



Solutions with you in mind

Annual Report **2007**

2007, a milestone year for Almirall...

Successful IPO in June
Outperforming the IBEX index by 6%

Results in line with strategic objectives

Two successful Pan-European acquisitions
Expanded international presence

R&D pipeline moving forward as planned
Acidinium bromide is progressing on schedule and will generate significant newsflow in 2008

Proposal of a 40% dividend to the Annual General Meeting

... with results in line with our strategic objectives.

Leveraging R&D

- Increase of R&D staff to 575 in 2007
- Increase of the R&D/Sales ratio to 15.4% in 2007
- Phase III of acidinium bromide and the rest of pipeline satisfactorily progressing
- 2 new candidates under development for rheumatoid arthritis and multiple sclerosis

Growing internationally

- Acquisition of Hermal, a leading German dermatological company
- Acquisition from Shire of a portfolio of 8 products
- Sales growth driven by international sales. The International Sales/Total Sales ratio rose to 34% in 2007

Defending Spanish leadership

- 1st Spanish pharma company
- 3rd place in the Spanish market*

*IMS 2007 (includes co-promotion sales)

Net Sales
(in million Euros)

€ 792.5
+4.5%

Other Income
(in million Euros)

€ 124.9
+29.9%

Total Revenue
(in million Euros)

€ 917.4
+7.4%

2007 Income Statement

(rounded to nearest million Euros)

	2007	2006
Net Sales	792.5	757.9
% change	4.5%	3.0%
Gross Profit	484.6	474.7
% sales	61.2%	62.6%
Other Income	124.9	96.1
EBITDA	170.3	144.0
% sales	21.5%	19.0%
Depreciation and amortisation	36.0	28.7
EBIT	134.3	115.3
% sales	16.9%	15.2%
Net Income	131.2	147.3
% sales	16.6%	19.4%
Normalised Net Income	134.6	117.5
% sales	17.0%	15.6%

EBITDA
(in million Euros)

€ 170.3
+18.3%

EBIT
(in million Euros)

€ 134.3
+16.5%

Normalised Net Income
(in million Euros)

€ 134.6
+14.6%

EPS*
(in million Euros)

€ 0.79

*Earnings Per Share

Financial Debt
(in million Euros)

€ 466.1

Net Financial Debt*
(in million Euros)

€ 311.1
x1.8 EBITDA 2007

Cash Flow from
Operating Activities
(in million Euros)

€ 179.0
+9.1%

2007 Balance Sheet (at December 31st)

(rounded to nearest million Euros)

	2007	% of BS	2006
Goodwill	274.3	19.1%	47.3
Intangible Assets	383.4	26.6%	85.2
Property, Plant and Equipment	179.3	12.5%	151.5
Non-Current Financial Assets	6.3	0.4%	54.3
Other Non-Current Assets	144.2	10.0%	112.4
Total Non-Current Assets	987.5	68.6%	450.7
Inventories	112.9	7.8%	94.6
Accounts Receivables	107.0	7.4%	100.1
Cash and Equivalents	190.0	13.2%	421.4
Other Current Assets	41.8	2.9%	47.3
Total Current Assets	451.6	31.4%	663.5
Total Assets	1,439.1	100%	1,114.2
Shareholders Equity	573.7	39.9%	763.2
Financial Debt	466.1	32.4%	5.8
Other Non-Current Liabilities	187.4	13.1%	139.0
Other Current Liabilities	211.9	14.7%	206.2
Total Equity and Liabilities	1,439.1	100%	1,114.2

2007 Cash Flow

(rounded to nearest million Euros)

	2007	2006
Profit before tax	129.2	145.8
Depreciation and amortisation	36.0	28.7
Change in Working Capital	-26.8	0.8
Other Adjustments	40.6	-11.3
Cash Flow from Operating Activities	179.0	164.1
Financial Income	21.3	21.9
Investments	-582.3	-79.6
Divestments	108.9	86.7
Changes in scope of Consolidation	-85.8	-0.3
Other Cash Flows	6.7	-0.9
Cash Flow from Investment Activities	-531.2	27.9
Unlevered Free Cash Flow	-351.2	191.9

*Financial Debt (€466.1m) – Cash and equivalents (€190.0m) + Pension Plan Liabilities (€35.0m) = €311.1m



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Message from the Chairman and CEO



2007 was a good year for Almirall. Among our most significant achievements were: solid financial results, a successful IPO in June, two major acquisitions in Europe in the second semester, and our pipeline moving forward according to plan, particularly acridinium bromide, our major R&D asset.

In terms of financial results, we have reached our set targets. Sales have increased despite price erosion in some countries and, thanks to our licensing strategy, Other Income has grown significantly.

Our total revenue (Net Sales + Other Income) exceeded €917m (+7.4%). R&D expenditure increased by 40%, which is a positive indicator of the progress our pipeline. P&L management significantly improved the EBIT (+16.5%), the EBITDA (18.3%) and the normalised net income (+14.6%).

The generation of cash flow from operating activities rose to €179m (+9.1%) and our net financial debt was in the region of €311m (1.8 times the EBITDA for the year), meaning our balance sheet as at December 31st leaves us in a strong position to finance new corporate development projects.

These solid results make it possible for us to propose a 40% dividend at the Annual General Meeting to be held on May 9th 2008.

From the point of view of Operations, this has also been a successful year. International sales have increased the group's overall sales. Our catalogue of products is well diversified to avoid excessive dependence on a single product. The two acquisitions made in 2007—the German company Hermal and a portfolio of eight products from the pharmaceutical company Shire—have strengthened our pan-European presence, particularly in key European countries. Moreover, these acquisitions have enabled us to open affiliates in the United Kingdom-Ireland, Austria, Poland and Switzerland.

As we are acutely aware that progress in the pharmaceutical sector is based on constant innovation, our strategy consists in promoting the creation of innovative, competitive drugs.

2007 was also a key year for our R&D. Our research into new drugs is progressing adequately and places us at the forefront of the sector. It should be highlighted the international development of acridinium bromide, a new compound of our own R&D for the treatment of COPD (Chronic Obstructive Pulmonary Disease). The recruitment of patients for Phase III was completed in June. In September, the results of Phases I and IIa were successfully presented to the scientific community at the ERS Congress (European Respiratory Society) in Stockholm.

Over the past year, two new compounds for rheumatoid arthritis entered the development phase. Current R&D projects are focused into drugs for inflammatory diseases.

Almirall has increased its presence worldwide. In terms of turnover, we are currently among the top 70 laboratories in the world, and are among the 36 most relevant pharmaceutical companies at a European level. Our products are present in over 70 countries on the five continents. In recent years, Almirall's international expansion has been based on the marketing of ebastine, almotriptan and aceclofenac, which are all the result of the company's own R&D activities.

Strong financial results, a successful IPO, two major Pan-European acquisitions and our pipeline moving forward meant 2007 was a good year for Almirall.

In 2007, the company's own drugs generated 45% of its Net Sales. In Spain, we are among the leading pharmaceutical companies that operate in the country, with a market share of more than 5%, a position we intend to maintain.

We wish to continue expanding internationally. Whilst in 2007 around 34% (over €792m) of our Net Sales were made on international markets, our target for 2008 is that they account for between 40 and 45%. In countries in which we do not have our own sales force, we will continue to enter into strategic alliances with prestigious companies. Our 1,800-plus international sales team (across the world) will continue to distribute our products along with those of other leading pharmaceutical companies.

We have been consistent with the messages issued during the IPO. Our strategy, which is based on leveraging R&D, growing internationally and defending Spanish leadership, has been carried out in a balanced, coherent manner. The annual sales results that we are presenting today are in line with market expectations.

As an investment, Almirall combines a solid, well-established, cash generative business with the potential of its pipeline. We aim to turn our growth into value for our shareholders.

There will be significant newsflow in 2008, particularly with regard to acclidinium bromide. We are convinced that this drug will significantly improve the condition of patients suffering from COPD.

The pharmaceutical industry is a key industry for progress. It not only creates wealth and employment, but also contributes to society by introducing innovative drugs that help to safeguard the well-being and health of people. At Almirall, more than 3,400 people worldwide strive to make this business project a reality.

Thank you for placing your trust in Almirall.



Jorge Gallardo
Chairman and CEO





Mission-Vision, Corporate Values and Strategic Goals

Our objective is to provide society with products and services designed to satisfy health needs, and to do so from a leading position based on team work, professionalism and transparency.



Mission-Vision The essence of our identity

Almirall's Mission Statement outlines the company's identity and determines the common goals that shape its future activities. It serves as a basic set of guidelines that sums up our particular way of conceiving the idea of work. It is divided into three sections, each of which focuses on a specific aspect of Almirall's essential make-up, namely:

- **Contribution to society.**
To research and develop top quality products and services which add value to society in order to satisfy health requirements by solving medical, social and economic problems.
- **Position as a pharmaceutical company.**
To consolidate our international presence, specially pursuing our leadership position in Spain.
- **Values that govern our lines of action.**
To encourage a corporate culture based on professional attitudes and teamwork while sustaining a climate where employees feel motivated and identified with the company's goals and values.

Almirall's culture is based on professionalism and teamwork, which makes our personal and collective efficiency one of our competitive advantages. A vision of integration and respect for different backgrounds is also part of our corporate culture.

Drugs are at the heart of our business, but Almirall's driving force are its people.

Almirall's corporate values

People carry actions through and leave their hallmark on a company's work ethic. This is why at Almirall we have adopted a set of corporate values that inspire and define the everyday running of our business activities.

Professionalism.

Acting with responsibility, accuracy and efficiency.

Innovation and creativity.

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

Effectiveness and agility.

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

Teamwork.

Co-operating with colleagues, meeting obligations in all the company's organisational areas.

Leadership.

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

Customer focus.

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

Transparency.

Maintaining an attitude of accessibility to others and supplying any information needed to understand and to develop the work of all the colleagues.



Strategic Goals The pillars of our growth

Almirall's growth is currently based on the following strategic goals:

- **Leveraging R&D.**
Almirall has successfully launched 7 new drugs over the past 30 years on its home and international markets. The company is committed to innovation and R&D as a driving force of future growth.
- **Growing internationally.**
Over the past decade, Almirall has expanded onto international markets and has affiliates in Europe and Latin America. The basis for this international expansion has been the launch of three of its own R&D products: ebastine, almotriptan and aceclofenac. Almirall continues its international growth strengthening its direct presence in key European countries.
- **Defending Spanish leadership.**
Despite constant international growth, the Spanish market is still the company's greatest source of sales. Almirall has been, still is and wishes to continue being a leading company on the Spanish market.

