessories for the chemical, pharmaceutical and clinical industries.

b) The research into chemical and pharmaceutical ingredients and products.

c) The acquisition, sale, lease, subdivision and development of land lots, land and properties of all kinds, including the performance of construction work thereon, and their disposal, in full, in part or under a condominium property arrangement.

The aforementioned company object, in accordance with the Parent's bylaws, may be carried on, in full or in part, directly by the Parent itself or indirectly through the ownership of shares, equity investments or any other rights or interests in companies or other types of entity with or without legal personality, resident in Spain or abroad, engaging in activities that are identical or similar to those constituting the Parent's company object.

The Parent's registered office is located at Ronda General Mitre 151, Barcelona.

The current name of the Parent was adopted by the shareholders at the Annual General Meeting held on 22 May 2009 to replace the previous name, Laboratorios Almirall, S.A.

2. Basis of presentation of the financial statements and basis of consolidation

a) *Basis of presentation*

The consolidated financial statements for 2009 of the Almirall Group, which were obtained from the accounting records kept by the Parent and by the other companies composing the Group, were formally prepared by the Parent's directors on 24 February 2010.

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, taking into account all the mandatory accounting principles and rules and measurement bases, so that they present fairly the Almirall Group's consolidated equity and financial position at 31 December 2009 and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2009 may differ from those used by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with International Financial Reporting Standards.

The Group's consolidated financial statements for 2008 were approved by the shareholders at the Annual General Meeting of the Parent on 22 May 2009. The Group's 2009 consolidated financial statements have not yet been approved by the shareholders at the Annual General Meeting of the Parent. However, the Parent's Board of Directors considers that the aforementioned consolidated financial statements will be approved without any changes.

b) *International Financial Reporting Standards*

The Almirall Group's consolidated financial statements for the year ended 31 December 2009 were prepared in accordance with International Financial Reporting Standards (IFRSs), in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, of 19 July 2002, under which all companies governed by the law of an EU Member State and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements for the years beginning on or after 1 January 2005 in conformity with the IFRSs ratified by the European Union. In Spain, the obligation to present consolidated financial statements in accordance with IFRSs as adopted by the European Union is also regulated in Final Provision Eleven of Law 62/2003, of 30 December, on tax, administrative, labour and social security measures.

The principal accounting policies and measurement bases adopted by the Almirall Group are presented in Note 5.

The main options taken by the Almirall Group in relation to the application of IFRSs are as follows:

- To classify its consolidated balance sheet items as current and non-current.

- To present the income statement by nature.

- To present the statement of cash flows using the indirect method.

- To present the income and expenses in two separate statements: an income statement and a statement of recognised income and expense.

Standards and interpretations effective in 2009

Since 1 January 2009, new regulations, amendments or interpretations have been applied: revision of IFRS 8, Operating Segments; IAS 23, Borrowing Costs; revision of IAS 1, Presentation of Financial Statements; amendments to IFRS 2, Share-based Payments; amendments to IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising on Liquidation; amendments to IFRS 7, Financial Instruments; amendments to IAS 39 and IFRIC 9, Reassessment of Embedded Derivatives; IFRIC 13, Customer Loyalty Programmes; IFRIC 14 and IAS 19. The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction; and IFRIC 16, Hedges of a Net Investment in a Foreign Operation.

With regard to the revision of IAS 1, Presentation of Financial Statements, the purpose of the fundamental changes to this standard is to improve the presentation of the information so that users of consolidated financial statements can analyse changes in equity arising from transactions with the owners acting in their capacity as owners (e.g. dividends and the repayment of capital) separately from non-owner changes (e.g. transactions with third parties or income and expenses recognised directly in equity). The revised standard provides the option of presenting all the income and expenses in one statement with subtotals, or in two separate statements (an income statement followed by a statement of recognised income and expense). The later is the option chosen by the Group and, since it did not previously present a statement of recognised income and expense, the new standard gave rise to the inclusion of this new financial statement in the consolidated financial statements.

Although the amended IAS 1 states that, due to retrospective changes or reclassifications of items in the financial statements, a balance sheet or statement of financial position must be presented at the beginning of the first year for which the financial statements affected are presented (in this case it would relate to 1 January 2008), since the presentation of the statement of recognised income and expense has no effect whatsoever on the aforementioned balance sheet, this information is not significant and, therefore, such a balance sheet is not presented.

The adoption of the other new interpretations and amendments did not have a significant impact on the Group's consolidated financial statements.

Standards and interpretations issued but not yet in force

At the date of preparation of these consolidated financial statements, the following main standards and interpretations had been issued by the IASB but had not yet become effective, either because their effective date is subsequent to the date of the consolidated financial statements or because they had not yet been adopted by the European Union:

Standards, amendments and interpretations		**Obligatory application in years beginning on or after**
Approved for use in the EU		
Revision of IFRS 3	Business Combinations	1 July 2009
Amendments to IAS 27	Changes in Ownership Interests	1 July 2009
Amendments to IAS 39	Eligible Hedged Items	1 July 2009
Amendments to IAS 32	Classification of Rights Issues	1 February 2010
IFRIC 12 (1)	Service Concession Arrangements	1 April 2009
IFRIC 15 (1)	Agreements for the Construction of Real Estate	1 January 2010
IFRIC 17 (1)	Distributions of Non-cash Assets to Owners	1 November 2009
IFRIC 18 (1)	Transfers of Assets from Customers	1 November 2009
Not yet approved for use in the EU (2)		
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013
2009 Improvements to IFRSs	Non-urgent amendments to IFRSs	Various (mainly 1 January 2010)
Amendments to IFRS 2	Share-based Payment Transactions among Group Entities	1 January 2010
Revision of IAS 24	Related Party Disclosures	1 January 2011
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

(1) Date of obligatory application as approved in the Official Journal of the European Union, which differs from the original date set by the IASB.

(2) Standards and interpretations not yet adopted by the European Union at the date of formal preparation of these consolidated financial statements.

The directors have assessed the potential impact of applying these standards in the future and consider that their entry into force will not have a material impact on the consolidated financial statements.

c) Functional currency

These consolidated financial statements are presented in euros since this is the currency of the primary economic area in which the Group operates. Foreign operations are recognised in accordance with the policies established in Note 5-p.

d) Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Group's directors.

In the Group's consolidated financial statements for 2009 estimates were occasionally made by the executives of the Group and of the consolidated companies, later ratified by their directors, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of the recoverability of the goodwill (see Notes 5-d, 6-e and 7).

- The useful life of the intangible assets and property, plant and equipment (see Notes 5-b and 5-c).

- Assessment of the technical and economic viability of the development projects in progress that have been capitalised (see Notes 5-b and 5-d).

- The impairment losses on certain items of property, plant and equipment, intangible assets and goodwill arising from the non-recoverability of the carrying amount of those assets (see Notes 5-d, 6-e, 7 and 8).

- Evaluation of lawsuits, obligations and contingent assets and liabilities at year-end (see Note 23).

- Assessment of the method of revenue recognition and benefits in relation to the agreements entered into with third parties for licence agreements, co-development and co-promotion of products (see Notes 5-m and 6-a).

- Estimate of the appropriate allowances for obsolescence of the inventories, for doubtful debts and provisions for sales returns (see Notes 5-g, 5-h and 5-k).

- Determination of the assumptions required to calculate the actuarial retirement obligations in conjunction with an independent expert (see Note 5-l).

- Estimate of the liability relating to the share-based payment arrangements (see Note 5-t).

- Allocation of the acquisition price paid for certain assets linked to agreements with third parties for the acquisition of rights to market products at the development phase (see Note 8).

Although these estimates were made on the basis of the best information available at 31 December 2009 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statement.

3. Basis of consolidation and changes in the scope of consolidation

a) Basis of consolidation

The accompanying consolidated financial statements were prepared from the accounting records of Almirall, S.A. (formerly Laboratorios Almirall, S.A.) and of the companies controlled by it, whose financial statements were prepared by the directors of each company. In accordance with IAS 27, control is the power to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The subsidiaries of the Almirall Group detailed in the Appendix have been included in consolidation.

The Almirall Group companies were fully consolidated because Almirall directly or indirectly holds more than 50% of the share capital of these companies, over which effective control is exercised by virtue of ownership of a majority of the voting power in their representation and decision-making bodies. Accordingly, all material balances and effects of the transactions between consolidated companies are eliminated on consolidation.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

If as a result of losses incurred by a subsidiary its equity were negative, the investment should be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support.

Where necessary, the financial statements of the subsidiaries are adjusted so that the accounting policies used conform with those applied by the Group's Parent.

Also, the tax effect that may arise as a result of including the results and reserves of the subsidiaries in the Parent's account is not included in the accompanying consolidated financial statements since, pursuant to IAS 12, it is considered that no transfers of reserves that are subject to additional taxation will be made. Since the Parent controls the timing of distribution, it is not probable that such distribution will occur in the foreseeable future, but rather that the results and reserves will be used as financing resources at each company.

The Appendix to these notes to the consolidated financial statements details the subsidiaries and information thereon (including name, country of incorporation and proportion of ownership interest held by the Parent).

b) Changes in the scope of consolidation

In 2009 the only change in the scope of consolidation related to the process of liquidating the investee Irinol Farma, S.A., all of whose business activities were transferred to the Parent and, therefore, this did not have any impact on the accompanying consolidated financial statements.

The main changes in the scope of consolidation in 2008 were as follows:

a) On 18 February 2008, Almirall SP, Z.o.o., the company object of which is the supply of pharmaceutical specialities, was incorporated through the disbursement by Almirall International, B.V. of EUR 16 thousand.

b) On 21 May 2008, the merger by absorption of the subsidiary Expharm, S.A. (absorbed company) into the subsidiary Chemol, S.A. (absorbing company) took place and became effective for accounting purposes from 1 January 2008. On that same date, the merger between the two subsidiaries Almirall, A.G. (absorbing company) and the company resulting from the merger discussed above, Chemol, S.A. (absorbed company), took place and became effective for accounting purposes from 1 January 2008. The aforementioned change in the scope of consolidation did not give rise to any goodwill or change in the value of the assets and liabilities previously accounted for by the Group.

c) On 19 December 2008, the merger by absorption of the subsidiary Gilles de Suyrot S.A.S. (absorbed company) into the subsidiary Almirall S.A.S. (absorbing company) took place and became effective for accounting purposes from 1 January 2008. The aforementioned change in the scope of consolidation did not give rise to any goodwill or change in the value of the assets and liabilities previously accounted for by the Group.

The contribution of the various companies involved in the changes in the scope of consolidation to both the balance sheet and the income statement was not material.

4. Distribution of the Parent's profit

The proposed distribution of profit included in the Parent's consolidated financial statements for 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
Distributable profit:		
Profit for the year	180,235	158,015
Distribution:		
To voluntary reserves	125,091	105,533
Dividends	55,144	52,482
Total	**180,235**	**158,015**

5. Accounting policies

The Group's consolidated financial statements for 2009 were formally prepared by the directors of the Parent in accordance with International Financial Reporting Standards (IFRSs) as approved by the European Union, pursuant to Law 62/2003, of 30 December.

The principal accounting policies used in preparing these consolidated financial statements, in accordance with International Financial Reporting Standards as adopted by the European Union and with the Interpretations in force at the reporting date, were as follows:

a) Goodwill

Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of combination.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc.

- If it is attributable to specific intangible assets, recognising it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.

- The remaining amount is recognised as goodwill, which is allocated to one or more specific cash-generating units.

Goodwill acquired on or after 1 January 2004 is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003. In both cases, at least at the end of each reporting period (or earlier if there is any indication of impairment), goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to "Impairment Losses on Property, Plant and Equipment, Intangible Assets and Goodwill" in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortised. An impairment loss recognised for goodwill must not be reversed in a subsequent period (see Note 5-d).

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

b) Intangible assets

Intangible assets are recognised initially at acquisition cost (separately or through a business combination) or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

They can have an indefinite useful life -when, based on an analysis of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the consolidated companies- or a finite useful life, in all other cases.

Intangible assets with indefinite useful lives are not amortised, but rather at the end of each reporting period the consolidated companies review the remaining useful lives of the assets in order to ensure that they continue to be indefinite or, if this is not the case, to take the appropriate steps.

Intangible assets with finite useful lives are amortised over those useful lives using methods similar to those used to depreciate property, plant and equipment. The amortisation rates, which were determined on the basis of the average years of estimated useful life of the assets, are basically as follows:

	Annual rate
Intellectual property	8.33%-20%
Computer software	33%

In both cases the consolidated companies recognise any impairment loss on the carrying amount of these assets with a charge to “Impairment Losses on Property, Plant and Equipment, Intangible Assets and Goodwill" in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are similar to those used for property, plant and equipment (see Note 5-d).

Research and development expenditure-

a) Internal developments

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

The expenditure incurred internally as a result of the development of new drugs by the Group is only capitalised when all the following conditions are met or can be demonstrated:

I. It is technically possible to complete the production of the drugs so that they can become available for use or sale.

II. There is an intention to complete the development of the drugs for use or sale.

III. The Group has the capacity to use or sell the drug.

IV. The asset will generate future economic benefits. It can be demonstrated that there is a market for the drugs resulting from the development or for the development in itself, or, where it is going to be used internally, that the development is of use to the Group.

V. Adequate technical, financial and other resources are available to complete the development and to use or sell the drugs resulting from the development in progress.

VI. The disbursement attributable to the aforementioned development up to its completion can be measured reliably.

The development of new drugs is subject to a high degree of uncertainty as a result of the protracted period of maturation thereof (usually over the course of several years) and of the technical results that are obtained during the various trial phases through which the development passes. It may become necessary to abandon a development in any of the various phases through which it passes, either as a result of failing to meet medical or regulatory standards or of not achieving suitable profitability thresholds. For these reasons, the Group only considers that such uncertainties have been overcome once the product developed has been approved by the competent authorities in a reference market. It is from this time onwards that the Group considers that the conditions have been met for capitalising development expenditure, which, in general, is not significant.

b) Separate acquisition

A research or development project in progress acquired separately or through a business combination is capitalised in all cases in accordance with the provisions of IAS 38, paragraph 25, since the price paid for the acquisition reflects the probability of the expected future economic benefits embodied in the asset flowing to the Group, i.e. the price paid reflects the probability of the aforementioned project's success.

The capitalised development costs with a finite useful life are amortised from the beginning of commercial production of the product on a straight-line basis over the period in which benefits are expected to be generated.

Development costs previously recognised as an expense are not capitalised in subsequent years.

Intellectual property-

Patents, trademarks and product production, sale and/or distribution licences are initially recognised at the cost of purchase (separate or through a business combination) and are amortised over the estimated useful lives of the related products (usually on a straight-line basis), with the limit, as the case may be, of the duration of the licensing agreements entered into with third parties. These periods usually do not exceed twelve years.

The purchase cost of the licences acquired from third parties includes, where applicable, the gains and losses associated with cash flow hedges relating to changes in the exchange rate arranged for their acquisition.

The expenses incurred in developing intellectual property that is not economically feasible must be recognised in full in the income statement for the year in which this circumstance becomes known.

Computer software-

The Group recognises under "Computer Software" acquisitions of computer programs, including web-site development costs. Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets will be recognised as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortised on a straight-line basis over a three-year period from the date of entry into service of each application.

c) *Property, plant and equipment*

Property, plant and equipment are measured at cost (calculated on the basis of a separate acquisition or through a business combination) revalued, in the case of Spanish companies, pursuant to the related legislation, including Royal Decree-Law 7/1996.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in the income statement on an accrual basis as incurred.

Property, plant and equipment in the course of construction are transferred to property, plant and equipment in use at the end of the related development period.

The period property, plant and equipment depreciation charge is recognised in the consolidated income statement and is based on the depreciation rates determined on the basis of the years of estimated useful life; the land on which the buildings and other structures stand is considered to have an indefinite useful life and, therefore, is not depreciated. The detail of the average useful lives of the various items is as follows:

	Years of useful life
Buildings	33-50
Plant and machinery	8-12
Furniture and laboratory equipment	6-10
Computer hardware	4-6
Transport equipment	5-6.25

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income statement of the year.

d) *Impairment of property, plant and equipment, intangible assets and goodwill*

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and goodwill to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives or those for which amortisation has not commenced are tested for impairment at least at each year-end and, in all cases, prior to year-end if there are any indications of impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, up to the aforementioned limit.

