

Almirall in 2010...

- Financial performance in line with the company's objectives and forecasts.
- Sales erosion due to healthcare reforms and generic competition.
- Operational savings and productivity gains achieved.
- Positive R&D results in the respiratory and gastrointestinal franchises.
- Significant progress in the derma pipeline.
- Sativex® approval in Spain.
- Increase of international sales, which now accounts for 44 % of total.
- New affiliate in the Nordics.
- Launch of three new products: Toctino®, Silodyx® and Conbriza®.
- Dividend proposal of € 0.29¹ to the Annual General Meeting.

...in line with our strategic goals:

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

Strategic position

- R&D driven company focused on innovation.
- No.1 Spanish pharma, No.2 dermatology pharma in Germany and No.9 across Europe.
- A well-balanced and diversified product portfolio.

Growth potential

- Two major filings in 2011: acridinium bromide monotherapy and linaclotide.
- Broadest and deepest pipeline in company history.
- International roll out of the derma franchise.

Capabilities / Opportunities

- R&D capabilities in respiratory and dermatology.
- Direct presence in major European countries.
- Solid Cash Flow generation and Balance Sheet.

¹ Rounded figure. Distribution of 40 % of Net Income.

Net Sales
€ 882.4 MM

Normalised
Net Income
€ 136.7 MM

Dividend
€ 0.29¹

2010 Functional Income Statement

(rounded to nearest € million)

	2010	2009
Net Sales	882.4	925.5
% change	- 4.7 %	2.5 %
Gross Profit	546.2	580.9
% sales	61.9 %	62.8 %
Other Income	119.7	107.8
EBITDA	216.3	243.9
% sales	24.5 %	26.4 %
Depreciation and Amortisation	61.9	64.8
EBIT	154.4	179.1
% sales	17.5 %	19.4 %
Net Income	118.6	151.5
% sales	13.4 %	16.4 %
Normalised Net Income	136.7	145.3
% sales	15.5 %	15.7 %

EBITDA

€ 216.3 MM

EBIT

€ 154.4 MM

Net Income

€ 118.6 MM

EPS²

€ 0.71

Financial Debt

€ 297.5 MM

Net Financial Debt³

€ 22 MM
x 0.10 EBITDA 2010

Cash Flow from
Operating Activities

€ 174.6 MM

¹ Rounded figure. Distribution of 40 % of Net Income.

² Earnings per Share.

³ Financial Debt (€ 297.5 MM) – Cash and Equivalents (€ 312.9 MM) + Pension Liabilities (€ 37.4 MM) = € 22 MM.

2010 Balance Sheet

	(rounded to nearest € million)		
	2010	% of BS	2009
Goodwill	271.9	17.7 %	272.7
Intangible Assets	382.8	24.9 %	352.8
Property, Plant and Equipment	154.8	10.1 %	169.1
Financial Assets	10.2	0.7 %	10.8
Deferred Tax Assets	189.0	12.3 %	173.6
Total Non-Current Assets	1,008.7	65.6 %	979.0
Inventories	87.9	5.7 %	97.7
Accounts receivable	103.8	6.8 %	120.4
Cash and Equivalents	312.9	20.4 %	259.7
Other Current Assets	23.4	1.5 %	26.2
Total Current Assets	528.0	34.4 %	504.0
Total Assets	1,536.7		1,483.0
Shareholders' Equity	819.3	53.3 %	751.0
Financial Debt	297.5	19.4 %	265.7
Other Non-Current Liabilities	206.8	13.5 %	228.4
Other Current Liabilities	213.1	13.9 %	237.9
Total Equity and Liabilities	1,536.7		1,483.0

2010 Cash Flow

	(rounded to nearest € million)	
	2010	2009
Profit before Tax	119.2	171.5
Depreciation and Amortisation	61.9	64.8
Change in Working Capital	21.8	- 18.8
Other Adjustments	- 28.3	44.1
Cash Flow from Operating Activities	174.6	261.6
Financial Income	4.3	2.9
Investments	- 93.0	- 77.6
Divestments	0.9	19.4
Other Cash Flows	2.8	0.1
Cash Flow from Investment Activities	- 85.0	- 55.2
Cash Flow from Financing Activities	- 36.3	- 132.8
Cash Flow generated during the period	53.3	73.6
Free Cash Flow	89.6	206.4

Annual Report 2010

About this report

This report describes Almirall's performance in 2010 and contains a summarised version of its financial statements.

The Management Report, the Annual Accounts, the Corporate Governance Report and a digital version of this Annual Report are available on Almirall's website.

www.almirall.com



1



2



3



6



7



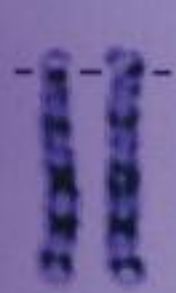
8



9



10



13



14



15



16



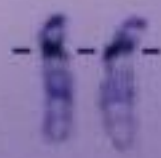
19



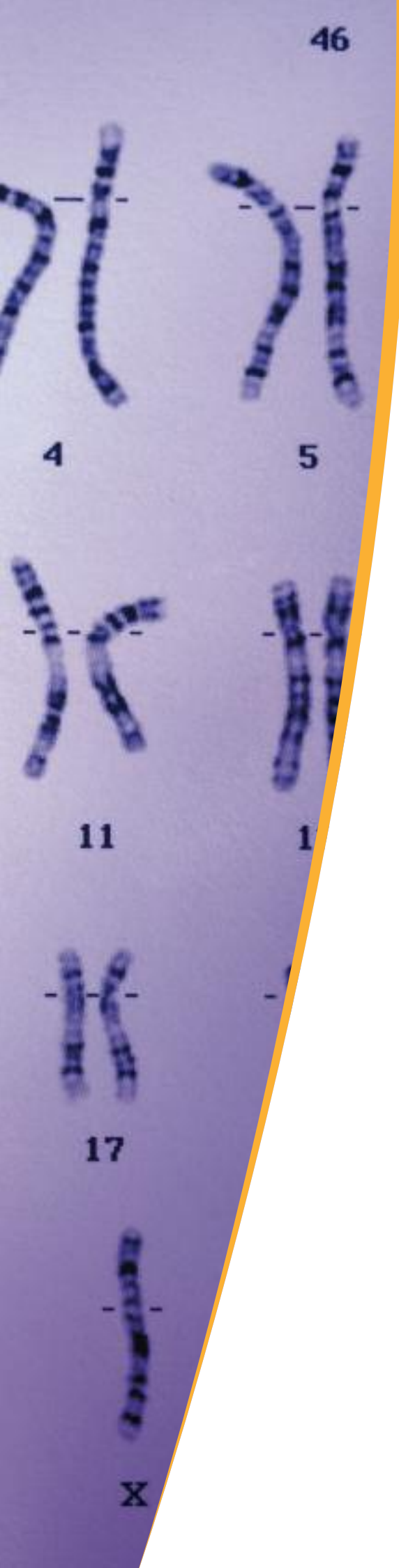
20



21



22



Index

Message from the Chairman and CEO	6
Mission-Vision and corporate values	9
Mission-Vision	10
Corporate values	11
Business model and strategy	13
Who we are	14
Strategy	16
Almirall's business model	18
Operations	21
Marketing activities in 2010	22
Segmentation of Net Sales in 2010	26
A well-balanced product portfolio	28
Proprietary R&D products	32
Dermatological products	35
Production	36
Research and Development	41
The importance of R&D at Almirall	42
R&D strategy	44
Almirall's research focus	46
R&D resources	49
External partnerships	51
Research programmes and new drug development	52
Finance and stock performance	61
2010 overview	62
Consolidated Financial Statements	63
Almirall on the Stock Exchange	69
Corporate Development	79
Corporate Development	80
License-in	81
License-out	83
Social commitment	85
Our commitment	86
Society	86
The company	90
The environment	92
Corporate Governance	95
Almirall's Corporate Governance aims	96
Board of Directors	97
Audit Committee	98
Appointments and Remuneration Committee	99
Management Board	100
Risk Management Policy	101
Almirall at a glance	103

Message from the Chairman and CEO



Almirall's performance in 2010 met our forecast in a very challenging environment where price pressures and generic competition hindered, as anticipated, the overall performance.

In this context our financial results are in line with our goals and guidance and, importantly, we have achieved key R&D objectives that can set the basis for a sustainable long-term growth.

Sales eroded as expected by mid single decline (-4.7 %) to € 882.4 MM following price pressures and public austerity measures implemented across Europe.

Important operational savings and efficiency gains have been deployed during 2010, mainly from the rationalisation of the commercial structure and the optimisation of the back office services. SG&A expenses have declined 6 % and our cost base rationalisation will be extended into 2011.

R&D expenses, essential in our strategy based on innovation, grew by nearly 20 % due to the investment needs in our late stage R&D pipeline, mainly respiratory.

EBIT and EBITDA have eroded by 13.8 and 11.3 % respectively due to the combined effect of lower sales and higher R&D expenses. Important to mention that EBIT evolution would have been nearly flat had R&D not increased in 2010. But we need to invest in the late stage pipeline to set the basis for long term growth.