In 2007, Almirall's activities were in line with its strategic goals.

Our new strategic goals are to leverage R&D, grow internationally and defend Spanish leadership.

2007: Results in line with strategic goals

Key events in 2007

Leveraging R&D

- Increase of R&D staff to 575 in 2007.
- Increase of the R&D/Sales ratio to 15.4% in 2007.
- Phase III of acridinium bromide and rest of pipeline moving forward.
- 2 new candidates under development for rheumatoid arthritis and multiple sclerosis.

Growing internationally

- Acquisition of Hermal, a leading German dermatological company.
- Acquisition from Shire of a portfolio of 8 products.
- Sales growth driven by International Sales.
- The International Sales/Total Sales ratio rose to 34% in 2007.

Defending Spanish leadership

- 1st Spanish pharma company.
- 3rd position in the Spanish market*.

*IMS 2007 (includes co-promotion sales)





Operations

Almirall's proven track record and prestigious reputation are harbingers of the company's growing leading role on the European stage. Our business model and balanced portfolio of products make this possible.

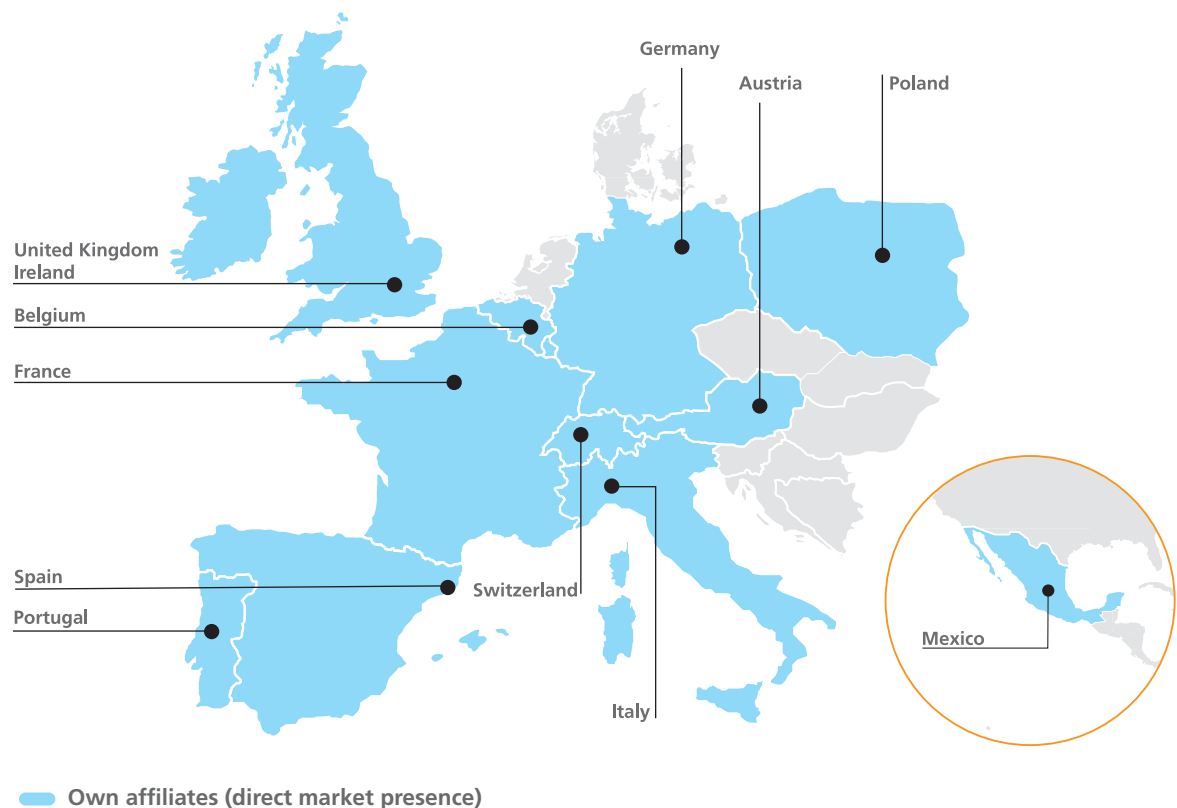


A proven track record and a solid reputation

Since its foundation in 1944, Almirall has become a leading R&D-driven pharmaceutical company with an increasing presence on the European stage, and with proprietary drugs sold in more than 70 countries.

Based in Barcelona (Spain), Almirall started a successful process of internationalisation more than a decade ago through the establishment of affiliates in France, Germany, Italy, Belgium, Portugal and Mexico. More recently, it acquired Hermal, a German company, and a product portfolio of Shire and opened new affiliates in the United Kingdom-Ireland, Austria, Poland and Switzerland.

Most of the products marketed by Almirall are manufactured in the pharmaceutical and chemical plants that the company owns in Spain, Germany and France. These facilities, which are equipped with the latest technology, produce a broad portfolio of proprietary drugs and have enough capacity to increase production in future years. Almirall manufactures its products to stringent standards in relation to quality, environmental safety and cost efficiency.



Almirall has a foothold in over 70 countries worldwide through 11 own affiliates and collaboration agreements with international pharmaceutical companies.

Almirall's business model

Almirall's business model is structured around two fundamental market strategies. Directly (own sales forces) or indirectly (third-party sales forces), Almirall's products are present in more than 70 countries across the five continents.

1. Drugs sold via the company's own affiliates

Both the products derived from Almirall's own research and other products licensed to the organisation by third parties (license-in) are marketed and sold through the company's own sales force. Today, this sales force is fully consolidated in Spain and across the European and American continents via a network of affiliates based in Austria, Belgium, France, Germany, Italy, Mexico, Poland, Portugal, Switzerland, and the United Kingdom-Ireland.

Under license-in agreements, Almirall markets the drugs of other pharmaceutical companies through its own affiliates. Almirall has an excellent track record of partnering with major pharmaceutical companies to market their products in Spain — and increasingly within Europe — via license-in agreements.

Below are details of the most important license-in agreements in force in 2007.

Major Almirall license-in agreements

Molecule	Partner	Almirall Brand
Atorvastatin	Pfizer	<i>Prevenkor</i>
Fluticasone + Salmeterol	GSK	<i>Plusvent</i>
Venlafaxine	Wyeth	<i>Dobupal</i>
Lansoprazole	Takeda	<i>Opiren / Opiren Flas</i>
Escitalopram	Lundbeck	<i>Esertia</i>
Risedronate	Sanofi-Aventis	<i>Actonel</i>
Candesartan - Candesartan/HCTZ	Takeda	<i>Parapres / Parapres Plus</i>
Amlodipine	Pfizer	<i>Astudal</i>
Tolterodine	Pfizer	<i>Urotrol / Urotrol Neo</i>
Pantoprazole	Nycomed	<i>Pantopan</i>



2. Sales via third-party sales forces

Almirall markets products of its own research through collaboration agreements with other leading multinational pharmaceutical companies, thus allowing Almirall to establish a presence in those markets where it does not operate through its own affiliates.

Below are details of the most important license-out agreements in force in 2007 for ebastine, almotriptan and aceclofenac.

Major Almirall license-out agreements worldwide

Ebastine

Dainippon-Sumitomo	Japan
Nycomed	Nordic and Baltic countries, Russia and the CIS
Aspen	South Africa
BMS	Egypt
Boryung	Korea
Chiesi	Italy
Eisai	China and Hong Kong
Elmor	Venezuela
Eurofarma	Brazil
Grünenthal	Ecuador
Highnoon	Pakistan
Eczacibasi	Turkey
Novis	Greece
OEP	Taiwan

Almotriptan

Ortho-McNeil (J&J)	USA and Canada
Nycomed	Nordic countries
Merz	Switzerland
Solvay	Italy
Pharmachemie	The Netherlands
Farma Lepori	Spain

Aceclofenac

Gedeon Richter	Eastern Europe
Nycomed	Russia and the CIS
Abiogen	Italy
Biomeks	Turkey
BMS	Egypt
Coopermaroc	Morocco
Daewong	Korea
Elmor	Venezuela
Eurofarma	Brazil
Farma Lepori	Spain
Galenica	Greece
Highnoon	Pakistan
Novis	Greece
UCB	United Kingdom
Crinos	Italy
Droguerie Phenicie	Lebanon

The company's positive evolution is reflected through over €792m in net sales in 2007, 90% of which were achieved through the company's own sales forces.

Net Sales segmentation for 2007

Almirall's Net Sales exceeded €792m in 2007.

The following table gives a detailed breakdown of sales according to different segmentation criteria.

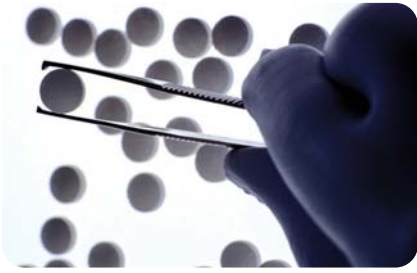
Net Sales by Business		(rounded to nearest million Euros)		
	2007	2006	Change	
Own Sales Forces (Spain)	521.3	517.1	0.8%	
Own Sales Forces (Affiliates)	186.4	161.0	15.8%	
Licensee Sales	66.1	60.8	8.7%	
Corporate Sales	18.7	19.0	-1.6%	
Total	792.5	757.9	4.5%	

66% of the sales in 2007 (€521.3m) were made in Spain and 24% (€186.4m) through international affiliates. Therefore, almost 90% of the sales recorded during the year were achieved through the company's own sales infrastructure, with international sales, especially in Germany, France and Mexico, being the biggest contributor to the overall increase.

Sales by licensees of Almirall's proprietary drugs (license-out) in those markets where the company does not have a direct presence rose by 9% compared to the previous year. This increase was led by Korea, Eastern Europe, Turkey and the Middle East.

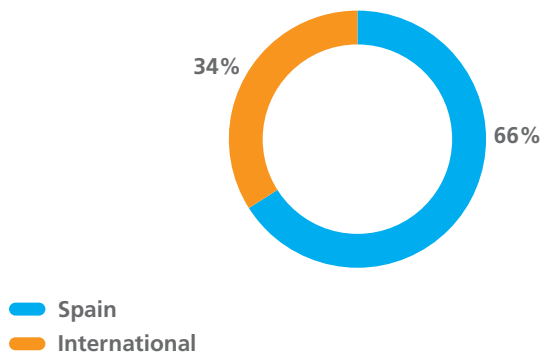
Corporate sales fell compared to 2006. This category essentially includes toll manufacturing for third parties.