In the case of goodwill, impairment is tested with the frequency described in Note 5-a, on the basis of the following three steps: firstly, the recoverable amount of the goodwill specifically allocated to cash-generating units is assessed (wherever possible). Second, the loss allocable to the assets included in the cash-generating unit is assessed and the relevant impairment, if any, is recognised thereon in accordance with the foregoing. Third, the recoverable amount of unallocated goodwill is assessed, including all the associated cash-generating units. An impairment loss recognised for goodwill must not be reversed in a subsequent period (see Note 5-a).

The methodology used by the Almirall Group to test for impairment the goodwill arising as a result of the acquisition of control over Almirall Hermal, GmbH (see Note 7) and research and development expenditure (see Note 8) not subject to amortisation since the marketing of the related drug has not commenced is based mainly on financial projections established for a finite period of 6 and 22 years, respectively (since it is the average time horizon necessary to stabilise the cash flows generated by products which are currently under development), estimating a perpetual return for the following years. The projections are based on reasonable and supported assumptions.

The main assumptions used in the impairment tests in 2009 and 2008 were as follows:

2009	Goodwill	R&D expenditure
Cash flow discount rate	8%	9.5%
Perpetual return growth rate	-1%	-20%
Probability of development success	Not applicable	Based on each product evaluated

2008	Goodwill	R&D expenditure
Cash flow discount rate	8%	9.5%
Perpetual return growth rate	0%	-20%
Probability of development success	Not applicable	Based on each product evaluated

The key variables in the impairment tests carried out by the Group relate mainly to the sales performance each of the different drugs, both those marketed and those which are currently at the development phase; and for the latter, the outlook of the probability of success of the product in accordance with the results of the drug's various development phases is an additional key variable.

e) Operating leases

Leases are classified as operating leases when they meet the conditions of IAS 17, i.e. when the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset are attributable to the lessor, with any related expenses recognised as incurred in the consolidated income statement.

f) Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

In 2009 and 2008 the Group did not recognise any significant amounts in relation to non-current assets held for sale.

g) Inventories

Inventories are stated at the lower of acquisition or production cost and net realisable value. Production cost comprises direct materials and, where applicable, direct labour costs and applicable production overheads, including the costs that have been incurred in bringing the inventories to their present location and condition at the point of sale.

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of inventories is calculated by using the weighted average cost formula. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group assesses the net realisable value of the inventories at the end of each period and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

h) Trade receivables for sales and services

Trade receivables are recognised at their nominal value. At the end of each reporting period the recoverable amount thereof is calculated and the carrying amount is reduced, where necessary, by the adjustments required to cover balances for which there are circumstances that reasonably permit them to be classified as doubtfully receivable.

i) Financial instruments

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The measurement bases applied by the Group to its financial instruments in 2009 and 2008 were as follows:

Financial assets-

Financial assets are initially recognised at the fair value of the consideration given plus any directly attributable transaction costs, except in the case of financial assets classified as at fair value through profit or loss.

The financial assets held by the Group companies are classified as:

1. Originated loans and receivables: financial assets originated by the Group companies in exchange for supplying cash, goods or services directly to a debtor. They are measured at amortised cost, using the effective interest method.

2. Held-to-maturity investments: financial assets with fixed or determinable payments and fixed maturity. The Group has the positive intention and ability to hold them from the date of purchase to the date of maturity. They do not include loans and accounts receivable originated by the Group. They are measured at amortised cost, using the effective interest method.

3. Held-for-trading financial assets: assets acquired by the Group with the intention of generating a profit from short-term fluctuations in their prices or from differences between their purchase and sale prices. This category also includes financial derivatives that do not qualify for hedge accounting.

4. Available-for-sale financial assets: these include securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments, and equity instruments issued by entities other than subsidiaries, associates and jointly controlled entities.

Held-for-trading financial assets and available-for-sale financial assets are measured at fair value at subsequent measurement dates. In the case of held-for-trading financial assets, the gains and losses arising from changes in fair value are included in net profit for the year. In the case of available-for-sale financial assets, the gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the net profit or loss for the year.

The effective interest rate is the discount rate that exactly matches the carrying amount of a financial instrument to all its estimated cash flows of all kinds through its residual life. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition date plus, where applicable, the fees that, because of their nature, can be equated with a rate of interest. In the case of floating rate financial instruments, the effective interest rate coincides with the rate of return prevailing in all connections until the date on which the reference interest rate is to be revised for the first time.

Investments in the share capital of unlisted companies whose market values cannot be measured reliably are recognised at acquisition cost.

The Group companies state deposits and guarantees at acquisition cost and/or at the amounts paid.

Impairment losses (i.e. cost higher than market or fair value at year-end) are recognised under “Financial Assets – Impairment Losses” (see Note 10).

Financial liabilities-

Interest-bearing bank loans and overdrafts are recognised at the proceeds received, net of direct issue costs. Borrowing costs, including premiums payable on settlement or redemption and direct issue costs, are recognised in the income statement on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The loans with subsidised or zero interest rates are forms of government aid. The loans granted after 31 December 2007 are recognised at the fair value of the financing received and the differences arising between the fair value and the nominal value of the financing received are treated as established in section ll).

Trade payables are not interest bearing and are stated at their nominal value.

Classification of financial assets and liabilities as current or non-current-

In the accompanying consolidated balance sheets, financial assets and liabilities maturing within no more than twelve months from the balance sheet date are classified as current items, and those maturing within more than twelve months are classified as non-current items.

Loans due within twelve months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit facilities, are classified as non-current liabilities.

j) Derivative financial instruments and hedge accounting

The Group's activities expose it mainly to foreign currency risk, on the marketing of products through franchisees in countries with a currency other than the euro, and interest rate risk, on the bank borrowings arranged by the Parent. The Group uses derivative financial instruments, mainly interest rate swaps (IRSs) and collars, in order to hedge interest rate risk. The Group does not use derivative financial instruments for speculative purposes.

The Group opted to designate these instruments wherever possible (i.e. if they comply with the requirements of IAS 39) as hedging instruments in hedging relationships. In order to qualify for hedge accounting, pursuant to IAS 39, a derivative must necessarily hedge one of the following three types of exposure:

1. Changes in the fair value of assets and liabilities due to fluctuations in the price, interest rate and/or exchange rate to which the position or balance to be hedged is subject (“fair value hedge”).

2. Changes in the estimated cash flows arising from financial assets and liabilities, firm commitment and highly probable forecast transactions (“cash flow hedge”).

3. The net investment in a foreign operation (“hedge of a net investment in a foreign operation”).

The derivative must also effectively offset the exposure inherent in the hedged item or position throughout the expected term of the hedge, and there must be adequate documentation evidencing the specific designation of the financial derivative to hedge certain balances or transactions and how this effective hedge was intended to be achieved and measured.

Under IAS 39, a financial instrument must be recognised as an asset or as a liability at fair value and changes in fair value must be recognised in the profit or loss for the year, unless, opting for hedge accounting, the effective portion of the hedging relationship has to be recognised in equity (cash flow hedges and hedges of a net investment in a foreign operation).

Hedge accounting, if considered as such, is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

At 31 December 2009 and 2008, the Almirall Group had designated certain derivative financial instruments as hedges and, since they are cash flow hedges, changes in fair value of the effective portion are recognised in equity. Changes in fair value of the other derivatives arranged by the Almirall Group, which failed to comply with all the requirements to qualify for hedge accounting under IFRSs, are recognised in the consolidated income statement.

k) Provisions

When preparing the financial statements of the consolidated companies, their respective directors made a distinction between:

- Provisions: credit balances covering present obligations at the balance sheet date arising from past events which could give rise to an outflow of economic resources, which is certain as to its nature but uncertain as to its amount and/or timing; and

- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the consolidated companies.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Since the contingent liabilities did not arise from a business combination, they are not recognised, but rather detailed in Note 23.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific and probable risks for which they were originally recognised. Provisions are fully or partially reversed when such risks cease to exist or are reduced.

Litigation and/or claims in process-

At the end of 2009 and 2008, certain litigation and claims were in process against the consolidated companies arising from the ordinary course of their operations. The Group's legal advisers and directors consider that the provisions recognised are sufficient and that the outcome of the litigation and claims will not have an additional material effect on the consolidated financial statements for the years in which they are settled.

Provisions for product returns-

The provisions for product returns are recognised at the selling date of the related products to cover losses for returns that will be made in the future as a result of the sales made in the current and previous years, at the directors' best estimate of the expenditure required to settle the Group's liability. This estimate is made on the basis of the historical experience acquired by the Group of product returns in previous years.

Since a very significant portion of these returns will be made within more than twelve months, they are classified as non-current items.

l) Retirement benefit costs (or post-employment benefits)

The Group companies Almirall, S.A.S., Almirall Sofotec, GmbH and the Hermal Group companies, Almirall Hermal, GmbH and Almirall, GmbH have retirement benefit obligations (or post-employment benefit obligations). The obligations of Almirall S.A.S. and Almirall Sofotec, GmbH are not material with respect to the Group's consolidated financial statements.

The obligations assumed by the Hermal Group are funded by two defined benefit plans, a defined contribution plan with employer contributions and two defined contribution plans with employee contributions.

The contingencies funded by the defined benefit plans are retirement and similar (death of spouse and death of parent), active life risks, death and disability, for the employees hired prior to 30 June 2002 and consist of a pension calculated basically on the basis of the pensionable salary. The obligation assumed is covered by in-house provisions (see Note 18).

The methods applied to calculate the amount of the obligations assumed were as follows:

- Measurement method: the actuarial valuations were calculated using the Projected Unit Credit method. Pension liabilities are measured on the basis of the present value of the benefits to which the employees are entitled, bearing in mind the employees' years of service and the time remaining until retirement.

- Actuarial assumptions: in 2009 and 2008 the main assumptions used in the actuarial valuation of the aforementioned obligations were as follows:

2009	Almirall Hermal, GmbH	Almirall Sofotec, GmbH	Almirall, S.A.S.
Mortality tables	Heubeck 2005G	Heubeck 2005G	TD 2003-2005
Discount rate	5.50%	5.20%	5.25%
Expected salary increase rate	2.50%	3.00%	2.50%
Expected benefit increase rate	1.50%	2.00%	0.00%
Turnover rate	3.00%	0.00%	15.42%
Retirement age	63	65	65

2008	Almirall Hermal, GmbH	Almirall Sofotec, GmbH	Almirall, S.A.S.
Mortality tables	Heubeck 2005G	Heubeck 2005G	TD 2003-2005
Discount rate	6.20%	6.20%	5.00%
Expected salary increase rate	3.50%	3.00%	3.00%
Expected benefit increase rate	2.00%	2.00%	0.00%
Turnover rate	3.00%	0.00%	15.42%
Retirement age	63	65	60

- Actuarial gains and losses were recognised in equity.

The defined contribution plans cover similar contingencies to those of the defined benefit plans discussed above for all the employees. The contributions are made to non-related entities, such as insurance companies, and the amount recognised as an expense in this connection in 2009 was approximately EUR 240 thousand (2008: approximately EUR 199 thousand).

ll) *Government grants*

Government grants to cover current costs are recognised as income once all the conditions attaching to them have been fulfilled over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Government grants related to property, plant and equipment are treated as deferred income and are taken to income over the expected useful lives of the assets concerned.

m) *Revenue and expense recognition*

Revenue and expenses are recognised when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

However, in accordance with the accounting principles established in the IFRS Conceptual Framework, the Group recognises earned income and all the necessary associated expenses. Sales of goods are recognised when the assets are delivered and title thereto has been transferred.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash flows over the expected life of the financial asset to that asset's carrying amount.

Dividend income from non-consolidated investments is recognised when the shareholder's rights to receive payment have been established, i.e. when the shareholders at the Annual General Meetings of the investees approve the distribution of the related dividend.

Recognition of licensing, co-development, co-promotion and other similar transactions-

The Group companies recognise the revenue received for the assignment of product licences, co-development, co-promotion and other similar transactions on the basis of the economic substance of the related agreements. These agreements generally include multiple items and the revenue associated therewith must match the costs and the consideration to be paid by the Group. When assessing the accounting treatment for these transactions, the Group's directors consider the following matters:

- The economic substance of the transaction.
- The nature of the items forming the subject-matter of the transaction (disbursements, exchanges of goods or services, etc.).
- Measurement and allocation on the basis of the fair value of each of the items of consideration.
- Transfer of the significant risks and rewards arising from ownership of the goods and assumption of future obligations.

As a general rule, if the consideration received is non-refundable, it relates to the compensation for costs incurred prior to the execution of the agreement, there are no significant future obligations assumed by the Group under non-market conditions and substantially all the risks and rewards of ownership of the asset are transferred, the transaction is considered to be revenue for the year in which the agreement was executed. If these circumstances do not concur, the collection is recognised as deferred income within the period over which the obligations established remain effective, the remaining useful life of the product or the applicable period based on the specific circumstances of the agreements established.

The consideration tied to the fulfilment of certain technical or regulatory requirements (milestones), within the framework of cooperation agreements with third parties, are recognised as revenue in accordance with the same rules as those detailed above in the method for recognising revenue in the case of the initial consideration described above.

The aforementioned consideration is recognised when it is allocated to profit or loss under "Other Income" in the accompanying consolidated income statement.

n) *Income taxes; deferred taxes*

The expense for Spanish corporation tax and similar taxes applicable to the consolidated foreign companies is recognised in the consolidated income statement, unless it arises from a transaction whose results are recognised directly in equity, in which case the related tax is also recognised in equity.

Almirall, S.A. (formerly Laboratorios Almirall, S.A.) files consolidated tax returns as provided for in Title VII of Chapter VII of Legislative Royal Decree 4/2005, of 5 March, approving the Consolidated Spanish Corporation Tax Law. The companies composing the tax group in 2009 and 2008 were: Almirall, S.A. (formerly Laboratorios Almirall, S.A.), Laboratorios Almofarma, S.L., Laboratorio Temis Farma, S.L., Laboratorios Berenguer-Infale, S.L., Industrias Farmacéuticas Almirall, S.L. (formerly Industrias Farmacéuticas Almirall Prodesfarma, S.L.), Laboratorio Omega Farmacéutica, S.L., Laboratorios Tecnobío, S.A., Laboratorios Miralfarma, S.L., Alprofarma, S.L., Pantofarma, S.L., Laboratorios Farmacéuticos Romofarm, S.L., Ranke Química, S.L. and Almirall Europa, S.A., with Almirall, S.A. as the Parent. Consequently, the consolidated income tax expense includes the benefits arising from the use of tax loss and tax credit carryforwards that would not have been recognised had the companies that make up the aforementioned tax group filed individual tax returns.

The income tax expense represents the sum of the current tax expense and the changes in recognised deferred tax assets and liabilities.

The current income tax expense is calculated on the basis of taxable profit for the year. The taxable profit differs from the net profit shown in the consolidated income statement because it excludes income or expenses that are taxable or deductible in other years and also excludes items that will never become taxable or deductible. The Group's current tax liability is calculated on the basis of tax rates that were approved or substantially approved at the balance sheet date.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss). The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

o) Discontinued operations

A discontinued operation is a line of business that it has been decided to abandon and/or sell whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes.

The assets, liabilities, income and expenses of the discontinued operations and the non-current assets held for sale are presented separately in the balance sheet and income statement.

In this regard, the Group only presents information on discontinued operations separately when they are material.

p) Foreign currency transactions

The Group's functional currency is the euro. Therefore, all balances and transactions in currencies other than the euro are deemed to be "foreign currency transactions".

Balances in foreign currencies are translated to euros in two consecutive phases:

1. Translation of foreign currencies to the subsidiaries' functional currencies:

   Transactions in foreign currencies performed by consolidated companies are initially recognised in their respective financial statements at the equivalent value in their functional currencies based on the exchange rates prevailing at the date of the respective transactions. Subsequently, for the purpose of their presentation in the separate financial statements, the consolidated companies translate the balances in foreign currencies to their functional currencies using the exchange rates prevailing at the balance sheet date. Any exchange differences are charged and/or credited to the income statement.

2. Translation to euros of balances held in the functional currencies of the subsidiaries whose functional currency is not the euro.

   The balances in the financial statements of consolidated companies whose functional currency is not the euro are translated to euros as follows:

   - Assets and liabilities are translated at the exchange rates prevailing at the reporting date.

   - Income, expenses and cash flows are translated at the average exchange rates for the year.

   - Equity items are translated at the historical exchange rates.