Normalised Net Income has also evolved in line with our expectations with a reduction of 5.9 % to € 136.7 MM.

Net Debt remains low at 0.10 X EBITDA 2010 and provides strong strategic options for non-organic growth.

Free Cash Flow generation remains solid with € 89.6 MM despite significant investment in this period from corporate development projects.

Therefore, we have delivered as guided and we maintain solid financial fundamentals in our Balance Sheet and Cash Flow generation.

At the end of 2010, Equity accounted 53.3 % of Total Assets (50.6 % as at 31 December 2009).

Our pay-out policy has been consistent since the IPO. We have distributed dividends steadily within the range of 35 to 40 %.

The results achieved in 2010, combined with the soundness of cash generation and the solid Balance Sheet position, allowed the Board to endorse a dividend proposal to the AGM of € 0.29. This represents a pay-out of 40 %, which is the top end of the pay-out policy range.

Sales evolution in 2010 showed the anticipated impact of healthcare reforms in Spain and the expected generic erosion of Prevencor®. However, current trends in the core business (expected to continue in 2011) are partially offset by the good performance of ebastine sales (+4.5 %), the positive trends of the dermatology franchise (+7.6 %) and the excellent ramping-up of new products (Tesavel® and Efficib®).

Revenues in 2010 are also benefited from the recent launches that came to market as planned: Silodyx® and Conbriza® in Spain and Toctino® in Italy and Austria. The launch of Sativex® in Spain, Denmark, Germany and Sweden is also expected during 2011 as well as the international roll out of Toctino®.

The positive evolution of international sales, which now account for 44 % of total, were driven by the improved performance of our affiliates, especially in Mexico, the UK-Ireland, Germany and France. From a product perspective, the growth was driven by the good results of our dermatological franchise: Decoderm Tri® (+15.0 %), Balneum® (+10.0 %) and Solaraze® (+5.8 %).

In 2010, we also successfully completed the phase III of two key assets: acridinium bromide monotherapy and linaclotide. We aim to file them during 2011 and both represent quite remarkable opportunities for our company in the mid-term.

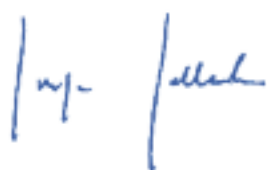
In addition to the above, three additional compounds are also in or entering phase III: the acridinium bromide and formoterol combination for COPD, Sativex® for oncological pain and LAS41007 for non melanoma skin cancer.

In summary, 2010 was a challenging year for Almirall during which objectives were attained in very tough environment and key R&D achievements delivered. We made good progress in our strategic objectives: leveraging R&D, growing internationally and maintaining our leadership position in Spain.

For 2011, we will maintain our strategic priorities with continued focus on innovation and long-term sustainable growth. We will continue to invest in our potentially transformational pipeline and will file two key assets and a further three will enter into phase III.

Another of our priorities is to undertake new ventures in corporate development to reinforce our core business.

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



Jorge Gallardo
Chairman and CEO





Mission-Vision and corporate values

Our principles:

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

Mission-Vision

The principles of our company

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

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

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

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



Contribution to society

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

Position as a pharmaceutical company

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

Values that govern our lines of action

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

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

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

Corporate values

The essence of our culture

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

Professionalism

Acting with responsibility, accuracy and efficiency.

Innovation and creativity

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

Effectiveness and agility

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

Teamwork

Cooperating with colleagues, meeting obligations in all the company's organisational areas.

Leadership

Empowering employees by encouraging their professional growth through participation and supporting them so that they tackle new professional challenges with confidence.

Customer focus

Putting the recipients of our services first.

Transparency

Maintaining an attitude of accessibility to others and supplying any information our employees need to understand and to perform the tasks required of them.

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



Corporate values, key to the Almirall's culture





Business model and strategy

Our strategic goals:

- To leverage own R&D.
- To grow internationally.
- To maintain leadership in Spain.

Who we are

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

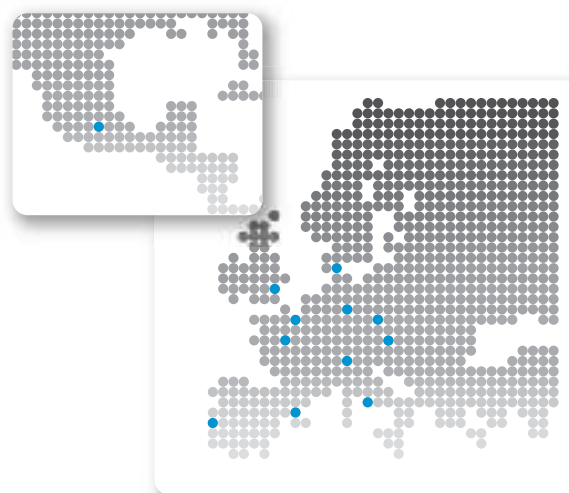
Based in Barcelona (Spain), Almirall started a successful process of internationalisation over a decade ago through the establishment of affiliates in Europe and Latin America. Besides its Spanish business based, it currently has affiliates in Austria, Belgium, France, Germany, Italy, Mexico, Nordic Countries (Denmark, Finland, Iceland, Norway and Sweden), Poland, Portugal, Switzerland and the United Kingdom-Ireland, where it has a diversified product portfolio, a sales network and an excellent team of professionals.

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

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

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

Almirall mainly sells its products to wholesalers.



Almirall's direct presence in
12 affiliates

They are either distributed from its own warehouses or through logistics operators. In addition, it focuses its efforts on promoting and providing information about its products to GPs and specialists.

The company manufactures most of the active ingredients and pharmaceutical products developed by its R&D Area, as well as third parties research products. It currently has three pharmaceutical plants (two in Spain and one in Germany), whose total production in 2010 was around 100 million units, and two chemical plants in Spain, whose production was 125 tonnes.

Almirall has around three thousand employees worldwide, of whom 1,150 work in our affiliates outside Spain.

Around
3,000
employees

Corporate profile

Corporate name	Almirall, S.A.
Headquarters	Ronda General Mitre, 151 - 08022 Barcelona (Spain).
Ranking of the company	<ul style="list-style-type: none"> • Leadership position in Spain with a market share of 5 %. • 2nd derma company in Germany and 9th in Europe. • In Europe, it is ranked 32nd among pharmaceutical companies. • Almirall is ranked 69th among pharmaceutical laboratories in terms of turnover worldwide.
Total earnings 2010	• € 1,002 MM.
Total sales 2010	• € 882 MM.
Spanish sales	• € 495 MM.
International sales	• € 387 MM.
R&D resources	<ul style="list-style-type: none"> • In 2010, the company devoted over 16 % of its sales to R&D and 15 % of its staff works in this area. • Leading pharmaceutical company in Spain in terms of R&D investment (The 2010 EU Industrial R&D Investment Scoreboard).
International presence	<ul style="list-style-type: none"> • Almirall's products are present in over 70 countries (including the USA and Japan). • 12 affiliates: 11 in Europe (Austria, Belgium, France, Germany, Italy, Nordic countries, Poland, Portugal, Spain, Switzerland and the United Kingdom-Ireland) and 1 in Latin America (Mexico).
Staff	<ul style="list-style-type: none"> • Around 3,000 employees, of whom some 1,150 work for our international affiliates outside Spain. • Sales staff of around 1,400 people in 12 countries.

Strategy

Drive towards the future

As a company based on innovation, advances in R&D are key to foster sustainable long term growth and value creation.

The Research and Development (R&D) Area is of prime strategic importance to Almirall and is considered one of its principal driving forces for future growth. Almirall is the first Spanish pharmaceutical company in the European ranking of the top companies that invest the most in research and development (The 2010 EU Industrial R&D Investment Scoreboard).

Current R&D efforts focus on the following pathologies: asthma, COPD (chronic obstructive pulmonary disease), gastrointestinal disorders, psoriasis and other dermatology indications.

Almirall products with global outreach include aceclofenac, almotriptan, ebastine, Solaraze®, Vaniqa® and the Balneum® line, among others.



Strategic goals

- **Leveraging our own R&D**

With the goal of helping to combat illnesses, we adopt a research and development policy that leads to the discovery of innovative products, both through our own research projects and through collaborations with other companies and research centres.

- **Growing internationally**

We work to strengthen Almirall in countries where we have our own affiliates, such as in Austria, Belgium, France, Germany, Italy, Mexico, Nordic countries (Denmark, Finland, Iceland, Norway and Sweden), Poland, Portugal, Spain, Switzerland and the United Kingdom-Ireland, and we analyse investment opportunities in other markets, such as strategic alliances with other international pharmaceutical companies.

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

*Pan-European company with drugs
on the five continents*

*Leader in the Spanish pharmaceutical
sector*



- **Maintaining leadership in Spain**

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

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

Almirall's business model

Almirall is a flexible company that is able to collaborate with partners in order to maximise the potential of each of its products.

This business model has put the company in a position to be chosen to in-license the distribution of products from prestigious pharmaceutical companies. Almirall is likewise able to enter into agreements for the distribution of proprietary products in countries in which it has no direct presence.

Almirall's presence in
countries

70

Countries with direct sales



Sales through licensee companies



Our business model

A successful combination of R&D and corporate development.