Net Sales by Region		(rounded to nearest million Euros)		
	2007	2006	Change	
Spain	521.3	517.1	0.8%	
Europe and the Middle East	178.6	156.7	14.0%	
America, Africa and Asia-Pacific	73.8	65.1	13.4%	
Corporate Sales	18.7	19.0	-1.6%	
Total	792.5	757.9	4.5%	



From a geographical point of view, sales rose significantly in all regions, especially on an international level. This trend, combined with the acquisition of Hermal (4 months worth of Hermal's international sales were included in the 2007 financial year), has resulted in a larger proportion of international sales (from 32% in 2006 to 34% in 2007) in the group's total sales.

Distribution of domestic sales vs. international sales



It is anticipated that in 2008 the international sales of Almirall will account for between 40 and 45% of total sales.

Almirall's portfolio is characterised by a balanced proportion of proprietary and licensed products, and a balanced contribution to turnover.

A well-balanced portfolio

Approximately 70% of the Net Sales achieved in 2007 were derived from the 10 top selling drugs, which overall recorded a positive performance throughout the year. These include *Esertia*, *Parapres*, *Plusvent*, *Prevenor*, almotriptan and ebastine. In contrast, sales of aceclofenac, *Opiren* and *Dobupal* decreased vs. the previous year.

Net Sales of the Top 10 Drugs (rounded to nearest million Euros)

	2007	2006	Change
Ebastine	100.4	98.3	2.2%
<i>Prevenor</i> (atorvastatin)	92.8	83.7	11.0%
<i>Plusvent</i> (salmeterol + fluticasone)	63.0	56.4	11.7%
Aceclofenac	52.7	60.9	-13.4%
<i>Dobupal</i> (venlafaxine)	51.1	53.4	-4.3%
Almotriptan	47.4	44.8	5.8%
<i>Esertia</i> (escitalopram)	47.3	36.2	30.7%
<i>Parapres</i> (candesartan cilexetile)	35.5	30.8	15.2%
<i>Opiren</i> (lansoprazole)	32.6	36.2	-9.9%
Almagate	25.9	25.6	1.2%
Other	243.7	231.7	5.2%
Total	792.5	757.9	4.5%

Almirall markets a diverse portfolio of drugs, which is characterised by:

- A balanced proportion between proprietary drugs and products licensed to Almirall by other pharmaceutical companies.
- Appropriate diversification by multiple therapeutic areas.
- A balanced contribution of drugs to turnover. Sales are not overexposed to any particular drug. The drug that brought in the most sales to the company (ebastine) accounted for 13% of overall sales in 2007.



Top 10 selling products in 2007

Name of product	% group sales	Almirall R&D	Licenses	Therapeutic Area
Ebastine	13	•		Respiratory
Prevencor (atorvastatine)	12		•	Cardiovascular
Plusvent (salmeterol + fluticasone)	8		•	Respiratory
Aceclofenac	7	•		Musculoskeletal
Dobupal (venlafaxine)	6		•	Central Nervous System
Almotriptan	6	•		Central Nervous System
Esertia (escitalopram)	6		•	Central Nervous System
Opiren (lansoprazole)	4		•	Gastrointestinal
Parapres (candesartan cilexetile)	4		•	Cardiovascular
Almagate	3	•		Gastrointestinal
10 main products	69	•	•	
Other	31	•	•	
Total	100	45%	55%	

The company's net sales by therapeutic area also reflect its diversification of specialities. These include the respiratory area, in which Almirall is researching new drugs and which includes acclidinium bromide. The experience of Almirall's sales force constitutes a commercial asset for new potential licenses-in from other pharmaceutical companies, especially in Spain, but also increasingly at European level.

Net Sales by Therapeutic Area

(rounded to nearest million Euros)

	2007	2006	Change
Respiratory	176.2	167.0	5.5%
Central Nervous System	172.6	167.4	3.1%
Cardiovascular	162.0	153.0	5.9%
Digestive	128.4	125.5	2.3%
Osteomuscular	78.3	87.8	-10.9%
Dermatology	29.3	9.3	315.0%
Urology	22.0	19.5	12.8%
Oncology	4.6	6.7	-31.3%
Other therapeutic areas	6.7	11.2	-40.1%
Miscellaneous	12.3	10.4	18.2%
Total	792.5	757.9	4.5%

Innovation is the main driving force behind Almirall's growth: four of its R&D proprietary drugs are among its top ten products.

Drugs from Almirall's own R&D activities A commitment to innovation: 4 drugs from Almirall's own R&D activities among its top 10

Ebastine, together with aceclofenac and almotriptan, has underpinned Almirall's international growth in the last few years.

Ebastine

Ebastine is a drug developed by Almirall launched in Spain in 1990 and that to date has been marketed in 35 countries worldwide through the group's own affiliates and licensees. The leading antihistamine in Spain, ebastine is designed to combat allergic rhinitis and hives. Its effectiveness and safety are backed by thorough extensive research, with more than 100 clinical trials having been conducted on over 15,700 patients. In 2005, a new formulation in the shape of a lyophilised tablet was designed. It dissolves rapidly in the mouth without the need to be taken with water. This is a highly innovative formulation on the antihistamine market, which is also proving to be popular with patients suffering from allergies. In 2007, ebastine sales accounted for 13% of Almirall's sales.



Almotriptan

Almotriptan is one of the drugs developed by Almirall's R&D division. Thanks to the results of the initial clinical trials, the favourable feedback since it has been on the market and recent new studies, it is one of the triptans (the most selective therapeutic class in migraine treatment) preferred by neurologists and General Practitioners. Since it was first launched in Spain in 2000, almotriptan has been launched in another 18 countries (including the USA and Canada) and is also marketed in Belgium, France, Germany, Italy and Portugal and the United Kingdom through the company's own affiliates. The sound scientific evidence that attests to the efficiency of almotriptan led it to becoming the first Spanish proprietary drug to be approved by the Food and Drug Administration (FDA). In 2007, almotriptan sales accounted for 6% of Almirall's sales.





Aceclofenac

Aceclofenac belongs to the group of non-steroid anti-inflammatory drugs (NSAID) and anti-rheumatic drugs. It is used for the treatment of painful inflammatory processes such as lower back pain, toothache, joint pain and inflammation associated with chronic joint disorders, including osteoarthritis and rheumatoid arthritis. It is a drug developed by Almirall's R&D division, which was put on the market in Spain in 1992. In 1995 it received clearance for sale in the rest of Europe, and was the first Spanish research drug to be approved in the United Kingdom. It is now registered in over 70 countries and distributed both through licensees (license-out) and via the company's own affiliates. Over 84 million people worldwide have been treated with aceclofenac. Currently, aceclofenac is the most prescribed drug by orthopaedic surgeons in Spain. Overall sales of the drug accounted for 7% of Almirall's sales in 2007.



Almagate

Almagate is an antacid developed by Almirall's R&D division. Launched in Spain in 1984, it is an emblematic product and the undisputed leader of the antacid market, with a market share of 65% in Spain (according to IMS MAT data from December 2007 for the antacids A2A1 market). After more than twenty years on the market almagate has built a solid reputation for itself, and its excellent track record of safety, efficiency and quick action give it a crucial differentiating factor. Since its creation 24 years ago, almagate has been marketed in a range of different forms, the most recent one being a soft chewable tablet that makes it easier to take the drug. It was launched in September 2005.



Our manufacturing process is in strict compliance with quality standards and regulations. We are a cost-efficient and environmentally-friendly company.

Production

Industrial strategy: key to growth

Almirall's industrial setup ensures that quality drugs are manufactured in the amounts and within the timeframe required to meet the overall demand for our products. Our manufacturing process fulfils all of the company's quality guidelines and is in strict compliance with international environmental, safety and manufacturing standards.

All proprietary R&D products are manufactured in Almirall's pharmaceutical and chemical plants. The company's production capacity is able to meet current demand and expected demand over the years to come.

Almirall's industrial strategy is based on its continued efforts to improve cost efficiency.

The production process manufactures both pharmaceutical products (multiple forms produced) and chemical products (proprietary active principles).

Manufacturing plants

Pharmaceutical plants	Sant Andreu de la Barca (Barcelona-Spain)
	Sant Just Desvern (Barcelona-Spain)
	Reinbek (Germany)
	Château-du-Loir (France)
Chemical plants	Sant Andreu de la Barca (Barcelona-Spain)
	Sant Celoni (Barcelona-Spain)



Key features of our manufacturing plants

Pharmaceutical Plants

Production in 2007: 121.6m units
Capacity (two shifts): 163.6m units
Available capacity in two shifts: 26%

Pharmaceutical Plant in Sant Andreu de la Barca (Barcelona-Spain)

Production in 2007: 48.2m units
Maximum production capacity: 65.6m units
Surface area: 28,252 m²

Pharmaceutical Plant in Sant Just Desvern (Barcelona-Spain)

Production in 2007: 32.1m units
Maximum production capacity: 41.4m units
Surface area: 8,310 m²

Pharmaceutical Plant in Reinbek (Germany)

Production in 2007: 35.4m units
Maximum production capacity: 47.0m units
Surface area: 21,000 m²

Pharmaceutical Plant in Château-du-Loir (France)

Production in 2007: 5.9m units
Maximum production capacity: 9.6m units
Surface area: 6,251 m²

Almirall has four pharmaceutical plants and two chemical plants in Spain, Germany and France.

Chemical Plants

Production in 2007: 147.5 mt
Capacity (two shifts): 239.2 mt
Available capacity in two shifts: 38%

Chemical Plant in Sant Celoni (Barcelona-Spain)

Production in 2007: 93.2 mt
Maximum production capacity: 173.3 mt
Surface area: 5,904 m²

Chemical Plant in Sant Andreu de la Barca (Barcelona-Spain)

Production in 2007: 54.3 mt
Maximum production capacity: 65.9 mt
Surface area: 3,973 m²





Research and Development

Constant advancement makes us leaders.
Almirall's mission is to produce innovative drugs
that improve people's quality of life.



Conducting Research and Development on new drugs with high added value is one of Almirall's core strategic objectives. To achieve this, the company relies on highly-qualified research staff, facilities and technology. In recent decades, it has successfully launched new drugs both in Spain and internationally.

The importance of R&D at Almirall An innovative approach to improve the quality of living

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

In 2007, approximately 15% of sales and 15% of human resources (one out of seven employees) were devoted to R&D activities, with total R&D spending of more than 122 million Euros. The company's own R&D products accounted for nearly 45% of sales for that year.