Differences arising in the translation process are included under "Equity - Translation Differences". Such translation differences are recognised as income or as expenses in the year in which the investment is realised or disposed of. Also, the exchange differences with respect to the Group's functional currency, the euro, generated by the subsidiaries whose functional currency is not the euro, are eliminated on consolidation with a balancing entry under "Translation Differences" in the accompanying consolidated balance sheet.

q) Information on the environment

Environmental assets are considered to be assets used on a lasting basis in the operations of the Almirall Group companies whose main purpose is to minimise environmental effects and to protect and enhance the environment, including the reduction or elimination of the pollution caused in the future by the Group's operations.

These assets, like any other tangible assets, are measured at acquisition or production cost revalued in accordance with the applicable legislation, including Royal Decree-Law 7/1996, of 7 June.

The companies depreciate these items on a straight-line basis over the remaining years of estimated useful life of these assets.

r) Earnings per share

Basic earnings per share are calculated by dividing net profit or loss attributable to the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing net profit or loss attributable to ordinary shares adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period.

s) Consolidated statements of cash flows

The following terms are used in the consolidated statements of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the principal revenue-producing activities of the Company and other activities that are not investing or financing activities.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.

t) Share-based payment plans

On 14 February 2008, the Board of Directors of the Parent approved, for certain executives, a long-term variable remuneration plan tied to the Company's share price or Stock Equivalent Units Plan ("the Plan") which was ratified by the shareholders at the Annual General Meeting on 9 May 2008.

Under the Plan, the Parent undertakes to grant the executives long-term variable remuneration, settled in cash, tied to the price of the Parent's shares, provided that certain requirements and conditions are met. The liability, calculated in accordance with IFRS 2, was not material at 31 December 2009 or 2008.

6. Critical accounting estimates and judgements

a) *Revenue recognition*

A portion of the revenue generated by the Group relates to the grant to third parties of the use of licences on products developed by the Almirall Group or access afforded to third parties to products under development (generally through co-development). The agreements upon which these licensing or access arrangements are based are usually of a complex nature and include, inter alia:

- Non-refundable initial amounts.
- Payments for achieving certain milestones (relating to development, sales, etc.)
- Royalties.
- Calculation of the future price of supplies of the product in question between the parties.

It is necessary to perform a detailed analysis of each of the component parts of the aforementioned agreements and of the agreements taken as a whole in order to determine the appropriate allocation to income of each of the elements thereof.

In this regard, in 2003 the Group entered into an agreement to sell the distribution rights on a product to a third party (Ortho McNeil, a subsidiary of the Johnson&Johnson Group), whereby a non-refundable initial amount was received and the terms and conditions that would govern the subsequent commercial relationship between the parties over the useful life of the aforementioned product were established. The aforementioned initial amount was considered to be revenue from prior years on the basis of the following premises:

- The amount was under no circumstances refundable.
- The amount received by the Group related to research and development expenditure incurred by the Group in prior periods, and to the costs incurred in obtaining the approval for the drug from the US authorities.
- The amount received by the Group represented, approximately, an insignificant portion of the total expected volume of revenue arising from the agreement.
- The future price of supplies of the active ingredient established between the Group and Ortho McNeil is based on market conditions.

The agreement entered into also included the payment of EUR 15 million and EUR 10 million for the completion and successful outcome, respectively, of two paediatric studies related to the aforementioned product. On 19 December 2007, the terms and conditions were renegotiated and the aforementioned payments were replaced with a single payment of EUR 17 million for the completion of the studies. In 2008 the Group received the aforementioned amount, since the milestones established under the agreement had been achieved, and recognised EUR 16 million of the aforementioned amount in the consolidated income statement for 2008. The remainder was recognised in the consolidated income statement for 2009, since it relates to the reduction of the price for the supply of the active ingredient with respect to the prices initially agreed upon with the third party.

Transactions with Forest Laboratories

I. Aclidinium bromide

On 6 April 2006, the Group entered into an agreement with a third party (Forest Laboratories Holdings Ltd., a subsidiary of Forest Laboratories, Inc.) to jointly develop and, eventually, market and distribute a product to treat chronic obstructive pulmonary disease (“COPD”), the main active ingredient of which is aclidinium bromide and which is currently at Phase III of development.

On the basis of the aforementioned agreement, the Group granted to the aforementioned third party an exclusive right to the possible future sale of the product and its combinations in the US market. As part of the consideration for this exclusive right, the parties to the aforementioned agreement (the Group and Forest Laboratories Holdings, Ltd) undertook to jointly bear, effective from the beginning of 2006, the development costs of each of the projected therapeutic applications and, therefore, the third party must finance the contractually stipulated amount of the development costs.

The aforementioned agreement established other obligations for the Group relating to the potential supply of both the active ingredient and the inhaler required to administer the final product, for which the Group will obtain other compensation.

As consideration for the aforementioned agreement, the Group also obtained a non-refundable amount of USD 60 million (approximately EUR 48.7 million at the time of collection), and retained collection rights over certain amounts for milestones relating to the development and potential sale of the aforementioned product (see Note 23) and royalties related to the level of sales.

The amount initially collected was considered to be deferred income on the basis of the following premises:

- The Group assumed substantial future obligations for its contribution to the development of the product.
- The potential future collections relating to the achievement of development and sales milestones were established on an arm’s length basis.
- The price for the future supply of the active ingredient and the inhaler, after considering both royalties and sales milestones, was established on an arm's length basis.

The deferred income is taken to the income statement on a straight-line basis over the estimated duration of the development phase which, according to Group estimates, is scheduled for completion in 2011. The timing of recognition is considered not to differ significantly from that which would result from applying a matching method based on the amount of the estimated development costs up to 2011.

Differences in the premises established or the estimates made could give rise to changes in the timing of recognition of the non-refundable amount initially collected (see Notes 14 and 19).

II. LAS100977

On 15 December 2009, the Group entered into an agreement with a third party (Forest Laboratories Holdings Ltd., a subsidiary of Forest Laboratories, Inc.) to jointly develop and, eventually, market and distribute, inter alia, a product (OD LABA 100977, a long-acting beta-agonist inhaler) to treat asthma and chronic obstructive pulmonary disease (“COPD”), which is currently at Phase II of its development.

On the basis of the aforementioned agreement, the Group granted to the aforementioned third party an exclusive right to the possible future sale of the product and its combinations in the US market. As part of the consideration for this exclusive right, the parties to the aforementioned agreement (the Group and Forest Laboratories Holdings, Ltd) undertook to jointly bear, effective from 1 July 2009, the development costs of each of the projected therapeutic applications and, therefore, the third party must finance the contractually stipulated amount of the development costs.

Additionally, the aforementioned agreement established other obligations for the Group relating to the potential supply of both the active ingredient and the inhaler required to administer the final product, for which the Group will obtain other compensation.

Lastly, the Group holds a co-promotion right on potential products under development for the assigned markets and both parties assume mutual payment obligations in relation to future royalties.

As consideration for the aforementioned agreement, the Group also obtained a non-refundable amount of USD 75 million (approximately EUR 51.6 million at the time of collection), and retained collection rights over certain amounts for milestones relating to the development and potential sale of the aforementioned product (see Note 23) and royalties related to the level of sales.

The amount initially collected was considered to be deferred income on the basis of the following premises:

- The Group assumed substantial future obligations for its contribution to the development of the product.
- The potential future collections relating to the achievement of development and sales milestones were established on an arm's length basis.
- The price for the future supply of the active ingredient and the inhaler, after considering both royalties and sales milestones, was established on an arm's length basis.

The deferred income is taken to the income statement on a straight-line basis over the estimated duration of the development phase which, according to Group estimates, is scheduled for completion in 2015. The timing of recognition is considered not to differ significantly from that which would result from applying a matching method based on the amount of the estimated development costs up to 2015.

Differences in the premises established or the estimates made could give rise to changes in the timing of recognition of the non-refundable amount initially collected (see Notes 14 and 19).

b) Measurement of intangible assets

Transaction with Meda Pharma GmbH & Co KG.

In 2006 the Group acquired from a third party (Meda Pharma GmbH & Co KG.), for EUR 25 million, certain intangible assets relating to intellectual property rights, knowhow and patents in connection with the field of inhalers which will be used mainly in developing an inhaler that will foreseeably be used as a support for the administration of one of the main products that the Group is currently developing (see Note 8). A portion of the aforementioned intangible assets (patents) constitute the intellectual property rights over an inhaler ("Novolizer") currently being used as a support in the administration of drugs marketed by the aforementioned third party, the latter having reserved the perpetual exclusive right to use the inhaler free of charge for the production and sale of the aforementioned drug.

Since a return on the aforementioned intellectual property rights can only be obtained through the sale of drugs on which the Group obtains no return whatsoever and since the Group acquired the aforementioned intellectual property rights as a basis for a development process, the guarantee of recovering the cost borne by the Group, which had been capitalised at the end of 2009 and 2008, was estimated considering an alternative use thereof. In this regard, the Group considers that the amount that could be obtained in the event of a possible sale of the intangible assets acquired to any pharmaceutical company (if the development of the inhaler in progress, or the development of the drug in progress for which the inhaler is developed, are not successfully completed), would not represent, under any circumstances, a significant loss.

A decrease in the estimated market value of the aforementioned intellectual property rights could give rise to a different assessment of the cost at which they have been recognised.

Acquisition of developments in progress

In 2009 and prior years the Group obtained rights to market certain products which are in the development phase (see Note 8), which met the requirements for their capitalisation at the time of initial recognition under IFRSs (see Note 5-b). This asset will be amortised on the basis of the respective useful lives of the related products from the time when they become marketable onwards. At each balance sheet date, the Group assesses the recoverability of these assets through the generation of positive future cash flows based on the best estimates of the Group's technical and financial managers, to which end a discounted cash flow model must be used which entails a degree of uncertainty inherent to the consideration of the various possible scenarios.

A change in the assumptions used to measure the expected cash flows (changes in interest rates, regulatory amendments, competition from other products, etc.) could reduce the realisable value of the aforementioned assets (see Note 8).

c) Provision for contingent liabilities (lawsuits, etc.)

The Group's business activities are carried on in a highly regulated industry (healthcare legislation, intellectual property, etc.), which leads to exposure to potential lawsuits arising from such activity.

The claims and lawsuits to which the Group is subject are, in general, complex and, therefore, they are subject to a high degree of uncertainty, both in relation to an outcome detrimental to the interests of the Group and to the estimated potential future disbursements that the Group might have to make. Consequently, it is necessary to use judgements and estimates, with the assistance of expert legal advisers.

At the end of 2009 and 2008 certain litigation and claims were in process against the consolidated companies arising from the ordinary course of their operations. The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the consolidated financial statements for future years (see Note 23).

d) Deferred tax assets

In calculating its deferred tax assets the Group establishes a finite time horizon for the recovery thereof based on the best estimates made. Accordingly, on the basis of estimates of the taxable profit of each of the Group companies, the Group has determined the expected period over which the deferred tax assets will be realised, also taking into account the timing of deduction of the tax credit and tax loss carryforwards by the legally established deadlines (see Note 20).

e) Impairment of goodwill

The calculation of potential impairment losses on goodwill requires the use of judgments and estimates in relation to the recoverable amount thereof. These judgements and estimates relate mainly to the calculation of the cash flows associated with the relevant cash generating units and to certain assumptions in relation to the interest rates used to discount the cash flows (see Notes 5-d and 7). The use of other assumptions in the analysis of the recoverable amount of goodwill could give rise to other considerations concerning the impairment thereof.

7. Goodwill

The changes in this consolidated balance sheet heading in 2009 and 2008 were as follows:

	Thousands of euros				
	Balance at 1 January 2008	Disposals	Balance at 31 December 2008	Disposals	Balance at 31 December 2009
Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	35,407	-	35,407	-	35,407
Almirall Sofotec, GmbH	11,108	(793)	10,315	(793)	9,522
Total merger/acquired goodwill	**46,515**	**(793)**	**45,722**	**(793)**	**44,929**
Almirall Hermal, GmbH	227,743	-	227,743	-	227,743
Total goodwill on consolidation	**227,743**	**-**	**227,743**	**-**	**227,743**
Total	**274,258**	**(793)**	**273,465**	**(793)**	**272,672**

The goodwill of Almirall, S.A., the net value of which amounts to EUR 35.4 million, arose in 1997 as a result of the difference between the carrying amount of the shares of Prodesfarma, S.A. and the underlying carrying amount of this company at the time of the merger by absorption thereof by the Parent, after having allocated any unrealised gains arising from property, plant and equipment and non-current financial assets to the other asset items.

As a result of the research and development activities performed by the Group in recent years for certain new drugs related to respiratory system illnesses, in 2006 the subsidiary Almirall Sofotec, GmbH acquired a group of assets in connection with the aforementioned activity from a third party for EUR 20 million (ex VAT), and also took on a portion of the personnel of the aforementioned third party related to these activities. The market value of the productive assets acquired amounted to approximately EUR 8 million and, therefore, there was a difference up to the amount disbursed of approximately EUR 12 million. Since in prior years the Group had entered into an agreement with the aforementioned third party to carry out the aforementioned research and development activities, the excess amount paid was considered to be an advance payment on the margin of the research and development activities that the Group would have necessarily had to perform to complete the processes carried out. The advance payment is charged to income on a straight-line basis over the projected time horizon for the research and development activities that had been established previously and, as a result, EUR 0.8 million were charged to the respective consolidated income statements for 2009 and 2008.

The goodwill on consolidation arose in 2007 as a result of the difference between the acquisition cost of the shares of the Hermal Group companies and the underlying carrying amount thereof at the time of acquisition, after having allocated to the identifiable assets and liabilities any difference between their fair value and their carrying amount in the financial statements of the companies acquired.

The cash-generating unit to which the aforementioned goodwill was allocated is, in accordance with the Almirall Group management's segment reporting and monitoring policies, the Hermal Group taken as a whole.

At 2009 year-end the recoverable amount was estimated as indicated in Note 5-d. According to the estimates and projections available to the directors of the Parent, the projected results and discounted cash flows of the corresponding cash-generating unit adequately support the carrying amount of the goodwill.

At 2009 year-end there were no changes in any of the key assumptions used by management to determine the recoverable amount of the cash-generating units.

8. Intangible assets

The detail of "Intangible Assets" in the consolidated balance sheets at 31 December 2009 and 2008 and of the changes therein is as follows:

	Thousands of euros						
	Cost					Accumulated amortisation and impairment losses	Net
	Intellectual property	Research and development expenditure	Computer software	Advances and intangible assets in progress	Total		
Balance at 31 December 2007	**587,263**	**35,175**	**19,252**	**-**	**641,690**	**(258,242)**	**383,448**
Additions or charge for the year	2,852	-	1,197	527	4,576	(45,712)	(41,136)
Increase/Decrease due to transfers from/to another account	3,336	-	131	(319)	3,148	(3,139)	9
Disposals or reductions	(1,111)	-	(117)	-	(1,228)	1,145	(83)
Translation differences	1,334	-	(3)	-	1,331	(855)	476
Balance at 31 December 2008	**593,674**	**35,175**	**20,460**	**208**	**649,517**	**(306,803)**	**342,714**
Additions or charge for the year	4,811	44,534	613	3,713	53,671	(49,814)	3,857
Increase/Decrease due to transfers from/to another account	(513)	-	632	-	119	34	153
Disposals or reductions	(14,111)	-	(518)	-	(14,629)	20,715	6,086
Translation differences	16	-	-	-	16	(22)	(6)
Balance at 31 December 2009	**583,877**	**79,709**	**21,187**	**3,921**	**688,694**	**(335,890)**	**352,804**

All the intangible assets described in the foregoing table have a finite useful life.

In 2009 the Group acquired from Ironwood Pharmaceuticals, Inc. the rights to market in the pan-European market a product at the development phase, which led to an initial payment of USD 42 million (EUR 31.5 million at the time of payment), recognised under "Research and Development Expenditure" in the accompanying consolidated balance sheet.

As part of this agreement and subject to certain conditions, the Group undertook to make a future investment of USD 15 million in the share capital of Ironwood Pharmaceuticals, Inc. On 10 November 2009, since the milestone established under the agreement had been achieved, the Parent paid the amount agreed upon (EUR 10 million at the time of payment), although, based on the fair value of the shares received (see Note 10), the Group recognised the difference of approximately EUR 4.3 million between the fair value and the value of the consideration given as an addition to the rights to market the acquired product under development.