1. Products sold through the company's own affiliates.

Both the products developed by Almirall's own R&D and in-licensed products are marketed via the company's own sales network. This sales network has been consolidated across Europe and Latin America.

Dual business model:

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

2. Sales through licensee companies.

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

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



R&D Centre (Sant Feliu de Llobregat – Barcelona – Spain)





Operations

Almirall recorded Net Sales of € 882.4 MM in 2010:

- A well-balanced and diversified product portfolio.
- Leader in Spain and growing internationally.
- Three new products launched in 2010.

Marketing activities in 2010

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

In 2010, Almirall operated in 22 countries with 11 own affiliates in Austria, Belgium, France, Germany, Italy, Mexico, Poland, Portugal, Spain, Switzerland and the United Kingdom-Ireland. A new affiliate headquartered in Copenhagen (Denmark) was added during the year. This new affiliate commercialises a diversified product portfolio in the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden), which to date had been distributed by a number of local partners. This affiliate represents an opportunity in Almirall's process of internationalisation, as it widens our presence in Europe and enables us to maximise our current portfolio of products and capitalise on future pipeline.

The new Nordic affiliate markets Almirall's products in 5 countries



New agreements and launches

In August 2010, the Spanish health authorities granted regulatory approval for Sativex® as an add-on treatment of moderate to serious spasticity due to multiple sclerosis (MS) in patients unable to control this symptom with their current medication. For its commercialisation, Sativex® requires the approval of its price and reimbursement by the Spanish Ministry of Health, which has been obtained at the beginning of 2011.

Likewise, our licensor GW Pharmaceuticals has begun the mutual recognition procedure (MRP) for the registration and approval of Sativex® in other EU member states. The United Kingdom's Medicines and Healthcare product Regulatory Agency (MHRA), which approved Sativex® in June 2010, has accepted to act as the reference member state in this registration process. Sativex® has been developed by the British company GW Pharmaceuticals and will be commercialised in Europe (except in the United Kingdom) by Almirall.

In July 2010, Almirall and Pfizer signed an agreement for the co-promotion of Conbriza® (bazedoxifene). Through this agreement, Almirall strengthens its core business over the next few years in Spain and extends its portfolio of products in the musculoskeletal therapeutic area, in which it has long-standing expertise and has drugs such as Airtal® (aceclofenac), Calmatel® (piketoprofen) and Hidroxil® (B12, B6 and B1 vitamin complex). Bazedoxifene is the first third-generation selective estrogen receptor modulator (SERM) for the treatment of osteoporosis. SERMs diminish bone resorption and reduce the biochemical markers in bone turnover to the pre-menopausal range. These effects on bone turnover bring about an increase in bone mineral density (BMD), which in turn

contributes to a reduction in the risk of fracture. This novel drug will become a major therapeutic option in the treatment of post-menopausal osteoporosis in women with a high risk of fracture.

Additionally, in April 2009 Almirall signed a co-marketing agreement with Recordati for silodosin in Spain. The European Commission and, subsequently, the Spanish Drugs Agency, authorised the commercialisation of silodosin for

the treatment of benign prostate hyperplasia (BPH). Since September 2010, Almirall has been selling silodosin in Spain under the brand name Silodyx®. Through this agreement, Almirall strengthens its core business over the next few years and extends its portfolio of products in the urology therapeutic area.

Listed below are the most relevant license-in agreements in place in 2010:

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

* Undisclosed.

Sales via licensee companies

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

International expansion based on 3 own R&D products



Listed below are the most important license-out agreements in place in 2010:

Ebastine	Territory
Aspen Pharmacare	South Africa
Boryung	South Korea
Chiesi Farmaceutici S.P.A.	Italy
Dainippon	Japan
Eczacibasi Ilac Ticaret As	Turkey
Eisai	China
Eurofarma	Brazil
BMS	Egypt
Highnoon Labs.	Pakistan
Novis Pharmaceutical	Greece
Nycomed	Nordic & Baltic countries, Russia and Venezuela
Orient Europharma	Taiwan
Ranbaxy Malaysia Snd. Bhd.	Malaysia and Singapore

Almotriptan	Territory
Johnson & Johnson	USA
Meda	Nordic countries
Pharmachemie	The Netherlands
Yuhan	South Korea

Aceclofenac	Territory
Abiogen	Italy
Biomeks	Turkey
Cooper Pharma	Morocco
Crinos	Italy
Daewoong	South Korea
Droguerie Phénicia	Lebanon
Eurofarma	Brazil
Galenica	Greece
Gedeon Richter	Eastern Europe
GSK	Egypt
Highnoon Labs.	Pakistan
Novis Pharmaceutical	Greece
Nycomed	Venezuela / Russia



Segmentation of Net Sales in 2010

Almirall recorded Net Sales of € 882.4 MM in 2010.

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

Net Sales
above
€ 882 MM

Net Sales by distribution model

	(rounded to nearest million euros)		
	2010	2009	% Var.
Own Sales Network (Spain affiliate)	495.3	536.0	-7.6 %
Own Sales Network (other affiliates)	289.4	282.8	2.3 %
Licensee sales	69.8	71.0	-1.6 %
Corporate sales	27.9	35.7	-21.9 %
Total	882.4	925.5	-4.7 %

In 2010, 56 % of sales (€ 495.3 MM) were made in Spain and 33 % (€ 289.4 MM) through international affiliates. Therefore, almost 90 % of the sales recorded during the year were achieved through the Almirall's affiliates, with international sales accounting for greatest growth in comparison with 2009.

Sales by licensees of Almirall's proprietary products (license-out) in those territories where the company does not sell directly eroded by 1.6 % compared to the previous year. Corporate sales also declined in comparison with 2009 due to the announced and progressive discontinuation of the third party manufacturing business.



Around
90 %
of sales through
own affiliates

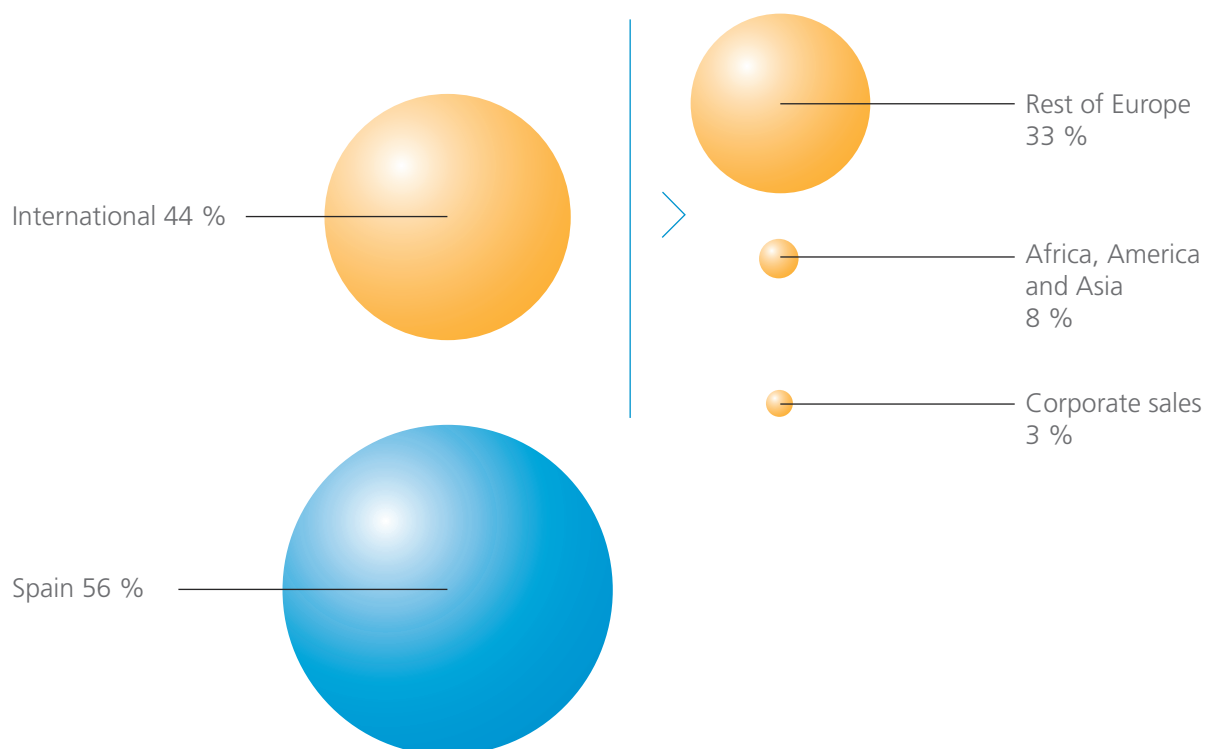
Net Sales by geographical area

	(rounded to nearest million euros)		
	2010	2009	% Var.
Spain	495.3	536.0	-7.6 %
Rest of Europe	288.7	284.1	1.6 %
Africa, America and Asia	70.5	69.6	1.2 %
Corporate sales	27.9	35.7	-21.9 %
Total	882.4	925.5	-4.7 %

From a geographical point of view, Spanish sales retreated compared to the previous year. This was principally due to the evolution of Prevenor® and the further roll out of generics in the market, although the favourable evolution of Parapres® and Tesavel® + Efficib® contributed to mitigate this

effect. International sales maintained their upward trend, whilst corporate sales dropped by 21.9 % due to the termination of manufacturing agreements with third parties in line with the strategy to discontinue this side of the business, as commented.