Over the last 30 years, Almirall has dedicated significant resources to R&D. These efforts have materialised in the launch of 7 new drugs since 1979, including almotriptan (*Almogran*), ebastine (*Ebastel*) and aceclofenac (*Airtal*), which stand out because of their scientific and therapeutic interest, as well as their international reach.

Molecules	Therapeutic area	Year of launch	Brands	International presence
Almotriptan	Central Nervous System (Antimigraine)	2000	<i>Almogran, Amignul and Axert</i>	Europe, America, Africa and Asia Pacific
Aceclofenac	Osteomuscular (Anti-inflammatory)	1992	<i>Airtal, Air-tal, Airtal Difucrem, Beofenac, Biofenac, Bristaflam and Cartrex</i>	Europe, America, Africa and Asia Pacific
Ebastine	Respiratory ⁽¹⁾ (Antihistamine)	1990	<i>Ebastel, Ebastel Flas, Ebastel Forte, Estivan, Evastel, Evastel-D, Kestin, Kestine and Rino-Ebastel</i>	Europe, America, Africa and Asia Pacific
Cinitapride	Digestive (Gastroprokinetic)	1990	<i>Cidine and Pemix</i>	America
Piketopufen	Osteomuscular (Anti-inflammatory)	1985	<i>Calmatel and Picalm</i>	Europe
Almagate	Digestive (Antacid)	1984	<i>Almax and Almax Forte</i>	America and Asia Pacific
Clebopride	Digestive (Gastroprokinetic)	1979	<i>Cleboril, Clebutec, Flatoril and Motilex</i>	Europe and Asia Pacific

(1) Also included by association are products used for the treatment of allergy.

The development of innovative drugs and their launch on the international market have been key to Almirall's growth over the past 30 years.

R&D Strategy

Specialist therapeutic approach and risk management

Almirall's current research and development strategy is based on three core aspects. These are described below.



1. Specialist therapeutic approach

Almirall is currently directing its research efforts towards the development of new drugs capable of providing efficient solutions for the treatment of inflammation-related diseases, particularly in the following therapeutic areas and indications, in which the inflammatory process is the common denominator.

Therapeutic area	Therapeutic approach (indications)
Respiratory	Asthma and Chronic Obstructive Pulmonary Disease (COPD)
Autoimmune	Rheumatoid Arthritis, Multiple Sclerosis and Psoriasis

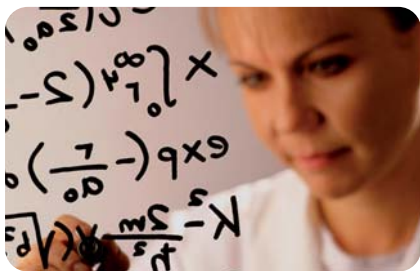
Almirall's extensive scientific experience, the knowledge it has built up over the last years and the competitive edge provided by its leadership in the field mean that it is in a position to treat inflammatory processes successfully using different mechanisms of action.

2. Priority to validated targets

Almirall's strategy in terms of research into new drugs is aimed preferably, though not exclusively, at existing mechanisms of action (validated targets). The priority given to research into mechanisms of action whose effects on the disease are already known allows Almirall to strike the right balance in terms of the risks associated with R&D, as well as increasing the chances of success of the research programmes.

3. Comprehensive development of new drugs

Almirall believes it is essential to position the new drug adequately from the earliest phases of the R&D process. To achieve this, the characteristics of the future drug are determined by a multidisciplinary team comprised of R&D researchers and marketing specialists. This method of combining a scientific approach with a more commercial approach makes it possible to improve the viability of the future drug, according not only to the properties of the product, but also to the current competitive environment at the time of launch.



Almirall's research focus Working today thinking of tomorrow

Respiratory diseases

Asthma

Asthma is a chronic, inflammatory condition involving the respiratory system, characterised by airway constriction, recurrent wheezing episodes, breathing problems, chest tightness and coughing, especially at night and in the early hours of the morning. These episodes are associated with variable, reversible airway obstruction. Reversibility occurs either spontaneously or with treatment. The bronchial inflammation process is due to the presence of various inflammatory cells and their mediators, which over time will cause airway remodelling.

COPD

COPD (Chronic Obstructive Pulmonary Disease) is a preventable, treatable chronic inflammatory disease with significant pulmonary and extra-pulmonary effects which have an influence on the development and severity of the condition. The pulmonary component is characterised by only partially reversible airway obstruction, which is usually progressive and associated with an abnormal inflammatory response of the lungs to noxious particles such as tobacco smoke or noxious gases. Chronic inflammation causes airway remodelling (obstructive bronchiolitis and emphysema), which is one of the main causes of airway obstruction in COPD.

Autoimmune diseases

Rheumatoid Arthritis

Rheumatoid arthritis is a chronic, inflammatory autoimmune disorder which affects the synovial lining of joint cartilage, and causes pain, swelling and joint stiffness. It is a degenerative disease in which the inflammatory process ends up causing cartilage and bone destruction.

Multiple Sclerosis

Multiple sclerosis is an autoimmune disorder of the central nervous system in which the immune system attacks the myelin sheath responsible for the conduction of nerve signals. Symptoms vary depending on which part of the nervous system is affected by demyelination, and include visual problems, difficulty in moving and/or with coordination. It is the second most common neurodegenerative disorder in young adults.

Psoriasis

Psoriasis is a chronic inflammatory disease which affects the skin, characterised by excessive growth and abnormal differentiation of the epidermis and its keratinocytes. It commonly causes raised areas of scaly, inflamed patches which can cover a large proportion of the body surface. Psoriasis can manifest in a variety of forms. It is the most prevalent autoimmune skin disease.

Our facilities are equipped with the latest technology, and have been approved by regulatory bodies from across Europe, the USA and Japan. Almirall is in a firm position to conduct research into new drugs and produce them to the highest standards of quality.

Resources devoted to R&D **First-class professionals, facilities and technology dedicated to R&D**

Almirall has the innovative infrastructure it needs to meet the future challenges of research, with more than 40,000m² and 575 highly-qualified professionals committed to discovering new drugs, with the aim of improving people's health and quality of living.

Almirall carries out most of its R&D activities in its R&D facility located in Sant Feliu de Llobregat (Barcelona-Spain), and opened in 2006. This R&D centre houses all of the departments involved in the process of conducting research and development of a new drug (chemist, pharmacology, pharmaceutical and clinical departments). Equipped with the most advanced technology, it is a leader in Spanish biomedical research.

In Germany, the company has established a centre of excellence in pharmaceutical innovation in the Bad Homburg plant, specifically in the field of inhalation technology, and has laboratories specialising in dermatological development in the town of Reinbek.

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



Sant Feliu de Llobregat
Barcelona (Spain)



Bad Homburg (Germany)



Reinbek (Germany)



External partnerships A global network of excellence

In its efforts to make further advances in scientific research, Almirall has developed external partnerships in addition to the activities it carries out in its own facilities, by outsourcing some of its R&D to other institutions and CROs (Contract Research Organisations).

Additionally, the R&D department works with a leading network of both national and international public and private organisations, which partner with Almirall to supply and develop new technologies, as well as to provide research resources. Among these are several national (Alcalá, Barcelona, Santiago de Compostela, Valencia, Zaragoza) and international (Michigan, Southwest Texas, Florence, Dundee and the King's College London) universities.

Research programmes and new drug development

In 2007, the major resources dedicated to R&D (€122m) were devoted to improve the company's portfolio of potential future drugs.

The R&D involved in a new drug is a long and complex process, in which numerous molecules are subjected to rigorous physical, chemical and biological tests, so as to ensure strict compliance with the safety and efficiency requirements laid down by the legislation in force.

The productivity aim of the research stage is to provide two candidates for the development stage each year. In 2007, two research compounds made it to the development stage, namely LAS 186323 and LAS 187247, both of which are DHODH inhibitors aimed at the treatment of Rheumatoid Arthritis and Multiple Sclerosis.

Almirall conducts research to improve the quality of life of patients with COPD, asthma, rheumatoid arthritis, multiple sclerosis and psoriasis.

Ongoing respiratory and autoimmune projects (as of March 31st, 2008)

		Preclinical	Clinical			Estimated date of registration application
			Phase I	Phase II	Phase III	
Acridinium bromide (AB)	anti-muscarinic	COPD				2009
AB + LABA (LAS40464)	anti-muscarinic +LABA	COPD				2012
AB + ICS (LAS40369)	anti-muscarinic +ICS	COPD				>2012
LAS35201	anti-muscarinic	COPD				
LAS100977	OD LABA	Asthma-COPD				>2012
LAS186368	OD LABA	Asth.-COPD				>2012
LAS186323	DHODH inhibitor	AR/EM				>2012
LAS187247	DHODH inhibitor	AR/EM				>2012
Sativex*		Spasticity in Multiple Sclerosis				

* License from GW Pharmaceuticals for the European Union (except the United Kingdom)

-  Respiratory area
-  Autoimmune area



Acridinium bromide monotherapy: The anti-cholinergic bronchodilator, an M_3 selective muscarinic antagonist for the treatment of COPD, which is currently in phase III clinical development, having demonstrated a high level of clinical efficiency and safety. Acridinium bromide is a once-a-day drug which rapidly establishes its bronchodilating activity. Clinical trials in Phase III are scheduled to be completed in the second half of 2008, with the aim of filing for registration in the EU and USA in 2009.

The molecule is incorporated into a novel, multidose inhaler device owned by Almirall.

Combination of Acridinium Bromide and formoterol (LAS40464): A combination of bronchodilators for the treatment of COPD, which is currently in phase II of clinical development. At present, most patients with COPD are treated simultaneously with 2 bronchodilators. Regulatory agencies recommend that the 2 bronchodilators be included in the same device to encourage adherence to treatment.

Combination of Acridinium Bromide and ICS (LAS40369): A combination of a bronchodilator and an anti-inflammatory for the treatment of COPD, which is currently in the preclinical stage. COPD patients who suffer regular exacerbations are treated with inhaled corticosteroids as well as bronchodilators. Therefore, it is considered appropriate to combine both therapies in a single device so as to facilitate adherence to treatment on the part of patients.

LAS100977: A once daily beta 2 adrenergic bronchodilator for the treatment of asthma and COPD, currently in phase IIa of clinical development. Results obtained in healthy humans indicate that LAS100977 is a powerful once-a-day bronchodilator. These results are to be confirmed for asthmatic patients.

LAS186368: A once daily beta 2 adrenergic bronchodilator for the treatment of asthma and COPD, currently in the preclinical stage.