As a result of the agreement entered into, the Group was obliged to make a series of additional payments of USD 5 million if certain milestones relating to the development of the product were achieved, and an additional maximum amount of USD 20 million on commencement of the marketing of the product in certain key markets in which the Group acquired marketing rights.

Also, as a result of the acquisition made in years prior of the rights to market a product under development, the Group made an additional payment of GBP 8 million (EUR 8.6 million at the time of payment) due to the completion of the development phase thereof. Also, the Group is obliged to make a series of payments of a maximum of GBP 15 million if certain milestones relating to the development and authorisation to market the potential product in Europe are achieved, and a maximum amount of GBP 13 million if certain sales thresholds for the potential product are exceeded. Lastly, in 2009 the Group reversed impairment losses, recognised in prior years, amounting to EUR 7,975 thousand as a result of the increase in the projected sales of the product in the European market.

The aforementioned additional payments for marketing rights were not capitalised to the value of the asset acquired in view of their contingent nature and the fact that marketing had not commenced at the date of the accompanying consolidated balance sheet. Also, the Group considers that the discounted value of the future cash flows expected at the time when the additional payment obligations arise as a result of the achievement of the various milestones is higher than the total value of the payments made or to be made. Accordingly, the recognition of the additional payment obligation will entail the recognition of an increase in the acquisition cost of the intangible asset.

The aggregate amount of the research and development expenditure recognised as an expense in the accompanying consolidated income statement for 2009 was approximately EUR 121.0 million (2008: approximately EUR 139.3 million). These amounts include the depreciation of the assets used in research and development, staff costs and expenses charged by third parties.

Impairment losses

In addition to the aforementioned reversal of the impairment loss on the product under development for EUR 7,975 thousand, in 2009 the Group recognised a loss of EUR 9,000 thousand in relation to the acquisition from a third party in prior years of the rights to market certain pharmaceutical specialities because of their negative performance.

Also, in 2008 the Group recognised impairment losses amounting to approximately EUR 3.9 million on certain marketing rights acquired from third parties and EUR 1.2 million in relation to certain research and development projects recognised at fair value at the date of acquisition of the Hermal Group (see Note 7).

These impairment losses and reversals were recognised under “Impairment Losses on Property, Plant and Equipment, Intangible Assets and Goodwill” in the consolidated income statements for 2009 and 2008.

The detail of the impairment losses on intangible assets in 2009 and 2008 included in the column “Accumulated Amortisation and Impairment Losses” in the foregoing table and of the changes therein is as follows:

	Thousands of euros					
	Balance at 1 January 2008	Additions	Balance at 31 December 2008	Additions	Disposals	Balance at 31 December 2009
Intellectual property	16,550	3,900	20,450	9,000	-	29,450
Research and development expenditure	7,975	1,200	9,175	-	(7,975)	1,200
Total impairment losses	**24,525**	**5,100**	**29,625**	**9,000**	**(7,975)**	**30,650**

9. Property, plant and equipment

The changes in “Property, Plant and Equipment” in the consolidated balance sheet in 2009 and 2008 were as follows:

	Thousands of euros							
	Cost							
	Land and buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of property, plant and equipment	Advances and property, plant and equipment in the course of construction	Total	Accumulated depreciation	Net
Balance at 31 December 2007	**92,960**	**73,165**	**215,884**	**13,297**	**6,360**	**401,666**	**(222,326)**	**179,340**
Additions or charge for the year	721	2,620	12,031	60	3,535	18,967	(21,913)	(2,946)
Increase/Decrease due to transfers from/to another account	517	3,087	1,643	657	(6,318)	(414)	192	(222)
Disposals or reductions	(3)	(120)	(6,230)	(662)	-	(7,015)	6,710	(305)
Translation differences	(51)	-	(28)	(45)	(18)	(142)	20	(122)
Balance at 31 December 2008	**94,144**	**78,752**	**223,300**	**13,307**	**3,559**	**413,062**	**(237,317)**	**175,745**
Additions or charge for the year	76	1,285	10,796	591	4,143	16,891	(23,217)	(6,326)
Increase/Decrease due to transfers from/to another account	-	570	2,255	173	(3,376)	(378)	225	(153)
Disposals or reductions	-	(784)	(779)	(720)	-	(2,283)	2,042	(241)
Translation differences	19	10	9	5	(4)	39	(4)	35
Balance at 31 December 2009	**94,239**	**79,833**	**235,581**	**13,356**	**4,322**	**427,331**	**(258,271)**	**169,060**

The additions in 2009 and 2008 were due mainly to improvements at the production centres at the Group’s chemical and pharmaceutical plants and at the Group’s research and development centres. The additions in 2009 include investments at the aforementioned research and development centres amounting to approximately EUR 5 million (2008: approximately EUR 9 million).

At the end of 2009 and 2008, property, plant and equipment in the course of construction related mainly to investments at the existing production plants in Spain amounting to approximately EUR 4.3 million and EUR 4 million, respectively.

At 31 December 2009, the Group had assets not yet in use amounting to approximately EUR 17.9 million (31 December 2008: approximately EUR 17.5 million), relating to investments in physical assets required for the performance of a research and development project. The directors consider that, if the aforementioned project is not successfully completed, the aforementioned assets could be realised through their sale to third parties or through an alternative use for other products that require similar technology.

The transfers of property, plant and equipment in the course of construction made by the Group in 2009 and 2008 relate mainly to the transfer of investment projects at the production centres that came into service during these years.

On 30 July 2008, the Parent, the investee Industrias Farmacéuticas Almirall, S.L. (formerly Industrias Farmacéuticas Almirall Prodesfarma, S.L.) and a third party entered into a memorandum of understanding for the purchase and sale of certain fixed production assets. The aforementioned agreement was subject to compliance with certain conditions, and provided for the collection of a non-refundable advance in the event of failure to consummate the transaction amounting to approximately EUR 1,293 thousand. On 27 November 2008, the parties agreed to extend the term of the agreement, which had been initially entered into until 28 February 2009. At that date and since the terms of the agreement had not been fulfilled, the Group recognised the income associated to the advances received under “Net Gains/(Losses) on Non-Current Asset Disposals” in the accompanying consolidated income statement for 2009.

In 2009 the Group discontinued production activities at the plant located in France, without it having a significant effect on the accompanying consolidated financial statements.

At 31 December 2009 property, plant and equipment included approximately EUR 33 million (31 December 2008: EUR 35 million) relating to the carrying amount of the property, plant and equipment owned by the Group companies and branches located outside Spain.

Fully depreciated property, plant and equipment at 31 December 2009 amounted to approximately EUR 171.7 million (31 December 2008: approximately EUR 155.8 million).

The Group occupies various facilities held under leases (see Notes 19 and 24).

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

10. Financial assets

Non-current-

The detail of the balance of non-current financial assets in the consolidated balance sheets at 31 December 2009 and 2008 and of the changes therein in the years then ended is as follows:

	Thousands of euros							
	Investments in Group companies and associates	Long-term investment securities	Long-term loans	Securities investment funds	Financial instruments	Deposits and guarantees given	Impairment losses	Total
Balance at 1 January 2008	**212**	**3,209**	**32**	**2,087**	**225**	**1,249**	**(716)**	**6,298**
Additions or charge for the year	203	6	21	-	-	23	-	253
Disposals	-	-	-	-	-	(274)	-	(274)
Transfers	(60)	(695)	(36)	(2,087)	(225)	(17)	706	(2,414)
Translation differences	-	36	-	-	-	-	-	36
Balance at 31 December 2008	**355**	**2,556**	**17**	**-**	**-**	**981**	**(10)**	**3,899**
Additions or charge for the year	44	6,776	77	-	-	141	-	7,038
Disposals	-	(84)	(39)	-	-	(5)	-	(128)
Transfers	-	-	-	-	-	-	-	-
Translation differences	-	-	1	-	-	1	-	2
Balance at 31 December 2009	**399**	**9,248**	**56**	**-**	**-**	**1,118**	**(10)**	**10,811**

As described in Note 8, pursuant to the agreement entered into with Ironwood Pharmaceuticals, Inc. to acquire the rights to market in the pan-European market a product at the development phase, in November 2009 the Parent acquired 681,819 convertible shares of this company representing 0.72% of the share capital valued at EUR 8.36 per share, which does not differ significantly from the value at which the shares of this company were admitted to trading on the US market in February 2010.

Current-

The detail of current financial assets in the consolidated balance sheets is as follows:

	Thousands of euros	
	31/12/09	31/12/08
Short-term investment securities	152,057	136,692
Short-term deposits	68,091	6,989
Short-term guarantees	133	115
Total	**220,281**	**143,796**

In accordance with IAS 7, for the purpose of preparing the statement of cash flows, the Group considers to be cash equivalents all the highly liquid short-term investments (maturing in less than three months) that are readily convertible into given amounts of cash and are subject to an insignificant risk of changes in value. At 31 December 2009, EUR 220,148 thousand of the total of the foregoing table were considered to be cash equivalents (31 December 2008: EUR 143,681 thousand). However, in preparing the statements of cash flows for the year all the current financial assets were included as cash equivalents, since it was considered that the other assets were not significant.

The Group's investments in financial instruments are classified as follows:

- Held-for-trading financial assets: the Group considers that this category includes the financial assets the revaluations of which are recognised through profit or loss, and the financial instruments that do not qualify for hedge accounting.

- Available-for-sale financial assets: these are considered to include the investments made in fixed-income or equity securities investment funds since they do not form part of an investment portfolio with short-term profit-taking, nor have they been acquired for such purpose. The ownership interest acquired in Ironwood Pharmaceuticals, Inc. described above is also included in this heading.

- Held-to-maturity investments: this category includes fixed-income investments mainly in Eurodeposits, foreign currency deposits and repos. It also includes financial instruments that qualify for hedge accounting.

The detail of the current and non-current held-for-trading, available-for-sale and held-to-maturity financial assets is as follows:

	Thousands of euros	
	2009	2008
Held-for-trading financial assets	-	1,300
Available-for-sale financial assets	5,700	-
Held-to-maturity investments	225,392	146,395
Total	**231,092**	**147,695**

The fair value of the various financial instruments to which this value applies was calculated based on the following rules:

- Fixed-income securities held for trading: where these are unlisted securities or mature within no more than six months, fair value is calculated on the basis of acquisition cost plus the related accrued interest, calculated using the internal rate of return. This method will also apply to securities with an original maturity of more than six months with six months or less remaining until maturity, where the acquisition cost will be deemed to be the price that in due course equates the internal return on the investment at the market interest rate. In the case of listed fixed-income securities, fair value is calculated at the official price thereof or at the price of securities of similar characteristics, when the securities have not been traded on the measurement date. However, if the prices do not reflect valuation adjustments in accordance with the changes in market interest rates or if it is not possible to determine the market price, the measurement method discussed above applies.

- Investment fund units: fair value is calculated on the basis of the last unit redemption price published on the day of measurement.

- Ownership interests in other companies: the fair value of the ownership interest held in Ironwood Pharmaceuticals, Inc. was estimated using valuation techniques at the time of acquisition (see Note 8), and did not differ significantly from the price at which the shares of this company were admitted to trading on the U.S. market in February 2010.

The changes in fair value recognised through reserves or profit or loss in 2009 and 2008 are as follows:

	Thousands of euros	
	2009	2008
Balance at 1 January	**184**	**1,315**
Disposals	(184)	(1,191)
Revaluation of the period recognised through profit or loss (Note 19)	-	60
Balance at 31 December	**-**	**184**

Also, the Parent holds government debt securities issued by agencies of the Canary Islands Autonomous Community totalling EUR 3.5 million at 31 December 2009 (31 December 2008: EUR 2.5 million), as required under Law 19/1994, of 6 July. These securities must be held during an uninterrupted period of five years.

Also, the bank accounts included under "Cash" mostly earned average annual interest of 1.18% in 2009 (2008: 4.19%).

Lastly, the Group companies and associates not included in the scope of consolidation, due to being dormant and/or scantly material, and the information related thereto for 2009 and 2008 are as follows:

2009

	Thousands of euros					
Name	Almirall, Inc.	Almirall, S.A. (Chile)	Hermal Zweite	Genius Pharma, A.I.E.	Almirall Europa, S.A.	Neogenius Pharma, A.I.E.
Location	USA	Chile	Germany	Spain	Spain	Spain
Line of business	Pharmaceutical industry (dormant)	Pharmaceutical laboratory	International holding company	Dormant	Dormant	Dormant
Percentage of ownership held	100%	100%	100%	28%	100%	100%
Consolidation method	N/A	N/A	N/A	N/A	N/A	N/A
Share capital	N/D	N/D	26	12	61	N/D
Reserves	N/D	N/D	(19)	2	3	N/D
Net results for the year	N/D	N/D	N/D	N/D	-	N/D
Carrying amount of the investment (Group)						
Cost	52	209	30	3	61	44
Allowance	(10)	-	-	-	-	-

N/D: Not disclosed

2008

	Thousands of euros				
Name	Almirall, Inc.	Almirall, S.A. (Chile)	Hermal Zweite	Genius Pharma, A.I.E.	Almirall Europa, S.A.
Location	USA	Chile	Germany	Spain	Spain
Line of business	Pharmaceutical industry (dormant)	Pharmaceutical laboratory	International holding company	Research	Dormant
Percentage of ownership held	100%	100%	100%	28%	100%
Consolidation method	N/A	N/A	N/A	N/A	N/A
Share capital	N/D	N/D	26	12	61
Reserves	N/D	N/D	(19)	2	1
Net results for the year	N/D	N/D	N/D	-	2
Carrying amount of the investment (Group)					
Cost	52	209	30	3	61
Allowance	(10)	-	-	-	-

N/D: Not disclosed

11. Inventories

The detail of "Inventories" at 31 December 2009 and 2008 is as follows:

	Thousands of euros	
	31/12/09	31/12/08
Raw materials and packaging	25,212	24,401
Work in progress	17,484	14,457
Finished goods	65,160	83,148
Allowances (Note 19)	(10,152)	(9,477)
Total	**97,704**	**112,529**

The changes in the allowance for inventory obsolescence in 2009 and 2008 and the amount of the inventories consumed by the Group are detailed in Note 19.

12. Trade and other receivables

The detail of "Trade and Other Receivables" at 31 December 2009 and 2008 is as follows:

	Thousands of euros	
	31/12/09	31/12/08
Trade receivables for sales and services	99,009	84,685
Other receivables	22,738	24,468
Allowances (Note 19)	(1,349)	(1,265)
Total receivables	**120,398**	**107,888**

At 31 December 2009, "Other Receivables" in the preceding table included approximately EUR 10.1 million (31 December 2008: EUR 11.1 million) relating to the receivable outstanding on development expenditure charged to a third party in accordance with the agreement described in Note 19.

13. Equity

Share capital-

At 31 December 2009 and 2008, the Parent's share capital was represented by 166,098,610 fully subscribed and paid shares of EUR 0.12 par value each.

At 31 December 2009, all the shares of the Parent were listed on the Spanish stock exchanges and there were no bylaw restrictions on the free transferability thereof. Also pre-emption rights and purchase and sale options have been granted to former ultimate shareholders of the Parent in respect of the shares of one of the aforementioned shareholders in accordance with the shareholders agreement entered into on 28 May 2007, as was disclosed in the prospectus of the public offering and initial public offering of Almirall, S.A. (formerly Laboratorios Almirall, S.A.) published on 31 May 2007.

The shareholders with significant direct or indirect ownership interests in the share capital of Almirall, S.A. (formerly Laboratorios Almirall, S.A.), of more than 3% of the share capital, of which the Parent is aware, in accordance with the information contained in the official records of the Spanish National Securities Market Commission (CNMV) at 31 December 2009, are as follows:

Name or company name of direct holder of the ownership interest	% of ownership of the Almirall Group
Grupo Plafin, S.A.	45.87%
Todasa, S.A.	25.09%
Total	**70.96%**

The Parent is unaware of other ownership interests of 3% or more of the Parent's share capital or voting power, or of interests lower than the percentage established, but that permit significant influence to be exercised.

Reserve for retired capital-

Under the Consolidated Spanish Public Limited Liability Companies Law, this reserve may only be used if the same conditions as those required for the reduction of share capital are met.

The balance of this reserve at 31 December 2009 and 2008 amounted to approximately EUR 33 million.

Legal reserve-

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The amount of approximately EUR 4 million presented under this heading at 31 December 2009 and 2008 relates to the balance of the legal reserve of the Parent.