Distribution of Domestic Net Sales vs. International Sales:



A well-balanced product portfolio

Almirall's 15 top-selling products accounted for 73 % of Net Sales, which reflects a well-balanced portfolio without over-exposure to a single product.

Very positive growth of Tesavel® + Efficib® above

146 %

Ebastel® (ebastine), Parapres® (candesartan cilexetile), Decoderm Tri® (fluprednidene), Tesavel® (sitagliptin) + Efficib® (sitagliptin + metformin) performed very well, particularly the latter two, which grew by 15.0 % and 146.7 %, respectively. However, Prevencor® (atorvastatin), Pantopan® (pantoprazole), Airtal® (aceclofenac) and Dobupal® (venlafaxine) showed a lowering trend due to reference pricing effect and generic competition.

Tesavel® + Efficib®, which were launched in April 2009 in Spain, performed the best out of all of Almirall's products, followed by Decoderm Tri®.

Net Sales

Brand name	(rounded to nearest million euros)		
	2010	2009	% Var.
Ebastel® and others (ebastine)	119.5	114.4	4.5 %
Prevencor® (atorvastatin)	73.8	112.8	-34.6 %
Esertia® (escitalopram)	64.4	65.4	-1.5 %
Plusvent® (salmeterol + fluticasone)	60.3	60.1	0.3 %
Almogran® and others (almotriptan)	49.0	51.8	-5.4 %
Parapres® (candesartan cilexetile)	48.3	44.0	9.8 %
Airtal® and others (aceclofenac)	39.6	43.1	-8.1 %
Opiren® (lansoprazole)	34.4	34.9	-1.4 %
Dobupal® (venlafaxine)	30.6	34.5	-11.3 %
Tesavel® (sitagliptin) + Efficib® (sitagliptin + metformin)	25.9	10.5	146.7 %
Solaraze® (diclofenac sodium)	25.7	24.3	5.8 %
Almax® and others (almagate)	23.5	22.6	4.0 %
Balneum® and others (soya oil)	18.7	17.0	10.0 %
Pantopan® (pantoprazole)	18.6	20.1	-7.5 %
Decoderm Tri® and others (fluprednidene)	15.3	13.3	15.0 %
Others	234.9	256.7	-8.5 %
Total Net Sales	882.4	925.5	-4.7 %

The product portfolio marketed by Almirall is characterised by a balanced proportion of proprietary products and products licensed to Almirall by other pharmaceutical companies, an appropriate diversification in a range of therapeutic areas, and by a balanced distribution of sales by

product, whereby sales are not overly exposed to any particular product.

The products that generated the most sales for the company are ebastine (14 %) and atorvastatin (8 %).

List of the 15 top-selling brands in 2010

Brand name	Sales 2010	% of sales*	Proprietary product	License-in	Therapeutic area
Ebastel® and others (ebastine)	119.5	14 %	•		Respiratory
Prevenor® (atorvastatin)	73.8	8 %		•	Cardiovascular
Esertia® (escitalopram)	64.4	7 %		•	CNS**
Plusvent® (salmeterol + fluticasone)	60.3	7 %		•	Respiratory
Almogran® and others (almotriptan)	49.0	6 %	•		CNS**
Parapres® (candesartan cilexetile)	48.3	5 %		•	Cardiovascular
Airtal® and others (aceclofenac)	39.6	4 %	•		Musculoskeletal
Opiren® (lansoprazole)	34.4	4 %		•	Gastrointestinal
Dobupal® (venlafaxine)	30.6	3 %		•	CNS**
Tesavel® (sitagliptin) + Efficib® (sitagliptin + metformin)	25.9	3 %		•	Gastrointestinal
Solaraze® (diclofenac sodium)	25.7	3 %	•		Dermatology
Almax® and others (almagate)	23.5	3 %	•		Gastrointestinal
Balneum® and others (soya oil)	18.7	2 %	•		Dermatology
Pantopan® (pantoprazole)	18.6	2 %		•	Gastrointestinal
Decoderm Tri® and others (fluprednidene)	15.3	2 %	•		Dermatology
Total Top 15 brands	647.6	73 %	•	•	
Others	234.9	27 %	•	•	
Total Net Sales	882.4	100 %	~45 %	~55 %	

* Rounded percentage.

** Central nervous system.

2010 sales

45 % | 55 %
proprietary products | licensed products

In 2010, proprietary products accounted for about 45 % of sales, whilst 55 % of sales corresponded to third party licenses.

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

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

In consistency with its pipeline, Almirall continues to make progress in its key focus therapeutic categories: respiratory, dermatology and gastrointestinal (that in 2010 accounted for 53.8 % of sales, showing a growth rate of 6.6 %).

Net Sales by therapeutic area

	(rounded to nearest million euros)			
	2010	2009	% Var.	% of sales
Respiratory	189.8	185.6	2.3 %	21.5 %
Central nervous system	163.3	169.2	-3.5 %	18.5 %
Gastrointestinal	161.5	145.1	11.3 %	18.3 %
Cardiovascular	154.4	188.3	-18.0 %	17.5 %
Dermatology	123.8	115.1	7.6 %	14.0 %
Musculoskeletal	64.4	71.9	-10.4 %	7.3 %
Urology	17.9	19.6	-8.7 %	2.0 %
Other therapeutic areas	7.2	30.7	-76.5 %	0.8 %
Total	882.4	925.5	-4.7 %	100,0 %

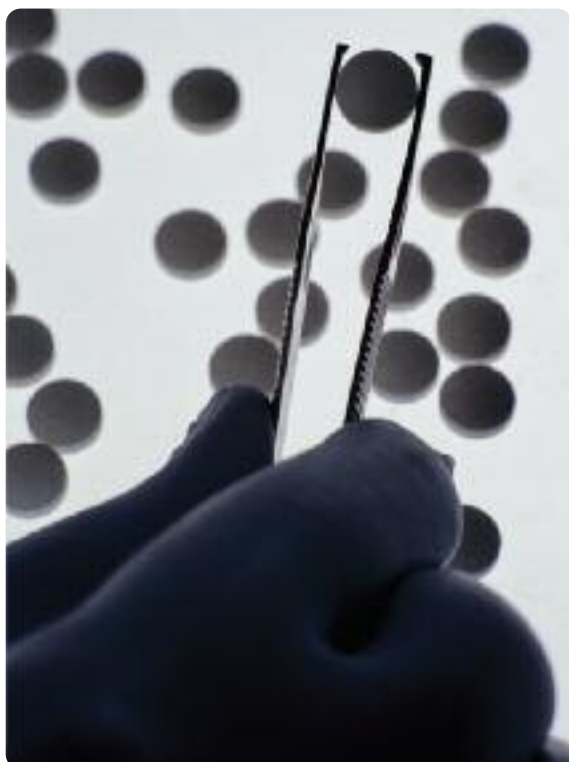
Almirall has achieved a clear leadership position in the gastrointestinal area through considerable research efforts, as reflected in the wide range of medicines available for the treatment of some of the most prevalent conditions of the upper digestive tract (dyspepsia, gastritis, oesophagitis, or gastric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

With the sales erosion of Prevenor® (atorvastatin), the cardiovascular area lost momentum due to the impact of generic drugs and reference prices.

An analysis of the dermatology area shows that the three brands that accounted for almost half of Almirall's sales in this area have also grown and are among Almirall's top 15 products. The favourable evolution of sales of Decoderm Tri® (fluprednidene) in comparison with 2009 should be also highlighted.

Net Sales in the dermatology area

Brand name	(rounded to nearest million euros)		
	2010	2009	% Var.
Solaraze® (diclofenac sodium)	25.7	24.3	5.8 %
Balneum® (soya oil)	18.7	17.0	10.0 %
Decoderm Tri® (fluprednidene)	15.3	13.3	15.0 %
Others	64.1	60.5	5.9 %
Total dermatology area	123.8	115.1	7.6 %



Growth by therapeutical areas in 2010 led by: gastrointestinal, dermatology and respiratory

Proprietary R&D products

Four of Almirall's proprietary R&D products are among the company's top 15 sellers.

Ebastine, aceclofenac and almotriptan are responsible for Almirall's international growth over the past few years. Additionally, almagate, a leading antacid product on the Spanish market, is also sold in Mexico and South Korea.

Ebastine

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

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

It is sold in three different formulations and five presentations that are adapted to the needs of each patient.

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

In addition to the tablet formulations and oral solution, in 2005 a new formulation in the shape of a lyophilised tablet was developed. It dissolves rapidly in the mouth without the need to be taken with water. This is a highly innovative formulation on the antihistamine market, which also provides greater comfort to patients suffering from allergies. In 2010, ebastine sales accounted for 14 % of Almirall's sales.