LAS186323: A DHODH inhibitor for the oral treatment of rheumatoid arthritis, which lessens two of the side effects of the reference compound. It is currently in the preclinical stage, and will enter phase I in the second half of 2008.

LAS187247: A DHODH inhibitor for the oral treatment of rheumatoid arthritis. Back-up of LAS186323 molecule. It is currently in the preclinical stage.

Aclidinium bromide is in an advanced stage of development and has demonstrated a high level of efficiency and clinical safety for COPD patients.

Ongoing Dermatology Projects (as of March 31st, 2008)

		Preclinical	Clinical			Estimated date fo registration application
			Phase I	Phase II	Phase III	
LAS41002	topical anti-inflammatory	Skin inflammation (eczema, psoriasis,...)			2008	
LAS41001	retinoid	Acne rosacea			2009	
LAS41005	combination	Non-melanoma skin cancer			2009	
LAS41004	combination	Psoriasis			>2012	
LAS41003	combination	Infected eczema			>2012	

LAS41002: A topical anti-inflammatory for the treatment of eczema, which is currently in clinical phase III compared with *Ecural*, and acts as a corticosteroid receptor. Its formulations make it possible to be used for different skin conditions.

LAS41001: This is a doxycycline derivative compound for oral treatment of rosacea, and is currently in phase III. Its action mechanism is interaction with the retinoid receptor. It is the first of its type to be used for the treatment of rosacea.

LAS41005: This combination product has an antimetabolic action on altered cells combined with keratinocyte destruction. The activity of the topical combination of the product is compared with *Solaraze*. The greater efficiency it has shown until now means it is likely to be used for the treatment of severe cases of keratosis.

LAS41004: This combination product is currently in the preclinical stage. The aim is to confirm the anti-inflammatory and modulating activity of cell proliferation in topical administration for the treatment of psoriasis and/or atopic dermatitis.

LAS41003: The topical combination of anti-inflammatory and antimicrobial activity means that this product, which is currently in preclinical stage, may be an interesting compound for the treatment of various types of skin infection with an inflammatory component.



Aclidinium bromide

About COPD

COPD (Chronic Obstructive Pulmonary Disease) is an umbrella term that covers a wide range of conditions characterised by a gradual limitation of the patients' respiratory capacity. Pulmonary emphysema and chronic bronchitis are among the most common diseases classified as COPD.

The vast majority of COPD cases are linked to the inhalation of tobacco smoke or other noxious gases over a prolonged period of time.

Although COPD is an under-diagnosed condition, its mortality rate and cost in terms of healthcare are increasing dramatically across the world.

The latest projections of the WHO (World Health Organisation) in relation to COPD show that:

- Approximately 80 million people are affected by COPD worldwide
- In 2005, COPD was responsible for over 3 million deaths in the world (5% of all deaths in the world that year), among which between 200,000 and 300,000 deaths in Europe.
- In 2005, COPD was the 4th most common cause of death in Europe. According to the WHO, it could become the 4th biggest cause of death in the world by 2030.

Aclidinium bromide will deliver significant newsflow in 2008, including those of Phase IIb in mid-May, and those of Phase III in the second half of the year.

Published data on aclidinium bromide

- After years of in-house R&D, aclidinium bromide (a long-acting antimuscarinic) is now in an advanced stage of development. This product is designed to treat patients suffering from COPD.
- Registration in Europe and the United States is scheduled for 2009.
- It is due to be launched in 2010 in Europe and in 2011 in the United States.
- The published results for Phases I and IIa indicate that the product is safe and efficient for the treatment of COPD.
- The results of Phase IIb will be presented at the ATS (American Thoracic Society) Congress in mid-May, and the initial results of Phase III will be presented in the second half of 2008.

What makes our inhaler different?

Aclidinium bromide is administered using an innovative inhaler invented by Almirall, which exhibits the following characteristics:

- A novel inhalation system which consists of only 2 steps: press and inhale
- It is provided with a unique system that confirms that the dose has been inhaled properly using three signals: a control window which changes colour, taste following inhalation, and an audible signal indicating that inhalation has been completed correctly.
- User friendly, easy-to-use and safe for the patient.





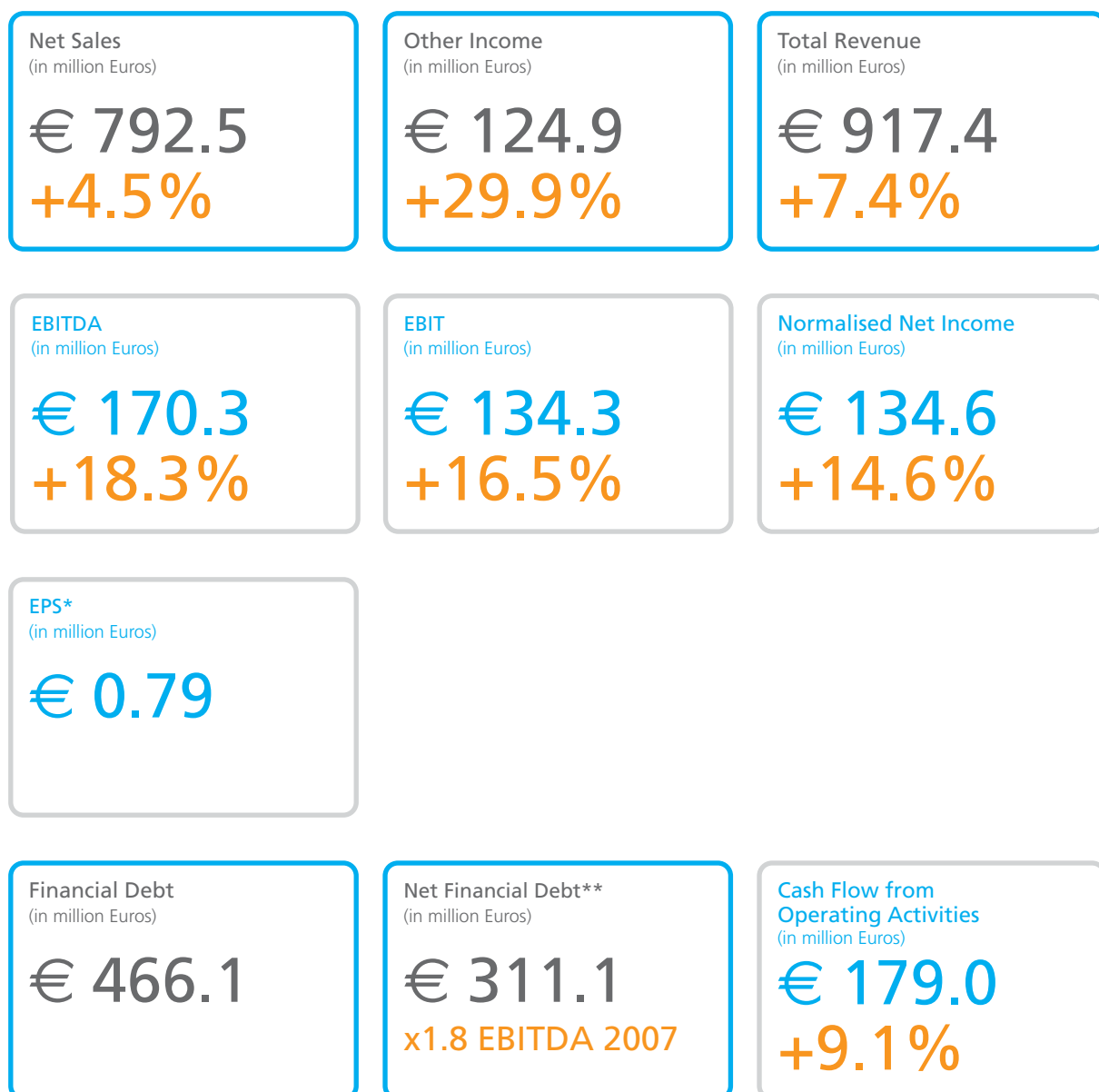


Finance and Corporate Development

Almirall's IPO and strong results marked the end of a milestone year for the company, setting a new yardstick in its history.



Overview of 2007



* Earnings Per Share

** Financial Debt (€466.1m) – Cash and equivalents (€190.0m) + Pension Plan Liabilities (€35.0m) = €311.1m

Almirall achieved strong results in 2007, which were in line with its objectives and market expectations.

Consolidated financial statements Key financial ratios for 2007

Summary

At a financial level, 2007 has been a particularly successful year for Almirall, not only because it successfully completed its IPO, but also because of the strong results it achieved, which were in line both with its objectives and with market expectations.

Almirall has been consistent with the messages it issued to the market when it went public.

Despite the price erosion experienced in some countries, mainly in Spain, the group recorded strong sales, thanks largely to the development of affiliates, with a strong increase in turnover, and to the contribution of Hermal's sales during the last 4 months of the year.

Other Income increased significantly thanks to the licensing strategy pursued by the company, which is based on partners contributing financially to R&D expenditure in return for future commercial rights in certain regions.

R&D spending increased by more than 40%, reflecting the healthy progress made by the pipeline. The biggest contributor to growth was Phase III of the acridinium bromide project.

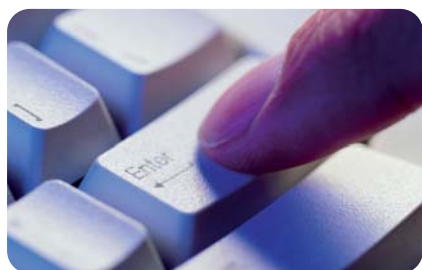
Furthermore, the measures taken to limit spending and improve management of the profit and loss account led to a 16.5% increase in EBIT and a 18.3% increase in EBITDA. Normalised Net Income rose by 14.6%, while non-normalised Net Income fell by 11% owing to the extra revenues earned in 2006 (from the sale of a building and business unit), and to the extra charges linked to the two acquisitions made during the financial year.

As at December 31st 2007, total Financial Debt stood at €466m and Net Financial Debt at €311m (1.8 times the EBITDA for the year).

Cash flow generated by operating activities rose to €179m, a 9% increase on 2006.

In conclusion, during 2007 the company has been consistent with both its messages and strategic objectives: leveraging R&D, growing internationally (especially in Europe) and defending Spanish leadership.

In the light of the above, and in line with the announcement it made at the time of going public, the company will submit a proposed dividend of 40% to the Annual General Meeting.