The balances of "Legal Reserve" of the consolidated subsidiaries at 31 December 2009 amounted to approximately EUR 3 million (31 December 2008: approximately EUR 2.8 million).

Share premium-

The Consolidated Spanish Public Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

In 2007, as a result of various transactions in the process of admission to listing of all the Parent's shares on the Spanish stock exchanges, the share premium balance increased by approximately EUR 105.8 million. At 31 December 2009, the balance of this heading was approximately EUR 166.8 million.

Canary Islands investment reserve-

The Parent, as required by Law 19/1994, to be able to avail itself of the tax incentives established thereby, allocates a portion of profit obtained by the establishment located in the Canary Islands to the Canary Islands investment reserve, which is restricted to the extent that the assets in which the reserve is invested must remain at the company.

The balance of this reserve at 31 December 2009 and 2008 amounted to approximately EUR 7.6 million.

Revaluation reserve-

As permitted under Spanish corporate and commercial law, in 1996 the Parent revalued its non-current assets. The balance of this reserve can be used, free of tax, to offset accounting losses (both prior years' retained losses and current year losses) or losses which might arise in the future, and to increase share capital. From 1 January 2007 (i.e. ten years after the date of the balance sheet reflecting the revaluation transactions), the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised.

If the balance of this account were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

The balance of "Revaluation Reserve" of the consolidated subsidiaries at 31 December 2009 and 2008 amounted to approximately EUR 6.6 million.

Reserves of consolidated companies-

The detail of “Reserves of Consolidated Companies” is as follows:

	Thousands of euros	
	31/12/09	31/12/08
Almirall, S.A. (formerly Laboratorios Almirall, S.A.) (*)	209,946	226,792
Other fully consolidated companies	(142,447)	(137,414)
Total reserves of consolidated companies	**67,500**	**89,378**

(*) Including mainly dividends received from subsidiaries, reversals of impairment losses on non-current financial assets and elimination of margins on internal transactions, as well as the impacts of applying IFRSs at the Parent. The respective impacts of adaptation are included in the reserves of each of the subsidiaries.

Translation differences-

This heading in the accompanying consolidated balance sheets includes the net amount of the exchange differences arising in the translation to the Group’s functional currency of the assets and liabilities of the companies that operate under local legislation in a currency other than the euro.

The detail, by company, of "Translation Differences" in 2009 and 2008 is as follows:

	Thousands of euros	
	31/12/09	31/12/08
Almirall Limited	(418)	(341)
Almirall, A.G.	1,079	806
Almirall SP, Z.O.O.	(25)	(106)
Almirall, S.A. de C.V. subgroup	(5,310)	(5,430)
Total	**(4,674)**	**(5,071)**

14. Deferred income

At 31 December 2009 and 2008, the breakdown of "Deferred Income" was as follows:

	Thousands of euros
Balance at 1 January 2008	**36,634**
Additions	2,000
Amount taken to income	(10,928)
Balance at 31 December 2008	**27,706**
Additions (Note 6-a)	51,739
Amount taken to income	(11,759)
Balance at 31 December 2009	**67,686**

The main item of the balances presented in the foregoing table relates to the amount not allocated to income of the non-refundable initial amounts discussed in Note 6-a, of approximately EUR 66.5 million at 31 December 2009 (31 December 2008: approximately EUR 24.7 million), of which approximately EUR 9.8 million were taken to income in 2009 (2008: EUR 9 million).

The other amounts recognised under “Other Deferred Income” relate to amounts received in the period and in prior periods for the licensing of proprietary research products, recognised as indicated in Note 5-m.

15. Bank borrowings and other financial liabilities

The detail of the bank borrowings and other financial liabilities at 31 December 2009 and 2008 is as follows:

	Thousands of euros						
		Balance		Non-current			
	Limit	drawn down	Current	2011	2012	2013	Total
Bank loans	350,000	244,000	60,000	92,000	92,000	-	184,000
Credit facilities	175,000	-	-	-	-	-	-
Liabilities arising from derivative financial instruments	N/A	10,454	-	1,541	8,913	-	10,454
Other financial liabilities (*)	N/A	11,233	9,922	1,311	-	-	1,311
Total at 31 December 2009	**525,000**	**265,687**	**69,922**	**94,852**	**100,913**	**-**	**195,765**
		Balance		Non-current			
	Limit	drawn down	Current	2010	2011	2012	Total
Bank loans	350,000	304,000	60,000	60,000	92,000	92,000	244,000
Credit facilities	175,000	-	-	-	-	-	-
Liabilities arising from derivative financial instruments	N/A	8,215	-	-	1,076	7,139	8,215
Other financial liabilities (*)	N/A	8,756	8,756	-	-	-	-
Total at 31 December 2008	**525,000**	**320,971**	**68,756**	**60,000**	**93,076**	**99,139**	**252,215**

(*) Other financial liabilities include mainly liabilities to banks for drafts taken for collection management the amounts of which were advanced by the banks commissioned to manage the collections and the unmatured interest accrued on the debt.

All of the liabilities described in the foregoing table relate to accounts payable and the Company has not held or designated any instrument as financial liabilities at fair value except the derivative financial instruments.

The derivative financial instruments amounted to EUR 10,454 thousand at 31 December 2009 (31 December 2008: EUR 8,215 thousand) and were classified under “Non-Current Liabilities - Bank Borrowings and Other Financial Liabilities” on the liability side of the consolidated balance sheet.

On 27 March 2007, the Group entered into a loan and credit line agreement with a bank syndicate for amounts of EUR 150 million and EUR 100 million, respectively. At 31 December 2009, the Parent had EUR 90 million payable on the loan. The loan received is repayable in annual instalments of one fifth each until 27 March 2012, while the revolving credit line, drawable over periods of up to six months, has final maturity in 2012.

On 13 December 2007, the Group entered into a loan and credit line agreement with a bank syndicate for amounts of EUR 200 million and EUR 75 million, respectively. At 31 December 2009, the Parent had EUR 154 million payable on the aforementioned loan. The loan received is repayable in annual instalments of variable amount, the last being repayable on 13 December 2012, while the revolving credit line, drawable over periods of up to six months, has final maturity in 2012.

The interest rate established for this financing is Euribor plus a market spread that will vary in the future depending on certain financial ratios. The bank borrowings bore average interest during the years ended 31 December 2009 and 2008 at approximately 2.86% and 5.26%, respectively.

Also, the aforementioned financing agreements establish the requirement of fulfilling certain financial ratios and certain non-financial obligations that must be met. In the event of breach of any of the foregoing obligations would render the total amount financed and the interest accrued would become immediately claimable at the request of the banks. At the date of preparation of these consolidated financial statements, the directors consider that all of the aforementioned obligations have been fulfilled.

Liabilities for financial instruments-

The Group arranges over-the-counter derivative financial instruments with Spanish and international banks with high credit ratings.

Through these arrangements the Group aims to reduce the impact of a rise in floating interest rates (Euribor) on Group borrowings and adverse trends in the exchange rates of the currencies in which collections and payments must be made in connection with its operations.

Interest rate derivatives-

The Group determines the fair value of interest rate derivatives (IRSs and collars) by discounting cash flows on the basis of the implicit euro interest rate calculated according to market conditions at the measurement date. For the options, the Group also uses the implicit market volatility as an input for determining the fair value of the option, using valuation techniques such as the Black & Scholes option pricing model and variations thereon applied to interest rate underlyings.

The interest rate derivatives arranged by the Group at 31 December 2009 and 2008 and their fair values, without taking into consideration the finance charge already accrued, at that date were as follows:

31/12/09			Thousands of euros			
Subsidiary	Instrument	Maturity	Nominal amount	Fair value	Fixed interest rate or range of fluctuation	Floating rate
Almirall,S.A. (1)	IRS	26/07/12	85,000	(4,845)	4.43%	6-month Euribor
Almirall,S.A. (2)	IRS	27/03/12	72,000	(2,408)	4.46%	6-month Euribor
Almirall,S.A. (3)	Collar	13/12/11	17,400	(411)	4.50% - 3.69%	6-month Euribor
Almirall,S.A. (4)	Collar	13/12/11	47,850	(1,130)	4.50% - 3.69%	6-month Euribor
Almirall,S.A. (5)	Collar	26/07/12	21,250	(1,060)	4.68% - 3.75%	6-month Euribor
Almirall,S.A. (6)	Collar	27/03/12	18,000	(600)	4.68% - 3.75%	6-month Euribor
Total			**261,500**	**(10,454)**		

31/12/08			Thousands of euros			
Subsidiary	Instrument	Maturity	Nominal amount	Fair value	Fixed interest rate or range of fluctuation	Floating rate
Almirall,S.A. (1)	IRS	26/07/12	95,000	(3,965)	4.43%	6-month Euribor
Almirall,S.A. (2)	IRS	27/03/12	96,000	(1,796)	4.46%	6-month Euribor
Almirall,S.A. (3)	Collar	13/12/11	17,400	(288)	4.50% - 3.69%	6-month Euribor
Almirall,S.A. (4)	Collar	13/12/11	47,850	(789)	4.50% - 3.69%	6-month Euribor
Almirall,S.A. (5)	Collar	26/07/12	25,000	(905)	4.68% - 3.75%	6-month Euribor
Almirall,S.A. (6)	Collar	27/03/12	24,000	(472)	4.68% - 3.75%	6-month Euribor
Total			**305,250**	**(8,215)**		

The Group hedges the interest rate risk on a portion of the financing in euros bearing floating interest rates through IRSs and collars. In the IRSs interest rates are exchanged so that the Group receives a floating rate (6-month Euribor) from the bank and pays a fixed rate on the same nominal amount. The floating interest rate received for the derivative offsets the interest payable on the hedged borrowings. The end result is a fixed interest rate payment on the hedged borrowings. Similarly, in collars maximum and minimum rates are established for the Euribor on the financing (6-month Euribor).

The amount recognised as a financial liability at 31 December 2009, as the effective portion of the hedging relationships of the IRSs (1) and (2) and of the collars (3) and (4), was EUR 8,794 thousand (31 December 2008: EUR 6,838 thousand). The Parent has designated the relevant hedging relationships at 31 December 2009 and 2008, which are fully effective. In these hedging relationships the changes in the floating Euribor rate of the hedged borrowings constitute the hedged risk.

In 2009, approximately EUR 1,130 thousand was deducted from equity (2008: approximately EUR 259 thousand) – the amount of the interest accrued on the derivatives in 2009 and 2008 that will be settled in 2010– and was allocated to profit or loss as the interest on the financial liabilities hedged in accordance with the designated hedging relationships was recognised.

Also, financial liabilities were recognised for the financial derivatives amounting to approximately EUR 1,660 thousand and EUR 1,377 thousand, not designated as “hedge accounting” (collars (5) and (6), which contain knock-ins), which do not meet the requirements to be designated in accordance with IAS 39. The balancing entry was recognised in the respective consolidated income statements for 2009 and 2008.

Analysis of sensitivity to interest rates-

The changes in the fair value of the interest rate derivatives arranged by the Group depend on the changes in the long-term euro interest rate curve. The fair value of these derivatives at 31 December 2008 was approximately EUR (10,454) thousand.

The detail of the sensitivity analysis (changes in the fair value at 31 December 2009) of the fair values of the derivatives recognised in equity (hedges) and profit or loss (derivatives that do not qualify for hedge accounting) is as follows:

	Thousands of euros
Sensitivity in equity	31/12/09
+0.5% (increase in the interest rate curve)	1,435
-0.5% (decrease in the interest rate curve)	(1,469)

	Thousands of euros
Sensitivity in profit or loss	31/12/09
+0.5% (increase in the interest rate curve)	297
-0.5% (decrease in the interest rate curve)	(303)

The sensitivity analysis indicates that the positive value of interest rate derivatives increases when interest rates rise since we are dealing with IRSs or collars in which the Company pays a fixed or capped interest rate and, therefore, the Group is protected against interest rate rises.

The sensitivity of the derivatives at 31 December 2009 will affect equity and profit or loss to the extent that market conditions change.

16. Other liabilities

The detail at 31 December 2009 and 2008 is as follows:

	Thousands of euros					
		Non-current				
	Current	2011	2012	2013	Subsequent years	Total
Loans related to research	3,964	3,816	4,280	3,665	12,526	24,287
Payables for non-current asset purchases	6,707	-	-	-	-	-
Remuneration payable	28,144	-	-	-	-	-
Advances and guarantees received	189	-	-	-	-	-
Other liabilities	-	52	-	-	-	52
Total at 31 December 2009	**39,004**	**3,868**	**4,280**	**3,665**	**12,526**	**24,339**
		Non-current				
	Current	2010	2011	2012	Subsequent years	Total
Loans related to research	3,872	3,964	3,816	4,280	15,986	28,046
Payables for non-current asset purchases	4,400	-	-	-	-	-
Remuneration payable	35,688	-	-	-	-	-
Advances and guarantees received	3,057	-	-	-	-	-
Other liabilities	14	147	-	-	-	147
Total at 31 December 2008	**47,031**	**4,111**	**3,816**	**4,280**	**15,986**	**28,193**

The loans related to research correspond to interest-free loans granted by the Ministry of Science and Technology to promote research and are presented in accordance with Note 5-i. The grant of the loans is subject to the fulfilment of certain investment and expense obligations.

Payables for non-current asset purchases in 2009 and 2008 relate mainly to the outstanding payments for the acquisition of goods, products and marketing licences made in the year and in prior years.

17. Provisions

The changes in "Provisions" in the consolidated balance sheet in 2009 and 2008 were as follows:

	Thousands of euros					
	2009			2008		
	Provision for sales returns	Other provisions	Total	Provision for sales returns	Other provisions	Total
Balance at 1 January	**8,988**	**2,856**	**11,844**	**7,926**	**3,147**	**11,073**
Additions or charge for the year	1,484	-	1,481	1,142	-	1,142
Disposals or transfers	-	(132)	(132)	(80)	(291)	(371)
Balance at 31 December	**10,472**	**2,724**	**13,196**	**8,988**	**2,856**	**11,844**

Provisions for sales returns-

The provision for product returns relates to the amounts required to cover the losses due to returns that may arise in the future as a result of sales made in the current or previous years. This provision was calculated as described in Note 5-k.

Other provisions-

"Other Provisions" relates to the estimate made by the Group of the disbursements that it should make in the future to settle other liabilities arising as a result of the nature of its business activity.

18. Retirement benefit obligations

The changes in "Retirement Benefit Obligations" in the consolidated balance sheets in 2009 and 2008 were as follows:

	Thousands of euros
Balance at 1 January 2008	**35,055**
Additions	2,480
Amounts used	(3,335)
Reversals	(1,296)
Balance at 31 December 2008	**32,904**
Additions	2,699
Reversals	(1,487)
Balance at 31 December 2009	**34,116**

The retirement benefit obligations relate to the Group subsidiaries Almirall Hermal, GmbH, Almirall Sofotec, GmbH and Almirall, SaS.

19. Income and expenses

Revenue-

The detail, by business line, of revenue in 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
Sales through own network	818,789	809,163
Sales through licensees	71,001	60,522
Corporate management and revenue not allocable to other segments	35,696	33,142
Total	**925,486**	**902,827**

The detail, by geographical area, of revenue in 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
Spain	536,010	534,045
Europe and the Middle East	284,131	269,049
America, Asia and Africa	69,649	66,591
Unallocated	35,696	33,142
Total	**925,486**	**902,827**

Other income-

	Thousands of euros	
	2009	2008
Cooperation in the promotion of products	30,158	28,646
Income from co-promotion agreements	27,247	31,686
Income from co-development agreements	42,938	81,426
Income from the sales/product marketing licenses	1,018	2,464
Royalties	2,346	2,063
Grants	1,665	3,375
Other	2,455	3,483
Total	**107,827**	**153,143**

The first four items detailed in the foregoing table refer basically to other income relating to sales/marketing licenses for proprietary research products which were accounted for as indicated in Note 5-m.

Also, in 2009 "Income from Co-Development Agreements" included approximately EUR 32.2 million (2008: approximately EUR 41.1 million) relating to the charge to a third party of the portion that the latter must bear of the development costs of certain products, previously borne by the Group, as described in Note 6-a. Also, in 2009 this heading included approximately EUR 9.8 million (2008: EUR 9 million) relating to the timing of recognition in the income statement of the non-refundable amount initially received. Also, as a result of the bromide co-development agreement (see Note 6-a), in 2008 the two partial milestones set out therein were achieved, which entailed the recognition of USD 22.5 million (EUR 15.3 million at the time of collection).