14 % Ebastine: Almirall's leading product that accounts for of turnover



4 own R&D products amongst the best selling products

Almotriptan

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

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

The sound scientific evidence that supports almotriptan means our molecule was the first Spanish R&D product to be approved by the Food and Drug Administration (FDA). Likewise, positive outcomes in adolescent patients resulted in the FDA awarding almotriptan approval for the treatment of migraine in adolescents (as of 12 years of age), thus making it the first product of its class to obtain it.



Since it was first released in Spain in 2000, almotriptan has been launched in another 19 countries (including Canada, South Korea and the United States). In Europe, it is marketed in Belgium, France, Germany, Italy, Portugal, Spain and the United Kingdom, Ireland and Switzerland through Almirall's own affiliates, and in the Nordic countries, the Netherlands and Greece through partners.

In 2010, almotriptan accounted for 6 % of Almirall's total sales.

Aceclofenac

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



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

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

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

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

Its global sales accounted for 4 % of Almirall's sales in 2010.

Almagate

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

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

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

Since its launch in Spain in 1984, it has become an emblematic product and the undisputed leader of the antacid market, with a market share of 67.3 % in Spain (according to IMS MAT data of December 2010 for the antacid A2A1 market). It is also sold in South Korea and Mexico.

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

In 2010, its global sales accounted for 3 % of Almirall's sales.



Almagate
market share:

67 % | 23 %
in Spain | in South Korea

Dermatological products

Following the acquisition of Hermal and a product portfolio from Shire in 2007, Almirall became a major player in Europe in the field of dermatology.

Almirall added a new strategic therapeutic area to its portfolio through this operation, which has made a significant contribution to the company's growth in key European countries. Almirall is currently the second dermatological company in Germany and the ninth largest company in Europe.

Within its portfolio of dermatological products, the following two products should be highlighted:

Solaraze®

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

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

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

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



Balneum®

Balneum® is a range of emollient and protective products designed to treat and help prevent dry and very dry skin, which may often lead to itchy skin conditions (atopic dermatitis, psoriasis, *pruritus senilis*, etc.).

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

The Balneum® product range is currently marketed in over 20 countries across Europe (including Spain since 2010) and Asia. In many countries, Balneum® is a well-known brand with over 40 years expertise.



No. **2** derma company
in Germany

No. **9** derma company
in Europe

Production

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

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



All the active ingredients of own R&D products are totally or partially manufactured in Almirall's chemical plants. Moreover, Almirall has suppliers for the active ingredients and other components for its products. All suppliers must be qualified in accordance with applicable regulations and comply with statutory manufacturing standards in the countries in which Almirall sells its products, thus ensuring adequate supply on commercially viable terms while meeting the requirements of both Almirall and the market.

Most own R&D products are manufactured in Almirall's pharmaceutical plants, along with part of the production of third-party products (license-in). At present, Almirall's production capacity is sufficient to meet both current demand and the foreseeable demand over the next few years.

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

Key figures of our manufacturing plants

	Production in 2010	Surface area
Pharmaceutical plants		
Sant Andreu de la Barca (Spain)	48.6 MM units	28,252 m ²
Sant Just Desvern (Spain)	21.6 MM units	8,310 m ²
Reinbek (Germany)	29.4 MM units	21,000 m ²
Total pharmaceutical plants	99.6 MM units	57,562 m²
Chemical plants		
Sant Celoni (Spain)	125.3 T	5,904 m ²
Sant Andreu de la Barca (Spain)	-	3,973 m ²
Total chemical plants	125.3 T	9,877 m²

Industrial milestones in 2010

Project to concentrate operations in pharmaceutical plants

In 2010, the milestones of this project were successfully met. It is planned to complete the project by the end of 2011. It consists of transferring the production of solids on the Sant Just Desvern plant to the Sant Andreu de la Barca plant, as well as transferring liquid and semi-liquid drugs from Sant Just and third parties to Reinbek. This will result in all of Almirall's pharmaceutical activities being concentrated on two plants: Sant Andreu de la Barca and Reinbek.

Reorganisation of production activities in Reinbek

In parallel to the discontinuation of manufacturing for third parties on the Reinbek plant, which accounted for a considerable part of its activities, it has been decided to significantly reorganize activities in order to face the new realities of 2011. This will mainly affect the manufacture of own dermatological and liquid products.

Preparation of strategic launches

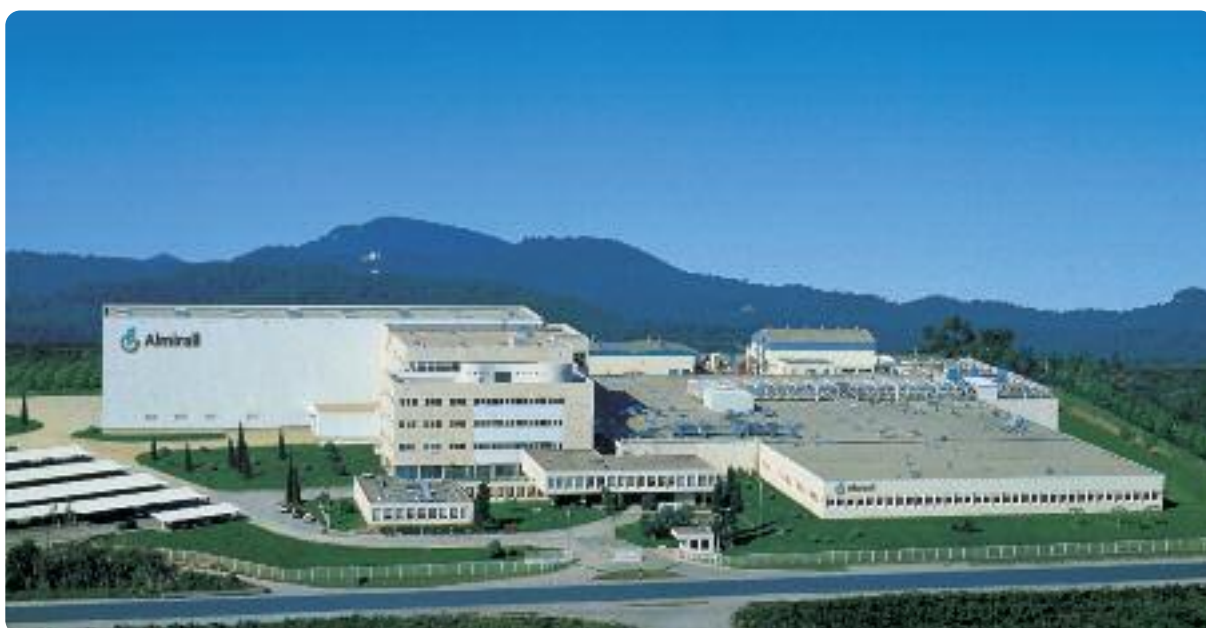
In 2010, in addition to the production activity of commercialised products, industrial activities have been carried out to contribute to the development programmes of the most promising pipeline products (acridinium bromide and linaclotide). Likewise, preparatory activities have been undertaken to secure the investments required for the future successful launch of these products, which will be completely manufactured on Almirall's pharmaceutical facilities for the markets in which the company holds commercialisation rights.

Quality assurance policy

In 2010, Almirall achieved major success insofar as its quality standards are concerned. Among the many inspections carried out by partners and health authorities, the audit conducted by the FDA (Food & Drug Administration) on the chemical plant in Sant Celoni should be highlighted. It passed the audit with no observations made, which will enable us to continue with the successful commercialisation of almotriptan in the USA, once the production of this product has been transferred from the chemical plant in Sant Andreu de la Barca to Sant Celoni.

Risk prevention and environmental policy

The triple re-certification audit conducted by TÜV Rheinland was successfully passed in 2010. This included the occupational hazard management systems audit (legal audit and OHSAS 18001:2007) and the environmental audit (ISO 14001:2004). In specific terms, it should be highlighted that no significant incidents occurred in the various periodic controls for the environmental licences and authorisations of Almirall's workplaces in Spain. Furthermore, the accident rate was reduced by 27 % in comparison with 2009 with the overall drop reaching 59 % over the past six years.



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





Research and Development

Keys to Almirall's growth:

- The discovery and development of innovative molecules that improve people's health.
- Our leadership position in pharmaceutical research in Spain.
- The largest pipeline in our history.

The importance of R&D at Almirall

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



Almirall has more than 40 years' expertise in carrying out research with the aim of providing society with innovative drugs that contribute to improving people's health and well-being.

Almirall's scientists and technicians play a key role in all the stages of the research and development process, from the initiation of a new research programme through to the registration of a new product.

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

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

Over
40 years
of research
expertise

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

In 2010, Almirall allocated over 16 % of its Net Sales and 15 % of human resources to R&D activities, with total R&D spending of € 144.9 MM.

Three of Almirall's R&D drugs were among its top-selling products during 2010:

- ebastine
- aceclofenac
- almotriptan

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

The close links between R&D and corporate development continue to be key to finding new opportunities and expanding the business through in-licensing and partnering agreements. We are on our way to create a leading inhalation product franchise.

Over **16** %
of Net Sales
allocated to R&D



R&D strategy

The aim of Almirall's research is to add novel, high quality candidates to its molecule pipeline in order to cover unmet medical needs in our therapeutic areas of interest: respiratory and dermatology.