2007 Income Statement

(rounded to nearest million Euros)

	2007	2006	Change
Net Sales	792.5	757.9	4.5%
Gross Profit	484.6	474.7	2.1%
% of sales	61.2%	62.6%	
Other Income	124.9	96.1	29.9%
R&D	-122.0	-86.7	40.8%
% of sales	-15.4%	-11.4%	
SG&A	-351.2	-366.6	-4.2%
% of sales	-44.3%	-48.4%	
Other Expenses	-2.0	-2.3	-11.0%
% of sales	-0.3%	-0.3%	
EBIT	134.3	115.3	16.5%
% of sales	16.9%	15.2%	
Depreciation and amortisation	36.0	28.7	25.4%
% of sales	4.5%	3.8%	
EBITDA	170.3	144.0	18.3%
% of sales	21.5%	19.0%	
Other results	0.0	24.4	
Impairment losses	-10.2	-6.0	
Net Financial Income / (expenses)	5.0	12.1	
Tax	2.1	-4.4	
Discontinued Operations	0.0	5.9	
Net Income	131.2	147.3	-10.9%
Normalised Net Income	134.6	117.5	14.6%
Earnings per share (€) ⁽¹⁾	0.79	0.89	
Normalised Earnings per share (€) ⁽¹⁾	0.81	0.71	
Number of shares ⁽²⁾	166.1	166.1	
Number of employees at the end of the period ⁽³⁾	3,357	2,917	15.1%

(1) Number of shares after the Public Offering

(2) 166,098,610 shares

(3) Includes Hermal (a company acquired in 2007)

Comments on the 2007 Income Statement

Sales amounted to €792.5m, a 4.5% increase on the previous year. This increase was due mainly to the strong performance of *Esertia*, *Parapres*, *Plusvent*, *Prevencor*, almotriptan and ebastine. Globally, ebastine was yet again Almirall's top selling product, with a 2.2% increase over 2006 (for more details on sales see the Operations section).

In 2007, the introduction of a New Medicines Law caused the prices of a number of drugs to decrease in Spain, leading sales to stabilise in the country despite an increase in volume/units of nearly 6%.

The contribution of Hermal's Skincare business to sales over the last 4 months of the year was €24.9m.

Gross Profit rose by 2.1% compared to the previous year. The impact of price erosion, principally in Spain, the mix of sales and the acquisition of Hermal accounted for this increase and for a subsequent fall in the turnover rate, from 62.6% to 61.2%.

The acquisition of Hermal, whose profits have been consolidated since September 1st 2007, has eroded Almirall's Gross Profit due to the transactions model that existed with the former owner. This resulted in a smaller direct sales margin, as Almirall received part of the sales achieved by Hermal via Other Income. This effect will be transitory and will end once the businesses have been fully integrated.

The increase in Other Income, driven by the agreement entered into with Forest and the decrease in SG&A expenses, which is due to the measures taken to limit spending and to a reduction in the expenses related to the marketing agreement for Almirall Sofotec's inhaler, have resulted in significant improvements in both EBIT (+16.5%) and EBITDA (+18.3%), despite a sharp increase in R&D spending.

The group recorded a fixed asset impairment loss of €10.2m which affects both *Pantopan* (€8.2m) and *Sativex* (€2m). In the case of *Pantopan*, this was due to the impact of the price erosion, and in the case of *Sativex*, to regulatory delays in product approval.

The effective taxation rate decreased as a result of an increase in R&D spending and of its incremental effect on the tax deduction.

Normalised Net Income rose by 14.6%, while non-normalised income decrease by 11%. The explanation for this is that in 2006, the Net Income included the sale of an old R&D building and assets worth €29.7m linked to the manufacture and marketing of oncological products. Additionally, in 2007 there were non-recurring expenses of €3.4m related to the two acquisitions carried out in 2007.

Balance Sheet (December 31st)

(rounded to nearest million Euros)

	2007	% of total	2006
Goodwill	274.3	19.1%	47.3
Intangible Assets	383.4	26.6%	85.2
Property, Plant and Equipment	179.3	12.5%	151.5
Financial Assets	6.3	0.4%	54.3
Other Non-Current Assets	144.2	10.0%	112.4
Total Non-Current Assets	987.5	68.6%	450.7
Inventories	112.9	7.8%	94.6
Accounts Receivables	107.0	7.4%	100.1
Cash and Equivalents	190.0	13.2%	421.4
Other Current Assets	41.8	2.9%	47.3
Total Current Assets	451.6	31.4%	663.5
Total Assets	1,439.1	100%	1,114.2
Shareholders Equity	573.7	39.9%	763.2
Financial Debt	466.1	32.4%	5.8
Other Non-Current Liabilities	187.4	13.1%	139.0
Other Current Liabilities	211.9	14.7%	206.2
Total Equity and Liabilities	1,439.1	100%	1,114.2

Net Financial Debt as of December 31st stood at €311.1m (x 1.8 EBITDA 2007)

Comments on the Balance Sheet as of December 31st 2007

The Balance Sheet of the company as of December 31st 2007 reflects the impact of the main events that took place during the period.

The account Goodwill and Intangible Assets shows that portion of the acquisition cost of Hermal and Shire products which is attributed to these acquisitions.

Other Non-Current Assets include Deferred Tax Assets, which are comprised of the tax credits that can be attributed mostly to R&D expenditure, and which will be effectively used in future years.

The operational Accounts Receivables and Inventories include both Hermal's value after its acquisition and its Financial Assets (both current and non-current). These have decreased due to the effect of recent acquisitions and to the distribution of dividends at the beginning of the year.

On the liabilities side, Shareholders' Equity was substantially modified by the following events:

- a) Payment of a dividend of €420m in the first quarter of 2007.
- b) Capital increase as part of the IPO (€107m).
- c) Net profit for the year (€131m).

Money owed to financial institutions amounted to €466m (of which €403m were non-current), as a result of the financing of acquisitions.

On December 13th 2007, Almirall took out a syndicated loan for the sum of €275m for a period of five years, earmarked to finance the acquisition of Hermal, a German company, and the purchase from Shire of a portfolio of eight products. The syndication was led by Banco Bilbao Vizcaya Argentaria (BBVA) and involved the participation of six banks. The financing was divided into two portions: one loan of €200m with annual repayments, and a revolving loan for a maximum amount of €75m, maturing on December 13th 2012.

The Net Debt amounted to €311m after deducting liquidity and pension provisions (equivalent to 1.8 times the EBITDA for the year).


2007 Cash Flow

(rounded to nearest million Euros)

	2007	2006
Profit before tax	129.2	145.8
Depreciation and amortisation	36.0	28.7
Change in Working Capital	-26.8	0.8
Other Adjustments	40.6	-11.3
Cash Flow from Operating Activities	179.0	164.1
Financial Income	21.3	21.9
Investments	-582.3	-79.6
Divestments	108.9	86.7
Changes in scope of consolidation	-85.8	-0.3
Other Cash Flows	6.7	-0.9
Cash Flow from Investment Activities	-531.2	27.9
Unlevered Free Cash Flow	-351.2	191.9

Comments on Cash Flow

Cash flow generated from operations amounted to €179m, a 9% increase on 2006.

Depreciation and amortisation includes the impact caused by the acquisition of Hermal.

The Change in Working Capital is due mainly to an increase in the inventories related to the acquisition of Hermal and of Shire products.

Investments include Hermal Goodwill (€230m), the restatement of Hermal intangible assets (about €115m), licenses purchased from Shire (€135m), and Financial Assets (€67m).

The sale of financial assets is shown under Divestments.

Changes in scope on consolidation include the incorporation of Hermal tangible and intangible assets.

Following its IPO, Almirall made two major acquisitions in Europe which have contributed to its international expansion into key European markets.

Contents of the External Auditors Report

The External Auditors Report issued by Deloitte on April 2nd 2008 in relation to the Consolidated Annual Accounts for 2007 include:

- the consolidated Balance Sheet as of December 31st 2007
- the consolidated Profit and Loss account
- the consolidated Statement of equity changes
- the consolidated Cash Flow statement
- consolidated notes to the accounts

The said Report relating to the consolidated annual accounts contains a clean opinion.

A full copy of the consolidated annual accounts for 2007 and of the Auditors Report is available at www.cnmv.es, www.almirall.com and on the CD-ROM enclosed with our company brochure.

IPO and shareholders' base

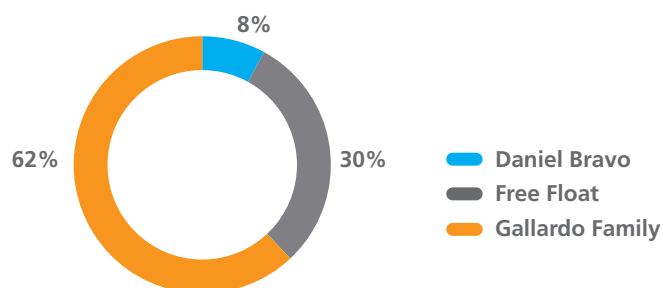
The IPO has provided Almirall with:

- A new source of financing to carry out acquisitions
- A greater capacity to gain access to capital markets
- An opportunity to gain international visibility and prestige, increasing the company's chances of securing licensing agreements both in Spain and across Europe, as well as new opportunities to license proprietary products to other companies



The following diagram describes the shareholding structure of the company as at December 31st 2007.

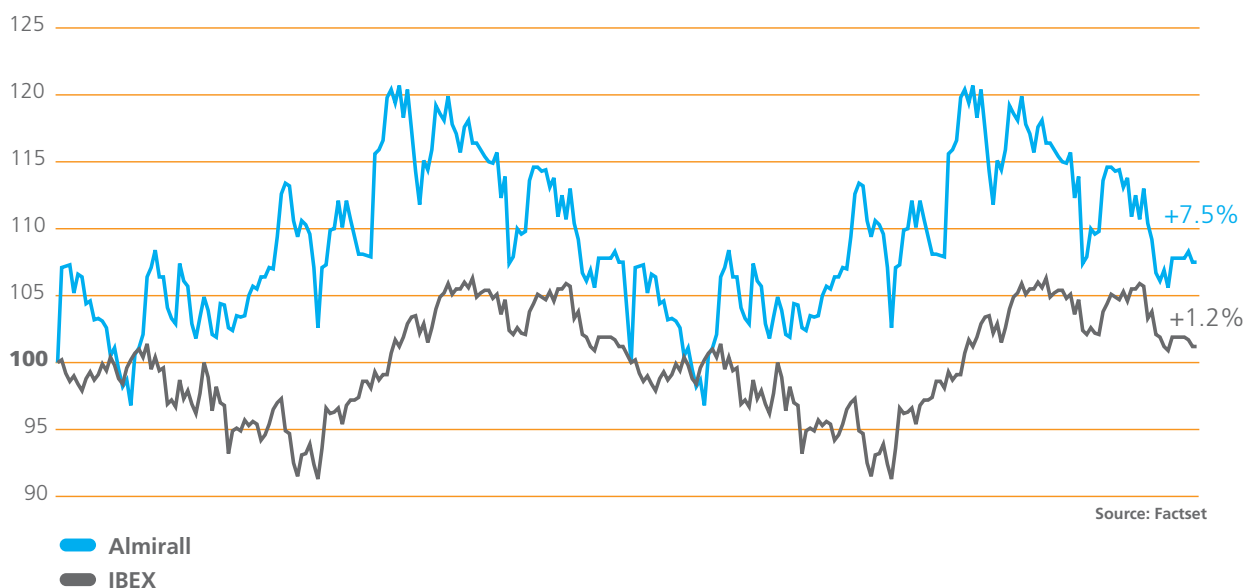
Shareholding Structure



The free float (30%) is mostly held by institutional investors (essentially United Kingdom, United States and Spain).