Also, in 2008 the Group obtained EUR 17 million arising from the achievement of certain milestones relating to the disposal in prior years of certain product distribution rights, as indicated in Note 6-a, and recognised EUR 16 million of this amount in the consolidated income statement for 2008 and the remaining amount in the consolidated income statement for 2009, since the remaining amount related to the decrease in supply prices of the active ingredient with respect to the prices initially agreed upon with a third party.

Cost of materials used-

The detail of "Cost of Materials Used" is as follows:

	Thousands of euros	
	31/12/09	31/12/08
Purchases	274,856	275,489
Change in inventories of raw materials and other procurements	(811)	1,294
Changes in inventories of finished goods and work in progress	14,961	3,296
Total	**289,006**	**280,079**

Staff costs-

The breakdown of "Staff Costs" is as follows:

	Thousands of euros	
	2009	2008
Wages and salaries	178,617	178,996
Employer social security costs	36,582	37,373
Termination benefit costs	4,290	15,502
Other employee benefit costs	10,944	11,725
Total	**230,433**	**243,596**

The average number of employees at the Group, by professional category and gender, at 2009 and 2008 year-end, which does not differ significantly from the average, was as follows:

	2009			2008		
	Men	Women	Total	Men	Women	Total
Managers	57	3	60	58	2	60
Supervisors	229	82	311	196	57	253
Other line personnel	1,153	1,133	2,286	1,282	1,176	2,458
Clerical staff	184	390	574	205	407	612
Other	2	1	3	3	1	4
Total	**1,625**	**1,609**	**3,234**	**1,744**	**1,643**	**3,387**

At 31 December 2009, 498 Group employees were engaged in research and development activities (31 December 2008: 499 Group employees).

Other operating expenses-

The breakdown of "Other Operating Expenses" is as follows:

	Thousands of euros	
	2009	2008
Rent and royalties	33,442	32,965
Repair and upkeep expenses	14,859	14,533
Independent professional services	62,992	83,282
Transport expenses	8,887	8,745
Insurance premiums	3,936	4,026
Banking and similar services	326	338
Utilities	5,939	5,701
Other services		
- Telephone and communication expenses	5,632	6,073
- Materials and IT developments	19,925	17,976
- Per diems and travelling expenses	11,829	13,156
- Other expenses	94,167	114,309
Taxes other than income tax	6,165	6,813
Total	**268,099**	**307,917**

Operating leases-

The rental costs incurred in 2009 and 2008 were as follows:

	Thousands of euros	
	2009	2008
Operating leases recognised in income for the year	19,618	19,080

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Thousands of euros	
	2009	2008
Within one year	19,595	18,724
2 to 5 years	38,794	39,245
Over 5 years	675	14

The assets under lease and the average term of the lease agreements are as follows:

	Average lease term (years)
Leased assets:	
Buildings	5
Premises	4
Office equipment	4
Transport equipment	4

Net change in allowances-

The breakdown of "Net Change in Allowances, Provisions and Write-downs" in the accompanying consolidated income statement and of the changes in the current allowances is as follows:

	Thousands of euros	
	2009	2008
Change in allowance for doubtful debts	84	(64)
Change in inventory allowance	675	(5,381)
Change in non-current allowances (Note 17)	1,075	771
Total	**1,834**	**(4,674)**

	Thousands of euros		
	Allowance for doubtful debts (Note 12)	Inventory allowance (Note 11)	Total
Balance at 1 January 2008	**1,329**	**14,858**	**16,187**
Change in allowances			
Charge for the year	294	4,280	4,574
Amounts reversed	(358)	(9,661)	(10,019)
Balance at 31 December 2008	**1,265**	**9,477**	**10,742**
Change in allowances			
Charge for the year	116	3,673	3,789
Amounts reversed	(32)	(2,998)	(3,030)
Balance at 31 December 2009	**1,349**	**10,152**	**11,501**

Net gains on asset disposals-

The detail of the net gains/(losses) on non-current asset disposals in 2009 and 2008 is as follows:

	Thousands of euros			
	2009		2008	
	Gains	Losses	Gains	Losses
On disposal or derecognition of intangible assets	19,100	(1,905)	981	(29)
On disposal or derecognition of property, plant and equipment	115	(189)	115	(227)
	19,215	**(2,094)**	**1,096**	**(256)**
Gains on disposal of non-current assets	**17,121**		**840**	

On 27 October 2008, the Parent and a third party entered into an agreement for the purchase and sale, amounting to EUR 19.1 million, of 13 products that the former sells in the Spanish market, the total sales of which in 2008 amounted to approximately EUR 8 million. It was provided for in the aforementioned agreement that it would be perfected upon the fulfilment of certain conditions which were met in 2009.

Restructuring costs-

In 2009 the Group undertook a restructuring process mainly of the Spanish commercial networks which entailed the dismissal of a significant number of the Group's sales personnel and the reorganisation of Spanish marketing activities. Taking into account these factors, the Group recognised the costs associated with these terminations, totalling approximately EUR 8,534 thousand, under "Restructuring Costs" in the accompanying consolidated income statement.

Finance income and costs-

The detail of the net finance income/(costs) and exchange differences in 2009 and 2008 is as follows:

	Thousands of euros			
	2009		2008	
	Gains	Losses	Gains	Losses
Income from other marketable securities	1,962	-	5,803	-
Other interest and similar income	981	-	889	-
Finance and similar costs	-	(19,764)	-	(25,105)
Change in fair value of financial instruments (Note 7)	-	-	60	-
Exchange differences	8,619	(8,552)	7,607	(8,575)
	11,562	**(28,316)**	**14,359**	**(33,680)**
Total	**(16,754)**		**(19,321)**	

Fees paid to auditors-

The fees for financial audit services provided to the companies composing the Almirall Group by the principal auditor and by other entities related to the auditor in 2009 amounted to EUR 755 thousand (2008: EUR 800 thousand).

Additionally, the fees for other professional services provided to the various Group companies and jointly controlled entities by the principal auditor and by other entities related to the auditor amounted to EUR 98 thousand in 2009 (2008: EUR 210 thousand) of which EUR 18 thousand relate to tax advisory services in 2009 (2008: EUR 9 thousand).

20. Tax matters

Consolidated Tax Group-

Almirall, S.A. (formerly Laboratorios Almirall, S.A.) files consolidated tax returns as provided for in Title VII, of Chapter VII of Legislative Royal Decree 4/2005, of 5 March, approving the Consolidated Corporation Tax Law. The companies composing the tax group for 2009 and 2008 were: Almirall, S.A. (formerly Laboratorios Almirall, S.A.), Laboratorios Almofarma, S.L., Pantofarma, S.L., Laboratorio Temis Farma, S.L., Laboratorios Berenguer-Infale, S.L., Industrias Farmacéuticas Almirall, S.L. (formerly Industrias Farmacéuticas Almirall Prodesfarma, S.L.), Laboratorio Omega Farmacéutica, S.L., Laboratorios Tecnobío, S.A., Laboratorios Miralfarma, S.L., Alprofarma, S.L., Laboratorios Farmacéuticos Romofarm, S.L., Ranke Química, S.L. and Almirall Europa, S.A., with Almirall, S.A. as the Parent. Consequently, Almirall, S.A. (formerly Laboratorios Almirall, S.A.) is responsible to the tax authorities for preparing and filling the income tax return.

Income tax is calculated on the basis of accounting profit determined by application of generally accepted accounting principles, which does not necessarily coincide with the taxable profit.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

Years open for review by the tax authorities-

The Group’s Spanish companies have 2007 and 2009 open for review by the tax authorities for income tax and the other taxes applicable to them.

On 5 February 2007, the consolidated tax group received notification from the tax authorities of the commencement of an audit of income tax for 2002 to 2004 and of the other taxes applicable to it for 2003 and 2004. The Group requested an extension to the aforementioned audit to include 2005 and 2006. The tax audit was completed in 2008 and there was no material impact on the Group in this connection.

On 10 February 2010, the consolidate tax group received notification of the commencement of an audit for 2007 to 2008 of all taxes applicable to the Parent and the investees Industrias Farmacéuticas Almirall, S.L. (formerly Industrias Farmacéuticas Almirall Prodesfarma, S.L.) and Ranke Química, S.L.

In relation to the Group's foreign companies, Almirall S.A.S. (France) is currently being inspected for 2003 and 2004. The subject of the audit inspection is the losses generated in the two years on own research products purchased from the Parent. The latest adjustment proposed by the tax authorities amounted to EUR 1.4 million (tax deficiency plus late-payment interest). The Group has decided not to recognise any provisions in this connection since it considers that the possibility of the proposal succeeding is very low. The Group and its external advisers consider that the likelihood of the tax authorities' effectively claiming the aforementioned or any other potentially significant amount is remote and, therefore, no provisions in this connection were recognised in the consolidated balance sheets for 2009 and 2008.

The other foreign companies have all the applicable years open for review by the tax authorities on the basis of their respective legislations.

Generally, in view of the varying interpretations that can be made of the applicable tax legislation, the outcome of the tax audits of the open years that are being or could be conducted by the tax authorities in the future could give rise to tax liabilities which cannot be objectively quantified at the present time. However, the tax advisers and directors of the Parent consider that the possibility of material liabilities arising in this connection additional to those already recognised is remote.

Tax receivables and payables-

The detail of the current tax receivables and payables at 31 December 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
VAT refundable	7,513	7,508
Social security taxes receivable	93	109
Income tax receivable	11,794	16,828
Other receivables	1,102	-
Total tax receivables	**20,502**	**24,445**
Current tax account payable	28,926	-
VAT payable	3,969	4,048
Personal income tax withholdings	9,744	8,325
Accrued social security taxes payable	5,684	5,883
Income tax payable	2,825	14,398
Pharmaceutical tax and other payables	5,063	5,064
Total tax payables	**56,211**	**37,718**

“Current Tax Account Payable” includes the outstanding balances payable by the Parent in connection with VAT, personal income tax withholdings and income tax prepayments of the consolidated tax group of which the Parent is Almirall, S.A. (formerly Laboratorios Almirall, S.A.).

“Pharmaceutical Tax and Other Payables” in the foregoing table at 31 December 2009 and 2008 includes mainly a provision for the payments that will foreseeably be made in 2010 and 2009, respectively, with respect to Law 29/2006, of 26 July, on guarantees and the rational use of medicines and healthcare products (partially amending Additional Provision Nine of Law 25/1990, of 20 December, on medicines –pharmaceutical tax- approved by State Budget Law 2/2004, of 27 December, for 2005), and the provisions of a similar nature in the countries in which the various subsidiaries operate. At 31 December 2009 and 2008, in relation to the amounts corresponding to the Spanish Group, the Group appealed against the payment of the aforementioned tax despite having made the related payments pursuant to government requirements.

Income tax recognised-

The detail of the income tax recognised in the consolidated income statement and in equity in 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
Income tax:		
- Recognised in the income statement	19,996	8,585
- Recognised in equity	(619)	(935)
Total	**19,377**	**7,650**

Reconciliation of the accounting profit to the taxable profit-

The reconciliation of the income tax expense resulting from the application of the standard tax rate in force in Spain to the income tax expense recognised is as follows:

	Thousands of euros	
	2009	2008
Consolidated profit before tax (continuing activities)	171,490	144,722
Permanent differences:		
- Individual companies		
Increase	7,491	17,445
Decrease	(107,642)	(120,369)
- Consolidation adjustments		
Increase	121,775	135,137
Decrease	(313)	(2,530)
Adjusted accounting profit	192,801	174,405
Tax rate	30.0%	30.0%
Gross tax	**57,840**	**52,322**
Tax credits:		
- Taken in settlements	(2,923)	(796)
- Recognised but not yet taken	(27,878)	(35,330)
Income tax paid abroad	288	1,059
Prior years' income tax	1,621	-
Tax loss carryforwards recognised	(2,879)	(2,478)
Theoretical tax expense incurred	**26,069**	**14,777**
Effect of different tax rates between countries	(6,063)	(6,245)
Other changes	(10)	53
Income tax expense (income) charge	**19,996**	**8,585**

The increase in the taxable profit as a result of the permanent differences of the individual companies arising in 2009 and 2008 was due mainly to the differing tax treatment of certain provisions recognised and expenses incurred in those years. The decrease in the taxable profit as a result of the permanent differences of the individual companies was due mainly to the distribution of tax-free dividends by subsidiaries.

In 2009 and 2008 the increase in the taxable profit as a result of permanent differences arising from consolidation adjustments was due mainly to the elimination of dividends.

The detail, by nature and amount, of the tax incentives taken in 2009 and 2008 and of those not yet taken at 31 December 2009 and 2008 is as follows:

		Thousands of euros			
		2009		2008	
Nature	Year earned	Amount offset	Amount available for offset	Amount offset	Amount available for offset (*)
Research and development	2003	-	-	7,541	-
	2004	3,548	-	11,133	4,307
	2005	14,332	6,071	-	20,403
	2006	-	31,157	-	31,157
	2007	-	42,671	-	42,671
	2008	-	35,028	-	35,298
	2009	-	26,243	-	-
		17,880	141,170	18,674	133,836
Double taxation	2008	-	-	318	-
	2009	1,484	-	-	-
		1,484	-	318	-
Other tax credits	2008	-	-	478	32
	2009	1,439	1,635	-	-
		1,439	1,635	478	32
	Total	**20,803**	**142,805**	**18,992**	**133,836**

(*) The amount of the tax credits by year and nature was modified as a result of audits by the tax authorities.

The limitation period on the tax credits yet to be taken expires basically 15 years after they arise and are generally subject to a limit of 50% of the tax liability.

Also, at 31 December 2009 the Group was obliged to make investments in the Canary Islands Autonomous Community in relation to the tax incentives for investment in the Canary Islands, with the following amounts and deadlines:

	Thousands of euros			
	Investment			
Year earned	Committed	Made	Outstanding	Limit
2003	2,398	2,398	-	2007
2005	2,492	1,625	867	2009
2006	2,742	-	2,742	2010
Total	**7,632**	**4,023**	**3,069**	

Deferred taxes-

Pursuant to the tax legislation in force in the various countries in which the consolidated companies are located, in 2009 and 2008 certain temporary differences arose that must be taken into account when quantifying the related income tax expense. The detail of the deferred taxes recognised in 2009 and 2008 is as follows:

	Thousands of euros			
	2009		2008	
	Differences accumulated in taxable profit	Cumulative effect on tax liability	Differences accumulated in taxable profit	Cumulative effect on tax liability
Deferred tax assets:				
Amortisation of intangible assets	43,124	12,988	39,506	11,715
Provisions	33,584	9,506	32,903	9,803
Retirement benefit obligations	7,288	2,046	7,539	2,111
Inventory measurement bases	2,617	1,007	8,633	2,085
Market valuation of financial instruments	9,640	2,892	6,838	2,051
Other	6,474	953	9,334	1,374
	102,727	29,392	104,753	29,139
Tax assets:				
Tax loss carryforwards	4,401	1,439	8,142	2,260
Tax credit carryforwards	N/A	142,805	N/A	133,868
Total deferred and other tax assets:	**107,128**	**173,636**	**112,895**	**165,267**
Deferred tax liabilities:				
Accelerated depreciation	45,909	13,617	34,371	10,311
Assets held under finance lease	8,711	2,613	9,213	2,764
Capitalisation of intangible assets	17,775	5,333	10,595	3,010
Allocation of gains to assets	87,577	24,498	106,121	29,690
Amortisation of goodwill	58,285	17,543	48,681	14,595
Tax effect of reversing provisions for equity investments in subsidiaries	82,906	25,272	73,573	22,072
Other	2,646	213	2,609	202
Deferred tax liabilities	**303,809**	**89,089**	**285,163**	**82,644**

The increase in the deferred tax assets was due mainly to the differing tax treatment of the amortisation and depreciation and, as the case may be, impairment charge for merger goodwill and certain items of intellectual property (see Notes 7 and 8) and to the differing accounting and tax treatment of the retirement benefit obligations (see Note 18).

The increase in the deferred tax liabilities relates mainly to the difference between the tax base of the various assets included in the acquisition of the Hermal Group (see Notes 7, 8 and 9) and the fair value allocated thereto that has not yet been realised.

At 31 December 2009 and 2008, the Group companies had recognised tax losses incurred in those and in previous years amounting to EUR 51.1 million and EUR 60.7 million, respectively, available for offset against future profits. In relation to the aforementioned tax losses, at 31 December 2009 and 2008 the Group only recognised deferred tax assets amounting to approximately EUR 1.4 million and EUR 2.3 million, respectively, in the accompanying consolidated balance sheets.