Our team of biologists, pharmacologists, physicians and chemists work with the most advanced technology to identify the key underlying mechanisms of these diseases. The knowledge gained from this research is used to design and synthesise new chemical entities with therapeutic potential, which are subsequently developed through preclinical and clinical studies. Molecular research, which leads to proprietary assets, an openness to innovation from the outside world and the broad development of expertise are among Almirall's strong points in its R&D activities. In addition to molecular research and the development of compounds, the pharmaceutical development in inhalation and in dermatology are key areas of competitiveness at Almirall.

Thus, the current R&D strategy at Almirall is based on three fundamental aspects:

1. Key therapeutic focus.
2. Broadening respiratory area.
3. Integrated development of new drugs.

1. Key therapeutic focus

In 2010, Almirall directed its research efforts towards identifying and developing new drugs for the treatment of respiratory diseases (asthma and COPD) and dermatological diseases. By focusing on specific therapeutic areas that combine significant unmet medical needs and their common underlying pathophysiology, Almirall's R&D teams are able to fully harness their scientific knowledge and the experience gained from previous projects, which allows them to be more competitive.

During 2010, the decision was taken by Almirall to increase its R&D resources in the respiratory area. As a result of this strategy, it is planned to deprioritise the therapy area of autoimmune diseases and to license out these assets.

Furthermore, new research areas are being explored that could complement the current areas of interest, potentially enabling the future expansion of Almirall's research, while keeping risks at a moderate level.

R&D focused on two areas:

- *Respiratory*
 - *Dermatology*
- 



2. Broadening respiratory area

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

3. Integrated development of new drugs

At Almirall, we believe it is essential to position any new drug adequately right from the earliest phases of the R&D process. To achieve this, the desired characteristics of any future drug are predetermined by a multidisciplinary team comprised of R&D scientists and marketing specialists.

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

Almirall's research focus

Respiratory diseases

Asthma

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

Anti-inflammatory treatment with inhaled corticosteroids (ICS) is the most widely used maintenance therapy. The purpose of this treatment is to control the symptoms of the disease

and prevent acute episodes. The addition of long-acting beta-agonists (LABAs) provides better control through prolonged bronchodilation. The combination of fixed doses of both components into a single inhaler ensures the adequate control of the condition in most patients, while improving ease of administration and compliance by patients.

Global sales of pharmacological treatments for asthma amounted to nearly 12 billion dollars in 2010 with the combination of fixed doses of LABAs/ inhaled ICS being the top-selling drug. Oral antileukotrienes were the second most sold product for the treatment of asthma.

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

COPD

Chronic obstructive pulmonary disease (COPD) is a serious health issue across the world that is mainly associated with smoking. The World Health Organization (WHO) has described COPD as a global epidemic; an estimated 210 million people have COPD worldwide and more than 3 million people died of this condition in 2005, which is equal to 5 % of all deaths globally that year. Total deaths from COPD are projected to increase by more than 30 % in the next 10 years if no interventions are undertaken to diminish the risks, particularly exposure to tobacco smoke.

Asthma affects
300 million
people worldwide



COPD affects
210 million
people worldwide

In patients with COPD the airways in the lungs typically lose their elasticity, produce excess mucus and become thick and inflamed, limiting the passage of air. The most common symptoms of COPD are breathlessness (or a "need for air"), abnormal sputum (a mix of saliva and mucus in the airway) and a chronic cough.

The characteristic airflow obstruction associated with COPD is usually progressive and irreversible, and is accompanied by other systemic and respiratory signs that ultimately have an impact on a patient's life expectancy and quality of life. Daily activities, such as walking up a short flight of stairs or carrying a suitcase, can become very difficult as the condition gradually worsens. There are significant unmet needs in the treatment of COPD including limited therapeutic options to improve lung function, reduce symptoms and control exacerbations.

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

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

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

Global sales of pharmacological treatments for COPD amounted to over 9 billion dollars in 2010, led by combinations of fixed doses of LABA and inhaled ICS, closely followed by inhaled LAMAs. There is a steady rise in prescriptions of combinations of fixed doses of LAMA and LABA/ICS as a supplementary treatment for the most seriously affected patients.

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

Dermatology

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



Psoriasis

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

Eczema

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

Acne

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

Skin infections

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

R&D resources

Almirall has innovative infrastructures equipped with the latest technology staffed by over 500 highly qualified professionals, all of which enables the company to rise to future challenges in research and development.

Although R&D at Almirall is mainly conducted in Spain, the company has major collaborations that aim to promote the global outreach of its development projects.

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

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

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



*Leader in biomedical research
in Spain*

Centre of excellence for dermatology (Reinbek, Germany)

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



Centre of excellence for inhalation: Almirall Sofotec (Bad Homburg, Germany)

This centre was set up in the middle of the last century as a member of the company Degussa AG. It specialised in developing innovative drugs for all kinds of applications. In the early 1980s it started developing inhalation products with dosage devices, followed by dry powder inhalers in the 1990s. In 2001, Sofotec GmbH & Co. KG was founded as a spin-off of Degussa AG. The company remained based in the centre and retained the intellectual property rights and know-how for its inhalation products. Almirall acquired the inhalation centre in June 2006 and Sofotec became Almirall Sofotec.

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



The inhalation centre evaluates new technology on an ongoing basis and conducts research into inhalation, thus ensuring Almirall's leadership in the respiratory field in the future.

External partnerships

Almirall collaborates with leading academic research groups and biotechnology companies across the world.

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

This network involves partnerships with universities, research institutes and technology companies across Europe and the United States, including amongst others the universities of Michigan and Groningen, Imperial College London, the NIH, Argenta, Mercachem, Proteros and Evotec.

Almirall has also established close partnerships with Spanish universities in Barcelona, Valencia, Madrid, Granada and Santiago de Compostela, as well as with the Hospital Clínic de Barcelona, the Spanish National Research Council (CSIC) and the Barcelona Science Park.

Furthermore, Almirall works in close collaboration with a number of Spanish biotechnology companies, including, Galchimia, Enantia, Intelligent Pharma and Chemotargets, as reflected in the completion by Almirall of the Genius Pharma project. This initiative is sponsored by the Spanish Government to foster research in Spain through the development of technological platforms aimed at

facilitating the discovery of new drugs. In 2009, Almirall, in collaboration with Esteve, Palau Pharma and the biotech company Proteomika successfully submitted an application for the second generation of the Genius Pharma project (Neogenius), which built on the advances and success of the original project. Neogenius is a more ambitious, truly collaborative drug discovery project that is now at full speed and has met the objectives set for 2010.

Almirall has also entered into partnerships with internationally renowned centres and conducts preclinical safety tests that comply with good laboratory practices (GLP). Additionally, it has partnered with institutions specialising in pharmaceutical development and formulation, with a view to developing new technologies aimed at improving drug administration systems, particularly in the inhalation field.

From a clinical perspective, Almirall has entered into partnerships with private universities and hospitals across Europe, the United States and several other countries, particularly for the purpose of conducting phase I, II and III clinical studies, which at all times comply with good clinical practices (GCP) and the International Conference on Harmonisation (ICH). These multi-centre trials have enabled Almirall to validate the efficacy and safety of its products more extensively in different populations before filing for international registration.

Research programmes and new drug development

In 2010, a large part of Almirall's R&D resources was dedicated to the clinical development of acclidinium bromide either as a monotherapy for the treatment of COPD or in combination with fixed doses of a long-acting beta-agonist (LABA). The phase III programme of the monotherapy was successfully completed by the end of the year and the combination with formoterol also ended positively in the phase IIb.

In 2009, Almirall added linaclotide to its development pipeline through a pan-European licensing agreement with Ironwood Pharmaceuticals, Inc. This compound successfully completed the phase III for the treatment of irritable bowel syndrome with associated constipation (IBS-C) during 2010.



Projects under development in the respiratory area

Acclidinium bromide monotherapy

During 2010, Almirall successfully completed phase III for acclidinium bromide twice daily (BID) monotherapy. The results showed the clinical efficacy and safety of acclidinium as a novel M₃ muscarinic antagonist for the treatment of COPD (chronic obstructive pulmonary disease). Furthermore, acclidinium provided consistent bronchodilation and control of COPD symptoms, with a favourable risk/benefit profile, in patients suffering from this debilitating disease.

Regulatory submissions in Europe and the USA for acclidinium bromide are both planned for mid-2011.

Acclidinium bromide is administered to patients by means of the innovative Genuair[®] device, a multi-dose inhaler device developed by Almirall.

The product is partnered with Forest Laboratories for its development and commercialisation in the USA. The collaboration with Forest Laboratories has been ongoing since 2006 and is the driving force behind the development of Almirall's inhalation products in the USA.

In order to expand the global outreach of the product, in February 2011 Almirall and Kyorin Pharmaceutical Co. Ltd. entered into an agreement whereby Kyorin was granted exclusive rights to develop and commercialise acclidinium bromide in Japan for the treatment of COPD.