Since the IPO the company's share price has been one of the best performers in the European Mid Cap Pharma segment, as well as compared with the Ibex index during 2007.

Almirall share price versus IBEX 2007 between June 20th and December 31st 2007 (base: 100)



Source: Factset

In 2007 two Pan-European acquisitions enabled us to strengthen our international presence.

Corporate Development in 2007

In 2007, Almirall acquired the German company Hermal and a portfolio of eight products from Shire. Both acquisitions have strengthened our pan-European presence and have enabled us to open new affiliates in the United Kingdom-Ireland, Austria, Poland and Switzerland.

Acquisition of Hermal

A new boost to internationalisation

In August 2007, Almirall secured the acquisition of Hermal, a leading German prescription company specialising in dermatology and owned by Reckitt Benckiser, after obtaining clearance from German authorities. With this strategic deal, Almirall has strengthened its presence in several therapeutic areas by introducing products which are used for the treatment of psoriasis, eczema and various skin infections.

The acquisition of Hermal, with a workforce of more than 400 employees, 11% of whom are dedicated to dermatological R&D activities and 35% to sales and marketing, represented a significant step forward in the specialist market.

In 2007 the prescription products of the German prescription company were distributed in 14 European countries. With this acquisition, Almirall has strengthened its position in Germany, where the Hermal brand leads the dermatology market, and in Austria, where it occupies the second place.

Products acquired from Shire

A broader and more competitive portfolio

In December 2007, the company closed a deal to purchase eight products from Shire which included a sales force comprised of a team of 63 people, mainly in the UK and in other strategic countries in Europe (Germany, France, Italy and Ireland).

The acquired portfolio, which achieved sales of \$53.8m (approximately €38m) in 2006, of which 70% were made in the UK, it's a key step towards the company's European expansion and provides the critical mass needed to establish an affiliate in the UK.





Social Commitment

Almirall upholds its commitments: with the environment, with the people who work for the company, with health professionals and, of course, with patients.



Almirall contributes on a daily basis to social well-being through three lines of action:

Social Commitment: Lines of action

Environment



Employees

Patients and Health Professionals

Respect for the environment, supporting patients and health professionals, and the on-going advancement of our employees are the basis of our social commitment.

Respect for the environment Environmental commitment

Almirall's environmental policy is a faithful reflection of its commitment to the environment, which is built on the following basic principles:

Complying with current regulations. Almirall adheres rigorously to all regulations related to waste, the control of waste disposal and other aspects related to the protection of ecosystems and the environment.

Reducing and disposing of waste. Given the importance of reducing and disposing of waste products or any other kind of contaminants, environmental emissions are considered to be part of the manufacturing process that are subject to Good Manufacturing Standards (GMS).

Preventing environmental accidents. The company has put all the necessary measures in place to prevent accidents that may have repercussions on the environment and/or human health.

Searching for new solutions. In order to ensure that its policies are dynamic so that they adapt to environmental changes, Almirall is continually searching for new solutions that update and improve processes, products and services that are related to the environment.

Raising our employees' awareness. Almirall passes on its commitment to the environment to all employees and external companies that work at any of its facilities. By doing so, it expects to raise the awareness of all its employees in the performance of their daily tasks.

As a result of putting these measures in place, in January 2004 the company obtained the ISO 14001 certification for environmental management. This certification means that the company is compliant in the research, development and manufacture of drugs and active ingredients, as well as in the performance of its management activities.

Almirall's commitment to the environment is also reflected in its policy to recycle all of its products through its participation in the pharmaceutical sector's Integrated Management System for Waste Medicine Collection. This is a not-for-profit organisation that was set up to collect and manage unwanted medicines in homes.



Employees Commitment to employees

Another of Almirall's commitments is ensuring that all employees are able to realise their potential and that they feel proud of working for the company. The company offers its employees a professional future that is based on three fundamental pillars: on-going training, corporate stability and a clear philosophy to innovate.

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

Professionalism and team work are two of the seven values on which Almirall bases its corporate culture, converting personal and collective efficiency into a major competitive advantage.

Health and Safety at work

Almirall takes an active part in ensuring that the workplace is free of occupational hazards. Its commitment to the health and safety of its workers is made manifest in its Prevention Policy. All the planning time and resources necessary to achieve maximum efficiency in the application of the policy are assigned to it. Our prevention goals are as follows:

- **Health and Safety at work as a priority and a strategy.**
Almirall aims to make preventive actions one of its overriding corporate principles. These principles are continually improved to ensure that the maximum level of health and safety in the workplace is attained in accordance with the legislation in force and the company's internal guidelines.
- **Promoting the adoption of occupational hazard prevention in daily tasks.**
This principle is based on the evidence that improved productivity can be attained in an environment in which quality is encouraged in synergy with hazard prevention.
- **Training employees in health and safety and providing them with the means to prevent occupational hazards.**
In order to promote a safe approach to all activities, it is of vital importance to train and inform workers about health and safety issues. It is likewise crucial that they be provided with the appropriate means and measures to prevent any kind of occupational hazard.

Health and Safety at work is a common goal for Almirall and its employees.

- **Encouraging employees to take part in matters related to occupational hazard prevention.**

Employees' knowledge and experience of the tasks that they perform are of the greatest importance in defining the company's hazard prevention programmes and ensuring that full advantage of them is taken.

Occupational hazard prevention is a common goal for the whole of the company and all of the people who work in it. All employees, whatever their posts or duties, are responsible for ensuring that health and safety regulations are fulfilled. As a result of this joint effort, in February 2007 Almirall received the prestigious TÜVRheinland certificate, which attests to the fact that its Occupational Hazard Prevention Management System complies with the OHSADS 18001 international standard. After an exhaustive assessment that covered all of Almirall's branches and activities, TÜVRheinland certified that the company had an on-going policy that met the latest and most demanding occupation health and safety criteria, which went beyond the standards set out in current Spanish legislation.



OHSAS 18001 Certification
by TÜV Rheinland

A healthy lifestyle clearly has a direct bearing on the health and well-being of employees. Some of the actions that the company has set in motion to this regard include providing balanced meals at its work canteens and creating gyms.



Patients and health professionals Commitment to the general public

Dissemination

At Almirall we put a great deal of effort, both in terms of human and financial resources, into the continual research, development and innovation of drugs that are increasingly more efficient and safe, and which are able to improve the health and well-being of people.

We likewise promote projects that make it possible to make our products available to the general public. In order to do so, we are engaged in a major dissemination programme that is specifically intended for patients and their environment. Our ultimate purpose is to bring about certain changes in patients' habits that will encourage them to adopt healthier lifestyles.

Our commitment to patients extends to our involvement in a number of initiatives that have been undertaken by civil society. Thus, we take an active part in projects that aim to prepare patients and their families in how to deal with illnesses. One such initiative that is worthy of mention is the support we give to the University of Patients, which is run by the Autonomous University of Barcelona and the Josep Laporte Foundation. It aims to improve the quality of healthcare by running information, training and research activities.

Training activities

In order to encourage healthcare workers to improve their skills, at Almirall we have set ourselves the on-going challenge of supporting and promoting any kind of activity that will enable them to upgrade their knowledge on a regular basis.

Last year's figures show the value the company attaches to staff training: 66 courses attended by over 5,000 individuals; over 100 workshops attended by 2,000 individuals; and 71 medical meetings attended by 9,500 individuals. Almirall is currently one of the companies in the pharmaceutical sector that invests the most in training of health professionals in Spain.

The aim of these activities is, on the one hand, to improve the skills of health professionals in the way they handle patients and, on the other hand, to provide them with a better knowledge of our drugs.

In addition, Almirall has collaborated in over 200 projects run by civil society organisations (professional associations and scientific communities) whose purpose has been to improve the training of healthcare professionals.

Professional ethics

In addition to undertaking the commitment to develop increasingly more efficient products that will improve people's quality of life, at Almirall we consider that we have the duty and responsibility to continue monitoring the efficiency and safety of our products once they are in the hands of professionals.

We are currently involved in 39 active research projects, of which five are clinical trials, nine correspond to research carried out by third parties and 25 are research projects that examine the effects of our drugs on patients. In all, 18,000 professionals and over 50,000 patients are involved in these projects.

Since 2005, the results of all clinical trials undertaken have been posted at www.almirall.es. Moreover, Almirall actively encourages the dissemination of the knowledge derived from these projects to healthcare professionals in all kinds of scientific publications. Thus, last year 15 papers were published in scientific journals and 46 specific publications were written for conferences (poster abstracts and other kinds of submissions).

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

Likewise, the Internet is becoming an increasingly more widely used tool for disseminating information about our products and for providing services to professionals, all of which is endorsed by the 30 online projects in which we are currently involved. In total, over 40,000 users have registered on our medical websites, who have visited over 3 million websites.

Our search for transparency prevails over all of the company's actions and our priority is to provide healthcare professionals with tools that will enable them to give a better service to their patients. Our commitment to integrity in our relations with healthcare professionals has prompted us to actively adopt and boost the codes of ethics that are promoted by the various professional associations to which the pharmaceutical industry subscribes in the countries in which we operate.





Corporate Governance

A tangible effort to achieve a shared goal: to protect the interests of Almirall's shareholders.



Transparency and rigour to protect shareholders' interests

The fundamental aim of Almirall's corporate governance is to protect the interests of its shareholders. It does so by ensuring that the information it issues to the market is transparent and reliable at all times.