Also, the accompanying consolidated balance sheets include deferred tax liabilities at 31 December 2009 and 2008 amounting to EUR 25.3 million and EUR 22.1 million, respectively, relating to the tax effect of reversing the allowance for equity investments in the consolidation process in relation to the companies that had incurred the aforementioned tax losses.

21. Business and geographical segments

Basis of segmentation-

The Group applies IFRS 8 Operating Segments, which replaces IAS 14, since it came into force on 1 January 2009. The new standard requires the entity to adopt a management approach when reporting on the financial performance of its operating segments. The application of IFRS 8 did not lead to the redefinition of the operating segments reported by the Group and, therefore, the basis of segmentation used in the preparation of the accompanying consolidated financial statements for the year ended 31 December 2009 of the Almirall Group was consistent with that used in the preparation of the consolidated financial statements for the year ended 31 December 2008. The Group did not disclose finance income, finance costs and income tax by segments in the consolidated financial statements as it was not information used by the senior executives in the management of the Group, or information on significant customers as none of them individually represents a percentage greater than 10% of the Group's revenue.

The main criteria applied when defining the segment information of the Group included in the consolidated financial statements for the years ended 31 December 2009 and 2008 are described below.

Business segments:

The business lines described below were established on the basis of the organisational structure of the Almirall Group at 2009 year-end, which constitute the basis upon which the Group discloses the primary segment information.

a) Sales through own network

b) Sales through licensees

c) Corporate management and results not allocated to other segments

In addition, the operating segments on which information is reported in these notes to the consolidated financial statements are those whose income, profit and/or assets are greater than 10% of the related consolidated figure. Accordingly, "Corporate Management and Results Not Allocated to Other Segments" includes the revenue and expenses that are not directly related and allocated to the business lines, which refer mainly to corporate assets and the Group's production and research and development centres.

Geographical segments:

The Group's business activities are also coordinated by geographical area, on the basis of the following classification: Spain, Europe and the Middle East (EME) and America, Africa and Asia (AAA).

Basis and methodology for segment reporting-

The segment reporting below is based on reports prepared by Group management which are generated using information based on the Group's consolidated accounting data.

For the purposes of determining the segment reporting included in the consolidated income statements, the consolidated balances of each segment were included reflecting, therefore, the consolidation adjustments relating to each of the segments. Inter-segment transactions were also eliminated. For the purposes of determining the segment reporting included in the consolidated balance sheets, the consolidation adjustments were not included.

The segment's total revenue, comprising “Revenue” and “Other Income”, consists of revenue directly attributable to the segment. Other revenue items in the consolidated income statement were not distributed among segments.

Also, for the purposes of segment reporting, the income received by the Group as a result of the agreements entered into with Forest Laboratories (see Note 6-a) was classified as follows:

- Allocation to income of the initial amounts paid by Forest Laboratories (see Notes 6-a and 14): based on the nature of the consideration, the allocation to profit or loss of the initial payment made by the third party was included under “Other Income” in the segment “Sales through Licensees”.

- Co-development revenue (see Notes 6-a and 19) was included under “Other Income” in the segment “Corporate Management and Results Not Allocated to Other Segments”, in view of its association with the development costs borne by the Group included in the aforementioned segment.

The expenses included in each segment are determined on the basis of the directly allocable expenses incurred in the operating activities of the segment which include, inter alia, “Procurements”, “Staff Costs” and “Depreciation and Amortisation Charge”. In this regard, the amounts presented under “Procurements” in each of the segments include the cost of acquisition of materials plus the costs allocated thereto by the Group in the manufacturing process (such costs entail the addition of staff costs and depreciation and amortisation, among other costs). These costs are included, by nature, in the segment “Corporate Management and Results Not Allocated to Other Segments” and, therefore, prior to obtaining the data from the Group’s consolidated income statements, are eliminated.

The expenses included in each of the segments, as discussed above, do not include depreciation or amortisation, impairment losses, interest, the income tax expense or overheads corresponding to general services that are not directly allocated to each business segment and, therefore, were not distributed.

In preparing the segment reporting in the consolidated income statement, since it is consolidated information reflecting the consolidation adjustments and reclassifications, inter-segment transactions, which relate mainly to the supply of products and services, were not taken into consideration, except for the aforementioned elimination corresponding to the production costs allocated to products.

For the purposes of presenting the information in the consolidated income statement by segment, the gross margin and profit from operations presented must be understood to be the result of the following arithmetical formulas:

- Gross margin: revenue - procurements

- Profit from operations: gross margin + other income - staff costs - depreciation and amortisation - net change in allowances - other operating expenses.

Segment assets are those directly related to the segment’s operating activity and relate mainly to: patents, trademarks and product production, sale and/or distribution licences, directly attributable property, plant and equipment and accounts receivable generated by each segment.

The Group has not established methods for distributing equity by segment and, therefore, does not disclose this information. Also, certain balance sheet items including, inter alia, current and non-current financial assets held by the Group, cash and cash equivalents, inventories, tax receivables and payables and other items of less importance are considered to relate to the segment “Corporate Management and Results Not Allocated to Other Segments”.

Segment reporting-

Business segments-

<u>*Segmented income statement for the year ended 31 December 2009:*</u>

	Thousands of euros				
	Sales through own network	Sales through licensees	Corporate management and results not allocated to other segments	Adjustments and reclassifications	Total
Revenue	818,789	71,001	35,696	-	925,486
Procurements	(300,464)	(12,304)	(31,842)	55,604	(289,006)
Gross profit	**518,325**	**58,697**	**3,854**	**55,604**	**636,480**
Other income	57,674	13,005	37,148	-	107,827
Staff costs	(119,922)	(1,162)	(109,349)	-	(230,433)
Depreciation and amortisation charge	(39,793)	(71)	(24,960)	-	(64,824)
Net change in allowances	-	-	(1,834)	-	(1,834)
Other operating expenses	(148,097)	(4,794)	(115,208)	-	(268,099)
Profit/(Loss) from operations	**268,187**	**65,675**	**(210,349)**	**55,604**	**179,117**
Disposal of non-current assets and other					19,077
Restructuring costs					(8,534)
Impairment losses					(1,025)
Financial loss					(17,145)
Profit before tax					**171,490**
Income tax					(19,996)
Net profit attributable to the Parent					**151,494**

Segmented balance sheet at 31 December 2009:

	Thousands of euros			
	Sales through own network	Sales through licensees	Corporate management and results not allocated to other segments	Total
ASSETS				
Goodwill	-	-	272,672	272,672
Intangible assets	323,089	-	29,715	352,804
Property, plant and equipment	10,563	-	158,497	169,060
Financial assets	-	-	10,811	10,811
Deferred tax assets	4,069	-	169,567	173,636
NON-CURRENT ASSETS	**337,721**	**-**	**641,262**	**978,983**
Inventories	-	-	97,704	97,704
Trade and other receivables	72,777	14,626	32,995	120,398
Current tax assets	5,205	-	15,297	20,502
Current financial assets	-	-	220,281	220,281
Cash and cash equivalents	-	-	39,385	39,385
Other current assets	1,606	-	4,113	5,719
CURRENT ASSETS	**79,588**	**14,626**	**409,775**	**503,989**
TOTAL ASSETS	**417,309**	**14,626**	**1,051,037**	**1,482,972**

Non-current asset additions by segment in the year ended 31 December 2009:

	Thousands of euros			
	Sales through own network	Sales through licensees	Corporate management and results not allocated to other segments	Total
Total non-current asset additions	47,326	-	23,226	**70,552**

Segmented income statement for the year ended 31 December 2008:

	Thousands of euros				
	Sales through own network	Sales through licensees	Corporate management and results not allocated to other segments	Adjustments and reclassifications	Total
Revenue	809,163	60,522	33,142	-	902,827
Procurements	(286,516)	(9,923)	(37,036)	53,396	(280,079)
Gross profit	**522,647**	**50,599**	**(3,894)**	**53,396**	**622,748**
Other income	64,556	28,410	60,177	-	153,143
Staff costs	(124,222)	(1,227)	(118,147)	-	(243,596)
Depreciation and amortisation charge	(49,269)	-	(14,049)	-	(63,318)
Net change in allowances	-	-	4,674	-	4,674
Other operating expenses	(145,169)	(3,728)	(159,020)	-	(307,917)
Profit/(Loss) from operations	**268,543**	**74,054**	**(230,259)**	**53,396**	**165,734**
Other					1,812
Impairment losses					(5,100)
Financial loss					(17,724)
Profit before tax					**144,722**
Income tax					(8,585)
Net profit attributable to the Parent					**136,137**

Segmented balance sheet at 31 December 2008:

	Thousands of euros			
	Sales through own network	Sales through licensees	Corporate management and results not allocated to other segments	Total
ASSETS				
Goodwill	-	-	273,465	273,465
Intangible assets	315,517	-	27,197	342,714
Property, plant and equipment	12,530	-	163,215	175,745
Financial assets	-	-	3,899	3,899
Deferred tax assets	5,750	-	159,517	165,267
NON-CURRENT ASSETS	**333,797**	**-**	**627,293**	**961,090**
Inventories	-	-	112,529	112,529
Trade and other receivables	71,703	11,943	24,242	107,888
Current tax assets	6,533	48	17,864	24,445
Current financial assets	-	-	143,796	143,796
Cash and cash equivalents	-	-	42,286	42,286
Other current assets	1,681	2	2,699	4,382
CURRENT ASSETS	**79,917**	**11,993**	**343,416**	**435,326**
TOTAL ASSETS	**413,714**	**11,993**	**970,709**	**1,396,416**

Non-current asset additions by segment in the year ended 31 December 2008:

	Thousands of euros			
	Sales through own network	Sales through licensees	Corporate management and results not allocated to other segments	Total
Total non-current asset additions	1,358	-	22,185	**23,684**

Revenue by product and geographical market-

The detail of the contribution of the Group's main products to revenue in 2009 and 2008 is as follows:

	Thousands of euros	
	2009	2008
Ebastine	114,411	100,655
Atorvastatin	112,821	104,797
Escitalopram	65,447	55,564
Salmeterol + Fluticasone	60,072	59,692
Almotriptan	51,770	43,994
Candesartan	44,042	40,191
Aceclofenac	43,073	49,953
Lansoprazole	34,863	35,224
Venlafaxine	34,523	46,843
Sodium diclofenac	24,282	16,831
Other	340,182	349,083
Total	**925,486**	**902,827**

Accordingly, the breakdown, by geographical area, of the revenue in 2009 and 2008 is detailed in Note 19.

22. Earnings per share

Dividends paid by the Parent

The detail of the dividends paid by the Parent in 2009 and 2008, which in both cases related to the dividends approved out of 2008 and 2007 profit, respectively, is as follows:

	2009			2008		
	% of nominal amount	Euros per share	Amount (thousands of euros)	% of nominal amount	Euros per share	Amount (thousands of euros)
Ordinary shares	263%	0.32	52,482	263%	0.32	52,482
Total dividends paid	**263%**	**0.32**	**52,482**	**263%**	**0.32**	**52,482**
Dividends charged to income	263%	0.32	52,482	263%	0.32	52,482

Basic earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	2009	2008
Net profit/loss for the year (thousands of euros)	151,494	136,137
Weighted average number of shares outstanding (thousands of shares)	166,099	166,099
Basic earnings per share (euros)	**0.91**	**0.82**

Diluted earnings per share

At 31 December 2008 and 2007 there were no potential ordinary shares as a result of possible conversions of debt, equity or derivative financial instruments and, therefore, the diluted earnings per share coincide with the basic earnings per share.

23. Acquired obligations, contingent liabilities and contingent assets

a) Acquired obligations

At 31 December 2009 and 2008, the Group had contingent payment obligations for the acquisition of product licences and intellectual property as indicated in Note 8.

Also, as a result of the research and development activities carried out by the Group, at 31 December 2009 firm agreements had been entered into in relation to the performance thereof amounting to approximately EUR 36.9 million (31 December 2008: approximately EUR 9.1 million), which will have to be settled in future years.

Note 19 on leases details the obligations acquired by the Group in relation to leases.

f) Contingent liabilities

There were no other contingent liabilities at the date of authorisation for issue of these consolidated financial statements that might result in significant cash outlays additional to those discussed in Note 20.

g) Contingent assets

As a result of the agreements entered into with a third party in 2009 and prior years (see Note 6-a), in addition to the amount received upon achieving the milestone in the year (see Note 19), the Group should receive USD 258.5 million on achieving certain milestones relating to the successful completion of the various development phases of the products referred to in the aforementioned agreement at 31 December 2009. The aforementioned agreement also establishes collections for milestones relating to the achievement of sales targets for the potential products in the US market, which could amount to a maximum of USD 400 million; the aforementioned agreement also establishes the Group's entitlement to collect certain royalties (calculated as a variable percentage, scaled on the annual sales in the US market) for the aforementioned potential products.

24. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Parent and its subsidiaries are disclosed in the separate financial statements.

Balances and transactions with other related parties

In 2009 and 2008 the Group companies performed the following transactions with related parties, and at 31 December 2009 and 2008 the balances receivable therefrom and payable thereto were as follows:

Company	Related Party	Transaction	Year	Thousands of euros Transactions - Income/(Expenses)	Thousands of euros Balance - Receivable
Almirall, S.A.	Walton, S.L.	Leases	2009	(2,650)	-
			2008	(2,629)	-
Almirall, S.A.	Picking Pack, S.L.	Office supplies	2009	(12)	(55)
			2008	(34)	-

The Group's headquarters are leased from Walton, S.L. -expiring 2011- although it is not expected that there will be any problems as regards renewal of the lease.

25. Remuneration of directors and executives

For the purposes of the consolidated financial statements, the Group considers the members of the Management Committee who are not members of the Board of Directors as executives.

The amount earned by the executives who are not members of the Parent's Board of Directors, in 2009 for all types of remuneration (wages, bonuses, attendance fees and per diems, compensation in kind, indemnities, incentive plans and social security contributions) amounted to approximately EUR 1,188 thousand (2008: EUR 1,372 thousand).

At 31 December 2009 and 2008, there were no other pension obligations to the executives.

In 2009 the amount earned by the current and former members of the Board of Directors for all types of remuneration (wages, bonuses, attendance fees and per diems, compensation in kind, life insurance plans, indemnities, incentive plans and social security contributions) amounted to approximately EUR 3,610 thousand (2008: approximately EUR 3,893 thousand).

The remuneration earned, paid and not paid by the Parent in 2009, for both the Group's executives and the Parent's Board of Directors in connection with pluriannual incentive and loyalty-building plans which expire in 2009 and the SEUS Plan (see Note 5-t) amounted to approximately EUR 2,919 and EUR 100 thousand, respectively.

At 31 December 2009 and 2008, there were no other pension or life insurance obligations to the current and former members of the Board of Directors of the Parent.

26. Other disclosures concerning the Board of Directors

In relation to the disclosures required under Article 127 ter. 4 of the Spanish Public Limited Liabilities Companies Law, in 2009 and 2008 the current and former members of the Board of Directors of Almirall, S.A. (formerly Laboratorios Almirall, S.A.) did not hold direct or indirect ownership interests in companies engaging in an activity that is identical, similar or complementary to that which constitutes the company object of the Parent other than the indirect ownership interests held by Jorge Gallardo Ballart, Antonio Gallardo Ballart and Daniel Bravo Andreu in the other Almirall Group companies as a result of being shareholders of the Parent.