Acridinium bromide and formoterol in fixed dose combination (LAS40464)

Two phase IIb dose-ranging studies comparing fixed dose combinations of acridinium bromide and formoterol administered BID in patients with stable moderate to severe COPD were also successfully completed during 2010. Both studies showed positive results and following regulatory consultations, phase III with the fixed dose combination will commence in the second half of 2011.

The combination of acridinium bromide and formoterol is also being developed in the Genuair® device.



Acridinium bromide will be filed in mid-2011 both in the USA and the EU

LAS100977 (OD LABA)

This is a highly potent novel once daily LABA that in early phase II testing demonstrated fast onset and long-lasting (24-hour) efficacy with a very good tolerability profile in patients with stable asthma after multiple dosing.

The combination of a fixed dose of LAS100977 and a corticosteroid is currently being developed in the Genuair® inhaler for once-a-day administration for the treatment of both asthma and COPD. In 2009, a co-development and marketing agreement for this molecule was signed with Forest Laboratories for the USA.

Following regulatory feedback from the EU and the USA, the next phase II steps of the project in asthma and COPD will start in 2011.

LAS190792 (MABA)

At the beginning of 2011, Almirall added a new important asset in preclinical stage: a MABA (muscarinic antagonist beta-agonist), which complements the respiratory franchise of our R&D.

Projects under development in the autoimmune area

Sativex®

Sativex® is a first-in-class endocannabinoid system modulator and the first therapeutic option available for multiple sclerosis spasticity. It is composed primarily of a 1:1 ratio of two cannabinoids (CBDs) and delta-9-tetrahydrocannabinol (THC). The CBD:THC formulation is considered to enhance the therapeutic benefits of THC, whilst minimising unwanted psychotropic and other THC-related side effects.

Sativex® is indicated as an add-on treatment for symptom improvement in patients with moderate to severe spasticity due to multiple sclerosis (MS) who have not responded adequately to other antispasmodic medication.

Approved in Spain and the UK during 2010, submissions for approval have been made in additional European countries under the mutual recognition procedure (MRP).

In late November 2010, Almirall announced the initiation of the phase III clinical studies programme of Sativex® in the treatment of pain in patients with advanced cancer, who experience inadequate analgesia during optimised chronic opioid therapy. The phase III studies are being performed by GW Pharmaceuticals in conjunction with their licensing partner in the USA, Otsuka Pharmaceutical Co. Ltd.

Almirall is responsible for the commercialisation of Sativex® and for making this innovative medicine available to healthcare professionals and patients in Europe (except the UK).

LAS186323 and LAS189913

LAS186323 (DHODH inhibitor) is currently in development phase I and is designed for the treatment of rheumatoid arthritis and multiple sclerosis. Almirall is looking into licensing opportunities both for the DHODH in phase I and the LAS189913 (S1P1) in preclinical stage for the treatment of multiple sclerosis.

The largest R&D pipeline in Almirall's history



Projects under development in the dermatological area

LAS41005 (Actikerall®)

This compound has an antimetabolic action on skin cancer cells combined with strong keratolysis that improves the efficacy of the treatment. The purpose of the product is to treat cases of moderate non-melanoma skin cancer. The filing process of this project is in progress.

LAS41002

This is a topical anti-inflammatory for the treatment of eczema that acts on the corticosteroid receptor. The project consists of three distinct formulations to ensure that the drug is suitable for different types of skin conditions and in different locations. The filing process is currently in progress.

LAS41007

This is a project that contains a well-established active ingredient used in a unique formulation for the treatment of non-melanoma skin cancer. The project moved into clinical phase III in 2010.

LAS41003

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

LAS41004

This compound is currently in phase II of clinical development. The aim is to confirm the anti-inflammatory activity of the compound in a topical administration for the treatment of psoriasis.



Projects under development in the gastrointestinal area

Linaclotide

Linaclotide is a first-in-class compound for the treatment of irritable bowel syndrome with constipation (IBS-C) licensed from Ironwood Pharmaceuticals for Europe since 2009. It is a once daily, orally delivered peptide that acts locally in the gut with no detectable systemic exposure at therapeutic doses. Linaclotide is an agonist of guanylate cyclase type-C, a receptor found on the lining of the intestine.

During 2010, two pivotal phase III clinical trials ended successfully and met all the primary and secondary endpoints according to FDA and EMA requirements. Almirall aims to file linaclotide in the EU during the second half of 2011.

Following the licensing agreement with Ironwood, Almirall has become responsible for the commercialisation of this compound in all European Union member states, plus Russia, the CIS, Switzerland, Norway and Turkey, as well as other countries of former Yugoslavia. Almirall is also responsible for activities relating to obtaining marketing approvals in the above mentioned territories.

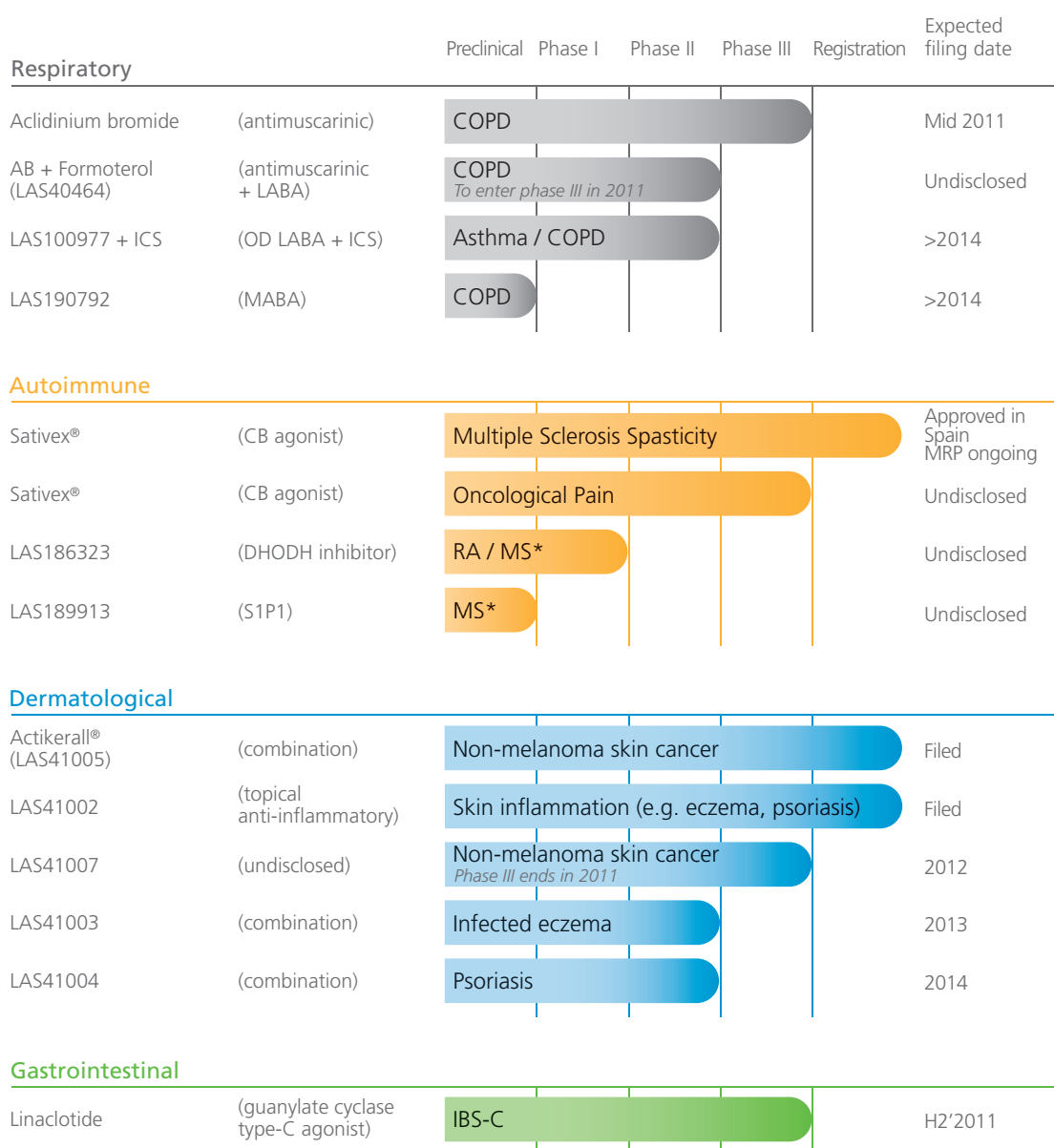
Irritable bowel syndrome with constipation (IBS-C) is a chronic functional gastrointestinal disorder characterised by abdominal pain and discomfort associated with altered bowel habits. In Europe, an estimated nine million individuals suffer from IBS-C, yet there is currently no available therapy to treat this disorder that can affect patients physically, psychologically, socially and economically.



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

A Pipeline with significant upside

(the right end of each bar represents status of development as at 28 February 2011)



AB: acclidinium bromide
COPD: chronic obstructive pulmonary disease
IBS-C: irritable bowel syndrome with associated constipation
ICS: inhaled corticosteroid
MABA: muscarinic antagonist beta-agonist

MRP: mutual recognition procedure
MS: multiple sclerosis
OD LABA: once daily long beta-agonist
RA: rheumatoid arthritis
* To be licensed-out.