The names of the members and the secretary of the Board of Directors and the nature of their positions are listed below. The members of the Audit Committee and the Appointments and Remuneration Committee are listed below.

Name	Position	Nature of position	Members of the Audit Committee	Members of the Appointments and Remuneration Committee
Jorge Gallardo Ballart	Chairman and CEO	Executive		
Antonio Gallardo Ballart	First Deputy Chairman	Proprietary Director	Member	
Daniel Bravo Andreu	Second Deputy Chairman	Proprietary Director	Member	
Per-Olof Andersson	Member	Executive		
Luciano Conde Conde	Member	Executive		
Eduardo Sanchiz Yrazu	Member	Executive	Member	
Juan Arena de la Mora	Member	External and independent	Chairman	
Paul Brons	Member	External and independent		Chairman
Tom McKillop	Member	External and independent		Member
José Juan Pintó Sala	Secretary (non-member)	Non-member		

The fundamental aim of Almirall's corporate governance is to protect the interests of its shareholders.

At the end of 2007, Almirall had approximately 50,000 shareholders. Their interests are safeguarded by the Board of Directors, whose proposals must ultimately be approved at the Annual General Meeting. In order to uphold the rigour and independence of these proposals, the Audit Committee and the Appointments and Remuneration Committee play an active and major role in drawing them up.

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

In addition, Almirall has implemented a risk management policy in place with the aim of identifying and managing the internal and external factors that are likely to have an impact on the achievement of the company's goals.

The risk management model in place at Almirall identifies, classifies, evaluates and monitors risks, taking into account the following categories: operations, strategy, compliance and reporting. Almirall carries out regular risk re-assessments in order to adapt to new business and industrial environments. This method provides Almirall's stakeholders with reasonable assurance that the company is maintaining adequate control of the risks that could affect the achievement of its goals.





Solutions with you in mind

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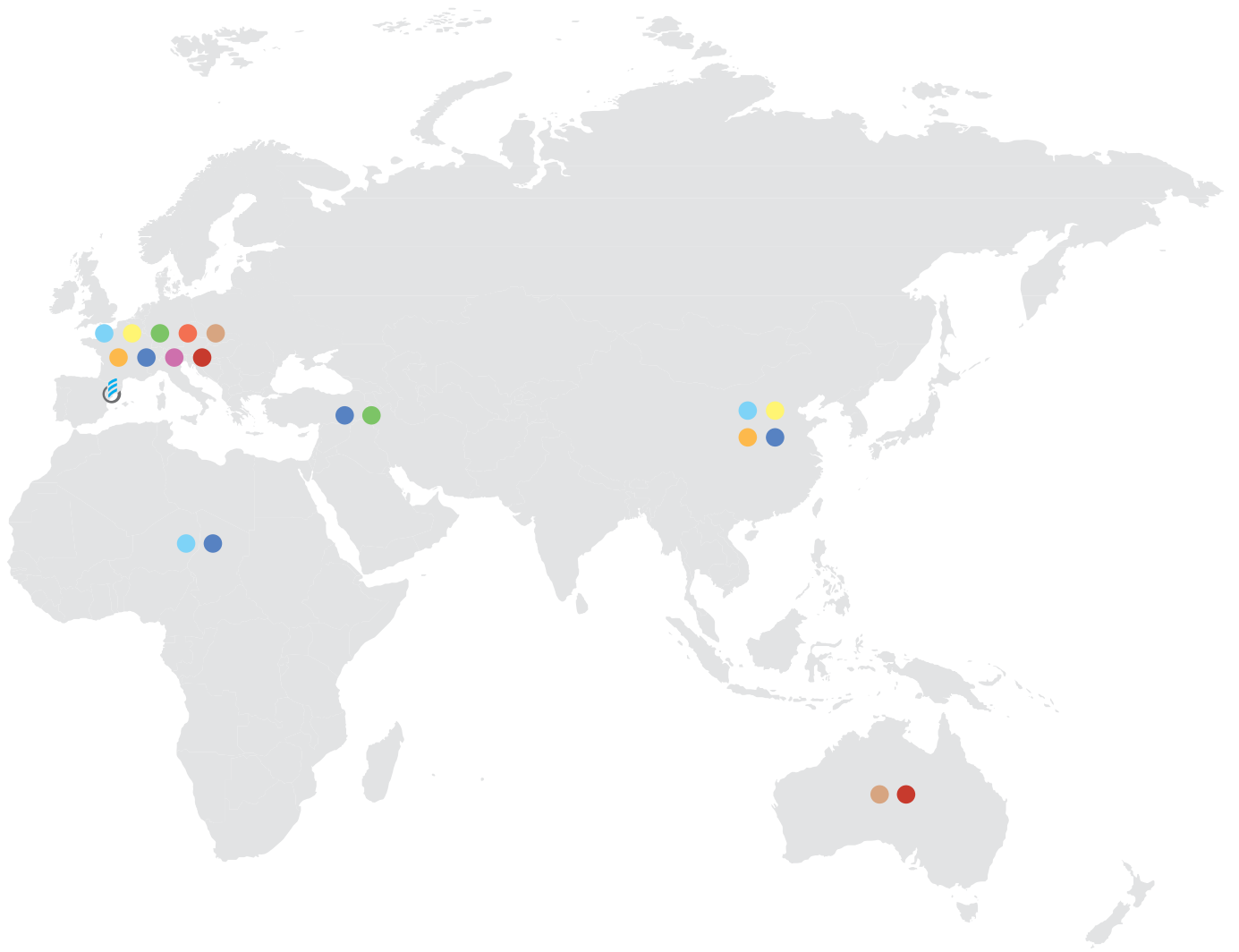


Our history



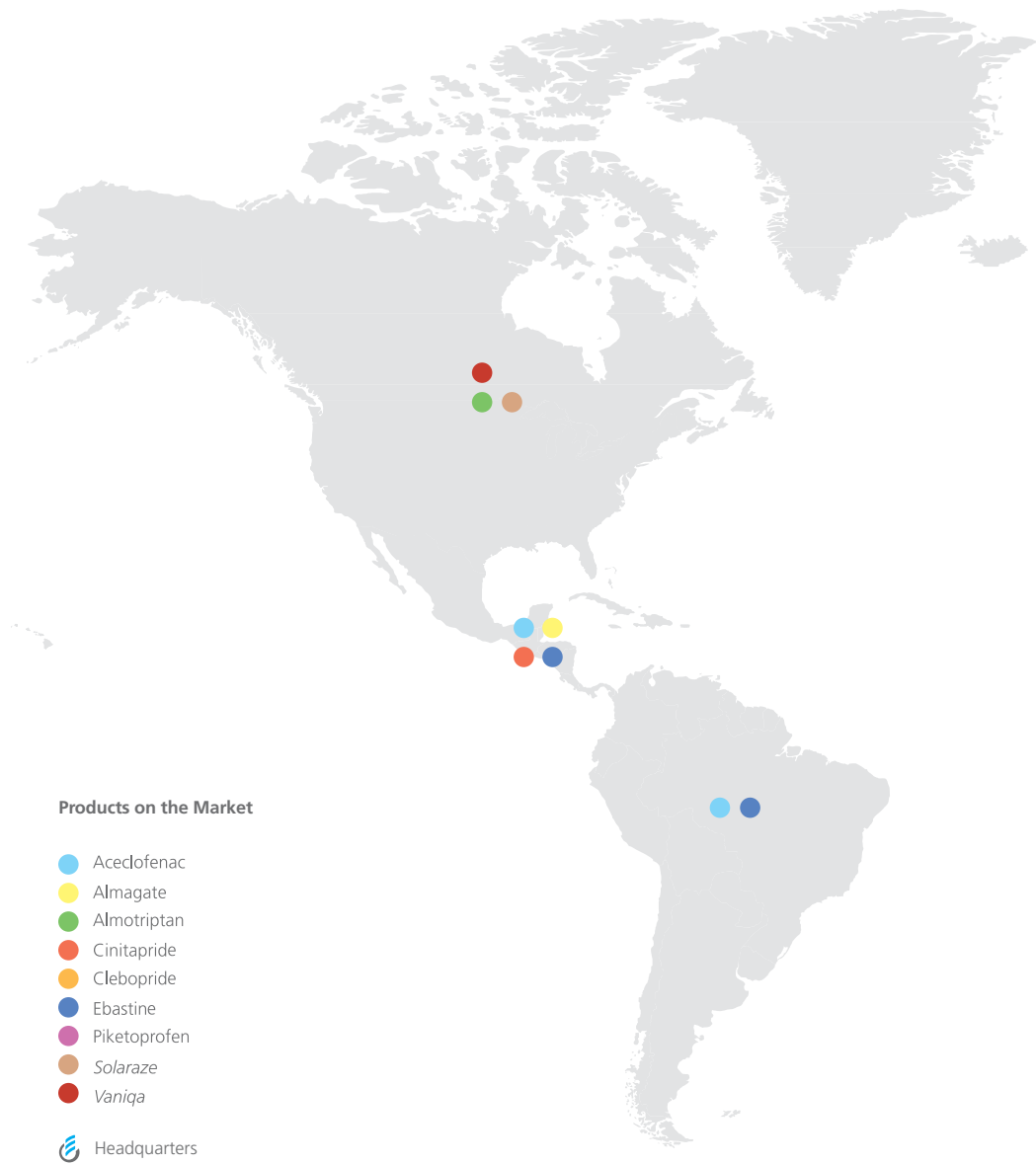
- 2008 — Opening of affiliates in the United Kingdom-Ireland, Austria, Switzerland and Poland.
- 2007 —
 - IPO in June.
 - Acquisition of Hermal, a dermatological company.
 - Acquisition of a portfolio of 8 products from Shire.
- 2006 —
 - Opening of a new R&D Centre in Sant Feliu de Llobregat (Barcelona-Spain).
 - Acquisition of Sofotec, a German company.
 - Agreement with Forest to market acridinium bromide in the USA.
- 2001-2003 —
 - Launch of almotriptan in the USA.
 - Opening of affiliates in Germany, France, Italy and Mexico.
- 1997 — Merger of Almirall and Prodesfarma.
- 1996 — Approval of ebastine in Japan.
- 1993 — Opening of affiliate in Portugal.
- 1990 —
 - Launch of ebastine.
 - Opening of affiliate in Belgium.
- 1970 — First R&D activities.
- 1944 — Foundation of Laboratorios Almirall, S.A.





Our products are present in over 70 countries on 5 continents.

Our worldwide presence





Solutions with you in mind

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