Also, the current and former members of the Board of Directors of Almirall, S.A. (formerly Laboratorios Almirall, S.A.) performed the following activities, as independent professionals or as employees, at companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of the Parent:

Director	Type of arrangement	Company	Position
Jorge Gallardo Ballart	Independent professional	Almirall, S.A. (Chile)	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Laboratorios Miralfarma, S.L.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Laboratorio Omega Farmacéutica, S.L.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Laboratorios Tecnobio, S.A.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Laboratorios Almofarma, S.L.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Laboratorio Temis Farma, S.L.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Laboratorios Berenguer-Infale, S.L.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Alprofarma, S.L.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Pantofarma, S.L.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Laboratorios Farmacéuticos Romofarm, S.L.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Industrias Farmacéuticas Almirall, S.L. (formerly Industrias Farmacéuticas Almirall-Prodesfarma, S.L.)	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Ranke Química, S.L.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Almirall Europa, S.A.	Director
	Employee through Almirall, S.A. (formerly Laboratorios Almirall, S.A.)	Irinol Farma, S.A. (dissolved)	Director

Director	**Type of arrangement**	**Company**	**Position**
Luciano Conde Conde	Independent professional	Laboratorios Miralfarma, S.L.	Director
	Independent professional	Laboratorio Omega Farmacéutica, S.L.	Director
	Independent professional	Laboratorios Tecnobio, S.A.	Director
	Independent professional	Laboratorios Almofarma, S.L.	Director
	Independent professional	Laboratorio Temis Farma, S.L.	Director
	Independent professional	Laboratorios Berenguer-Infale, S.L.	Director
	Independent professional	Alprofarma, S.L.	Director
	Independent professional	Pantofarma, S.L.	Director
	Independent professional	Laboratorios Farmacéuticos Romofarm, S.L.	Director
	Independent professional	Industrias Farmacéuticas Almirall, S.L. (formerly Industrias Farmacéuticas Almirall-Prodesfarma, S.L.)	Director
	Independent professional	Ranke Química, S.L.	Director
	Independent professional	Almirall Europa, S.A.	Director
	Independent professional	Irinol Farma, S.A. (dissolved)	Director
	Independent professional	Almirall Hermal, GmbH (Germany)	Director
	Independent professional	Almirall, GmbH (Austria)	Director
	Independent professional	Almirall, NV (Belgium)	Director
	Independent professional	Almirall, S.A. (Chile)	Director
	Independent professional	Almirall, SAS (France)	Chairman
	Independent professional	Almirall Production, SAS (France)	Chairman
	Independent professional	Almirall, B.V. (Netherlands)	Director
	Independent professional	Almirall, S.p.A. (Italy)	Director
	Independent professional	Almirall, S.A. de C.V. (Mexico)	Director
	Independent professional	Almirall de México, S.A. de C.V. (Mexico)	Director
	Independent professional	Almirall sp. z.o.o. (Poland)	Director
	Independent professional	Almirall - Produtos Farmacêuticos, Lda. (Portugal)	Director
	Independent professional	Almirall Marketing Farmacêutico, Unipessoal Lda. (Portugal)	Director
	Independent professional	Almirall Limited (UK)	Director
	Independent professional	Almirall, Inc. (USA)	Chairman
	Independent professional	Almirall International, B.V. (Netherlands)	Director

Director	Type of arrangement	Company	Position
Eduardo Sanchiz Yrazu	Independent professional	Laboratorios Miralfarma, S.L.	Director
	Independent professional	Laboratorio Omega Farmacéutica, S.L.	Director
	Independent professional	Laboratorios Tecnobio, S.A.	Director
	Independent professional	Laboratorios Almofarma, S.L.	Director
	Independent professional	Laboratorio Temis Farma, S.L.	Director
	Independent professional	Laboratorios Berenguer-Infale, S.L.	Director
	Independent professional	Alprofarma, S.L.	Director
	Independent professional	Pantofarma, S.L.	Director
	Independent professional	Laboratorios Farmacéuticos Romofarm, S.L.	Director
	Independent professional	Industrias Farmacéuticas Almirall, S.L. (formerly Industrias Farmacéuticas Almirall-Prodesfarma, S.L.)	Director
	Independent professional	Ranke Química, S.L.	Director
	Independent professional	Almirall Europa, S.A.	Director
	Independent professional	Irinol Farma, S.A. (dissolved)	Director
	Independent professional	Almirall Hermal, GmbH (Germany)	Director
	Independent professional	Almirall Sofotec, GmbH (Germany)	Director
	Independent professional	Almirall GmbH (Austria)	Director
	Independent professional	Almirall, NV (Belgium)	Director
	Independent professional	Almirall, B.V. (Netherlands)	Director
	Independent professional	Almirall sp. z.o.o. (Poland)	Director
	Independent professional	Almirall - Produtos Farmacêuticos, Lda. (Portugal)	Director
	Independent professional	Almirall Marketing Farmacêutico, Unipessoal Lda. (Portugal)	Director
	Independent professional	Almirall AG (Switzerland)	Director
	Independent professional	Almirall International, B.V. (Netherlands)	Director
	Independent professional	Almirall Prodesfarma, B.V. (Netherlands)	Director
Per-Olof Andersson	Independent professional	Almirall Sofotec, GmbH (Germany)	Director

In this regard, the current and former members of the Board of Directors on whom disclosures have not been made in this section issued notices to the Parent stating that they were not affected by the matters detailed above.

Lastly, in 2009 and 2008 all of the members of the Board of Directors and the executives were men.

27. Information on the environment

The Group companies adopted the relevant environmental measures in order to comply with the in-force legislation in this connection.

The Almirall Group's property, plant and equipment include certain environmental protection assets (smoke abatement, subsurface drainage, etc.) with a carrying amount of approximately EUR 3.7 million at 31 December 2009 (31 December 2008: approximately EUR 3.3 million).

The consolidated income statement for 2009 includes environmental protection expenses amounting to EUR 2,066 thousand (2008: EUR 1,819 thousand).

The Parent's directors consider that the measures adopted adequately cover all the possible requirements and, therefore, there are no environmental risks or contingencies. No grants or income were received in connection with these activities.

28. Risk exposure

Interest rate risk

In order to eliminate the uncertainties arising from fluctuations in the interest rates on the Group's bank borrowings, the Parent arranged certain hedging transactions. The policy adopted seeks to minimise the risk through swaps of floating interest rates (tied to Euribor) on this financing for fixed rates or collars.

The hedge was arranged on the portion of the borrowings instrumented through loans (64% through interest rate swaps and 36% through collars).

The maximum hedging period is three years and at 31 December 2009 all the bank borrowings were fully hedged.

Foreign currency risk

The Group is exposed to foreign currency risk on certain transactions arising from its ordinary business, relating mainly to revenue received in USD for achieving milestones and from sales of finished goods, payments in USD for clinical trials, raw materials purchases and the payment of royalties in JPY, as well as collections and payments made by the Mexican and UK subsidiaries.

In the case of collections the risks represent approximately 10.43% of revenue and other income and in the case of payments approximately 12.98% of procurements and other operating expenses.

The Group analyses foreseeable collections and payments in foreign currency and the performance and trend thereof on a quarterly basis. In 2009 foreign currency hedges were arranged on a timely basis.

The Group is exposed to price risk since the retail sale price of its medicines is regulated by and subject to the measures adopted by the Ministry of Health.

Accordingly, credit risk, liquidity risk and cash flow risk are mitigated by the quality of its financial assets, its capacity to generate cash-flows and the solvency of the bank with which the Group operates.

Liquidity risk

The Group calculates its cash requirements using two fundamental forecasting tools that differ in terms of their time horizons.

On the one hand, a one-year monthly cash budget is set based on the projected financial statements for the current year.

On the other, a shorter-term cash budget is set (at three months), which is updated daily on the basis of the invoices registered, delivery or shipping notes confirmed or orders processed.

In general, cash surpluses are invested in very short-term financial assets (at a maximum of one month) or are used to reduce bank borrowing tranches corresponding to credit lines.

The Group manages its liquidity risk prudently, maintaining sufficient cash and marketable securities and arranging credit facilities to cater for the projected needs.

Lastly, medium- and long-term liquidity planning and management is based on the Group's Strategic Plan spanning a five-year time frame.

Credit risk

The Group manages its credit risk through the case-by-case analysis of the items composing its accounts receivable. For preventative purposes, credit limits are established for sales to wholesalers, pharmacies and local licensees. In view of the low relative importance of hospital sales, collection management is performed directly after the transaction, once the debt has fallen due.

Allowances are recognised for the total amounts deemed to be uncollectable, once all relevant collection management efforts have been made. The amount recognised in this connection in 2009 was approximately EUR 116 thousand (2008: approximately EUR 294 thousand).

In relation to the impairment of its financial assets for credit risk, in order to minimise any such risk the Almirall Group invests mainly in very short-term floating-rate instruments (promissory notes) at banks with a high credit rating.

The Group does not have any significant credit risk exposure, since it places cash and arranges derivatives with highly solvent entities.

Capital risk

The Group manages its capital to guarantee the continuity of the activities of its companies while maximising returns for shareholders through the optimal balance between debt and equity.

The Group periodically reviews the capital structure on the basis of a five-year strategic plan that establishes the guidelines concerning investment and financing.

29. Explanation added for translation to English

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

APPENDIX : INFORMATION RELATING TO INVESTEES

	Thousands of euros						
Name	Laboratorios Miralfarma, S.L.	Laboratorio Omega Farmacéutica, S.L.	Laboratorios Farmacéuticos Romofarm, S.L.	Laboratorios Almofarma, S.L.	Laboratorio Temis Farma, S.L.	Alprofarma, S.L.	Laboratorios Tecnobio, S.A.
Address	Spain	Spain	Spain	Spain	Spain	Spain	Spain
Line of business	Mediation services	Mediation services	Mediation services	Mediation services	Mediation services	Mediation services	Mediation services
31 December 2009							
Percentage of ownership held:							
Directly	100%	100%	100%	100%	100%	100%	100%
Indirectly	-	-	-	-	-	-	-
% of voting power	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	120	120	60	120	120	60	61
Reserves	1,532	1,359	1,188	261	1,178	40	480
Net profit for the year	186	215	188	230	190	4	10
Carrying amount of the investment (Group)	1,340	1,070	60	95	1,114	60	127
Cost	1,340	1,070	60	95	1,114	60	127
Allowance	-	-	-	-	-	-	-
31 December 2008							
Percentage of ownership held:							
Directly	100%	100%	100%	100%	100%	100%	100%
Indirectly	-	-	-	-	-	-	-
% of voting power	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	120	120	60	120	120	60	61
Reserves	1,458	1,254	775	194	1,104	19	391
Net profit for the year	74	105	413	66	74	21	89
Carrying amount of the investment (Group)	1,340	1,070	60	95	1,114	60	127
Cost	1,340	1,070	60	95	1,114	60	127
Allowance	-	-	-	-	-	-	-

Note: All the information relating to the companies indicated was obtained from the separate financial statements of the various companies and, therefore, does not include the effect that would result from applying consolidation criteria to the investments

APPENDIX : INFORMATION RELATING TO INVESTEES

	Thousands of euros						
Name	Laboratorios Berenguer-Infale, S.L.	Pantofarma, S.L.	Industrias Farmacéuticas Almirall, S.L. (*)	Ranke Química, S.L.	Almirall Prodesfarma, BV	Almirall, NV	Almirall - Produtos Farmacêuticos, Lda
Address	Spain	Spain	Spain	Spain	Netherlands	Belgium	Portugal
Line of business	Mediation services	Mediation services	Manufacture of pharmaceutical specialities	Manufacture of raw materials	International holding company	Pharmaceutical laboratory	Pharmaceutical laboratory
31 December 2009							
Percentage of ownership held:							
Directly	100%	100%	100%	100%	100%	0.01%	-
Indirectly	-	-	-	-	-	99.99%	100%
% of voting power	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	120	360	1,200	1,200	10,732	1,203	1,500
Reserves	365	239	45,424	16,966	(10,516)	2,562	3,911
Net profit for the year	194	207	3,456	2,685	4,981	188	174
Carrying amount of the investment (Group)	157	216	41,982	10,840	11,175	4,070	5,285
Cost	157	216	41,982	10,840	5,196	4,079	5,285
Allowance	-	-	-	-	-	(9)	-
31 December 2008							
Percentage of ownership held:							
Directly	100%	100%	100%	100%	100%	0.01%	-
Indirectly	-	-	-	-	-	99.99%	100%
% of voting power	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	120	360	1,200	1,200	46,673	1,203	1,500
Reserves	314	183	45,424	16,966	(35,626)	1,778	3,246
Net profit for the year	52	56	2,342	59,566	129	784	666
Carrying amount of the investment (Group)	157	216	41,982	10,840	11,175	3,774	5,411
Cost	157	216	41,982	10,840	12,172	3,774	5,411
Allowance	-	-	-	-	(997)	-	-

Note: All the information relating to the companies indicated was obtained from the separate financial statements of the various companies and, therefore, does not include the effect that would result from applying consolidation criteria to the investments

(*) Formerly Industrias Farmacéuticas Almirall Prodesfarma, S.L.

APPENDIX : INFORMATION RELATING TO INVESTEES

	Thousands of euros						
Name	Almirall, BV	Irinol Farma, S.A.	Almirall S.A. de C.V. Subgroup (**)	Almirall International, BV	Almirall Limited	Almirall, S.A.S. Subgroup (***)	Almirall SP, Z.O.O.
Address	Netherlands	Spain	Mexico	Netherlands	United Kingdom	France	Poland
Line of business	Mediation services	Pharmaceutical laboratory	Pharmaceutical laboratory	International holding company	Pharmaceutical laboratory	Pharmaceutical laboratory	Sale of pharmaceutical specialities
31 December 2009							
Percentage of ownership held:							
Directly	-	-	0.74%	100%	-	-	-
Indirectly	100%	-	99.26%	-	100%	100%	100%
% of voting power	100%	-	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	-	0	0	Full consolidation	Full consolidation	Full consolidation
Share capital	4,000	-	24,125	52,602	563	12,527	14
Reserves	(1,369)	-	(5,385)	5,780	165	(1,581)	1,000
Net profit/(loss) for the year	1,581	-	557	9,359	741	661	32
Carrying amount of the investment (Group)	4,361	-	18,290	70,391	1,100	10,287	1,911
Cost	8,000	-	30,891	156,497	1,100	11,630	1,911
Allowance	(3,639)	-	(12,601)	(86,106)	-	(1,343)	-
31 December 2008							
Percentage of ownership held:							
Directly	-	-	0.74%	100%	-	-	-
Indirectly	100%	100%	99.26%	-	100%	100%	100%
% of voting power	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	4,000	150	24,125	52,601	-	12,527	14
Reserves	(3,240)	9,631	(11,013)	(10,344)	(501)	(4,039)	18
Net profit for the year	1,872	1,382	4,935	16,124	650	2,458	(130)
Carrying amount of the investment (Group)	2,631	7,047	18,047	58,408	149	10,945	(98)
Cost	8,000	7,047	30,891	156,497	149	11,630	16
Allowance	(5,369)	-	(12,844)	(98,089)	-	(685)	(114)

Note: All the information relating to the companies indicated was obtained from the separate financial statements of the various companies and, therefore, does not include the effect that would result from applying consolidation criteria to the investments

(**) Includes the subsidiaries Almirall, S.A de C.V. and Almirall de México, S.A. de C.V.
(***) Includes the subsidiaries Almirall, SAS and Almirall Production, SAS

APPENDIX : INFORMATION RELATING TO INVESTEES

	Thousands of euros					
Name	Almirall GmbH	Almirall, AG	Almirall GmbH	Almirall SpA	Almirall Sofotec, GmbH	Almirall Hermal, GmbH
Address	Austria	Switzerland	Germany	Italy	Germany	Germany
Line of business	Pharmaceutical laboratory	Licence management and sale of raw materials	Pharmaceutical laboratory	Pharmaceutical laboratory	R&D Centre	Pharmaceutical laboratory
31 December 2009						
Percentage of ownership held:						
Directly	100%	100%	-	-	100%	100%
Indirectly	-	-	100%	100%	-	-
% of voting power	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	36	652	5,000	8,640	25	25
Reserves	1,443	974	458	(944)	26,301	48,212
Net profit for the year	197	28,971	46	7,872	1,443	7,511
Carrying amount of the investment (Group)	1,485	10,628	5,498	14,337	25,027	359,270
Cost	1,485	10,628	43,000	45,230	25,027	359,270
Allowance	-	-	(37,502)	(30,893)	-	-
31 December 2008						
Percentage of ownership held:						
Directly	100%	100%	-	-	100%	100%
Indirectly	-	-	100%	100%	-	-
% of voting power	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	36	652	5,000	8,640	25	25
Reserves	1,304	2,952	(458)	(4,678)	26,089	42,457
Net profit for the year	139	27,135	1,013	3,718	1,067	5,843
Carrying amount of the investment (Group)	1,485	10,628	5,498	7,679	25,027	359,270
Cost	1,485	10,628	43,000	45,230	25,027	359,270
Allowance	-	-	(37,502)	(37,551)	-	-

Note: All the information relating to the companies indicated was obtained from the separate financial statements of the various companies and, therefore, does not include the effect that would result from applying consolidation criteria to the investments