Genuair®, Almirall's dry powder inhaler

The Genuair® is a key technology for developing new inhalation compounds and for establishing a strong respiratory franchise, both in monotherapies and combination therapies.

Advantages for patients

The inhaler combines user-friendliness, ease of use and safety for the patient.

The inhaler is a one-hand managed device, and uses several innovative feedback and control systems to allow the safe dosing of the inhaled compounds.

- Inhalation only requires 2 simple steps of patients: pressing the button and inhaling.
- When the last dose has been taken, the Genuair® is disposable. No cleaning is necessary at all during or after use.
- A multiple feedback mechanism informs the patient if a dose has been delivered and inhaled correctly. Positive feedback includes the visual red/green signal, an audible click and the slightly sweet taste of the lactose used as a carrier.

Genuair® inhaler: safe and easy to use



Other notable aspects of Genuair®

- One of the most critical steps in developing an inhalation product is the scale-up. The Genuair® inhaler has been completely scaled up and is now ready for its launch on the market.
- The inhaler is manufactured using multicavity tools capable of delivering tens of millions of units per year.
- The inhaler's assembly is completely automated and takes place in a clean room on a robotic assembly line.
- Two production lines capable of satisfying expected market needs have been implemented and validated.



Commercial filling line dosification unit.



Genuair® robotic commercial assembly line.

- Multiple colour variants of the Genuair® inhaler for Almirall's R&D respiratory pipeline have been successfully developed and produced for phase III clinical studies.



Acclidinium bromide

Acclidinium bromide + formoterol

LAS100977 (OD LABA) + ICS

AUSTRALIAN DOLLAR
BRITISH POUND
CANADIAN DOLLAR
EURO
HONG KONG DOLLAR
JAPANESE YEN
NEW ZEALAND DOLLAR
SINGAPORE DOLLAR
SWISS FRANC
LIVE CHARTER

0.7640	0.0052
1.7317	0.0075
0.8261	0.0015
1.2379	-0.0010
0.9075	0.0102
0.8517	0.0030
0.7956	0.0002
79.95	-0.05





Finance and stock performance

We have achieved our financial targets in 2010

- Results are in line with guidance.
- Solid Balance Sheet and Cash Flow generation.
- Dividend proposal of € 0.29 (40 % of Net Income).

2010 overview

Net Sales	EBITDA	EBIT	
€ 882.4 MM	€ 216.3 MM	€ 154.4 MM	
Net Income	Normalised Net Income	EPS ¹	Dividend
€ 118.6 MM	€ 136.7 MM	€ 0.71	€ 0.29 ²
	Financial Debt	Net Financial Debt ³	Cash Flow from Operating Activities
	€ 297.5 MM	€ 22 MM x 0.10 EBITDA 2010	€ 174.6 MM

¹ Earnings per Share.

² Rounded figure. Distribution of 40 % of Net Income.

³ Financial Debt (€ 297.5 MM) – Cash and Equivalents (€ 312.9 MM) + Pension Liabilities (€ 37.4 MM) = € 22 MM.



Consolidated Financial Statements

Key financial ratios of 2010

Summary of the year: Main achievements

Almirall reached its financial targets in 2010 in a very challenging environment. The core business was reinforced with new launches and the completion of major agreements and licenses, all of which is in line with the company's goals: leveraging own R&D, growing internationally and maintaining its leadership in Spain.

Net Sales totalled € 882.4 MM (-4.7 %), as they were affected by two health reforms in Spain that have had an impact on drug prices. The erosion in sales and increased R&D costs have resulted in a decrease in EBIT and EBITDA (-13.8 % and -11.3 %)



Almirall has fulfilled its guidance and strategic goals

that amounted to € 154.4 MM and € 216.3 MM, respectively, in a context of cost containment and cost optimisation.

Normalised Net Income reached € 136.7 MM (-5,9 %), whereas Net Income totalled € 118.6 MM (-21.7 %), due to the disposal of 13 non-actively promoted products from the Spanish portfolio that amounted to a total of € 19.1 MM in 2009.

Operating Cash Flow totalled € 174.6 MM and major improvements in the Current Assets can be highlighted. Almirall continued to improve its solid Balance Sheet with a Net Debt as at 31st December 2010 lowered to € 22 MM (x 0.10 EBITDA 2010). The aim of Almirall is to maintain its level of Debt Amortisation, despite the expected Net Cash Flow position in 2011 (unless new corporate development projects are materialized).

In summary, in 2010 the company attained its financial targets in an increasingly adverse environment, given the austerity measures rolled out for public spending, both in Spain and the rest of Europe.

Net Sales
above
€ 882 MM

2010 Functional Income Statement

	(rounded to nearest million euros)		
	2010	2009	% Var.
Net Sales	882.4	925.5	-4.7 %
Gross Profit	546.2	580.9	-6.0 %
% of sales	61.9 %	62.8 %	
Other Income	119.7	107.8	11.0 %
R&D	-144.9	-121.0	19.8 %
% of sales	16.4 %	13.1 %	
SG&A	-363.5	-386.8	-6.0 %
% of sales	41.2 %	41.8 %	
Other Operating Expenses	-3.1	-1.8	72.2 %
% of sales	-0.4 %	-0.2 %	
EBIT	154.4	179.1	-13.8 %
% of sales	17.5 %	19.4 %	
Depreciation and Amortisation	61.9	64.8	-4.5 %
% of sales	7.0 %	7.0 %	
EBITDA	216.3	243.9	-11.3 %
% of sales	24.5 %	26.4 %	
Sale of Non-Current Assets / Other	-0.5	19.0	-102.6 %
Restructuring Costs	-11.6	-8.5	36.5 %
Impairment reversal / (losses)	-14.0	-1.0	n.m.
Net Financial Income / (expenses)	-9.1	-17.1	-46.8 %
Corporate Income Tax	-0.6	-20.0	-97.0 %
Net Income	118.6	151.5	-21.7 %
Normalised Net Income	136.7	145.3	-5.9 %
Earnings per Share (€) ⁽¹⁾	€ 0.71	€ 0.91	
Normalised Earnings per Share (€) ⁽¹⁾	€ 0.82	€ 0.87	
No. of employees end of the period	2,831	3,125	-9.4 %

¹ Number of shares at the end of the period.
n.m.: not material.

Comments on the Functional Income Statement for 2010

Net Sales decreased, as anticipated, by 4.7 % to € 882.4 MM, with stable growth in our international business in Europe (+1.6 %), America, Africa and Asia (+1.2 %), but with lower sales in Spain (-7.6 %).

International sales accounted for 44 % of the total (compared with 42 % in 2009). As expected, the adverse economic environment, generic competition, health reforms and the measures to control the public spending affected the results of the period.

Well-balanced sales by product and therapeutic area

The sales of the 15 top products account for approximately 73 % of total which reflects a well-balanced portfolio without overexposure to a single product. The evolution of the 15 top products, excluding Prevecor[®], shows growth of 3.2 %.

The Gross Profit totalled € 546.2 MM (61.9 % on sales), which reflects the impact of the mandatory 7.5 % discount on patented products in Spain following the legislative reforms. Generic competition and reference prices also contributed to the margin erosion.

Other Income continues to be a key contributor and a reflection of Almirall's business model. This magnitude stood at € 119.7 MM in 2010, which represents a significant increase of 11 %.

R&D expenses amounted € 144.9 MM (16.4 % of sales compared to 13.1 % the previous year) and were higher than in 2009, which is in line with the strategy to invest in the development of new products to set the basis for long-term growth. The company currently has a pipeline with the greatest potential in its history. In absolute terms, the increase in expenses is due to the cost of phase II and III studies of our respiratory franchise.

In addition to investments in innovation, Almirall continuously aims to achieve organizational efficiencies, promote savings and manage its assets efficiently.

SG&A in 2010 dropped by 6.0 % to € 363.5 MM (41.2 % of sales), in comparison with € 386.8 MM in 2009, which reflects the permanent efforts made to reduce costs.

Operational savings reflected in a 6 % reduction of SG&A

EBIT and EBITDA decreased by 13.8 % and 11.3 %, to € 154.4 MM and € 216.3 MM, respectively, as they were affected by the sales erosion and increased R&D expenses.

Restructuring Costs rose to € 11.6 MM following commercial adaptations in several markets, in addition to a greater rationalisation of cost base.

Over 2010, Impairment Losses rose to € 14.0 MM, in line with our assets optimisation strategy and due to price pressures and the austerity measures approved in Europe.

Net Income totalled € 118.6 MM (-21.7 %) due to Impairment Losses (€ 14.0 MM), Restructuring Costs (€ 11.6 MM) and the comparative effect with respect to 2009, during which a divestment of 13

non-strategic products brought in non-recurrent income of € 19.1 MM.

Normalised Net Income totalled € 136.7 MM (-5.9 %) in line with guidance and the effects of the erosion in sales and increased R&D expenses.

19 Increased R&D expenses to promote sustainable % long-term growth

2010 Balance Sheet

(rounded to nearest million euros)

	2010	% of BS	2009
Goodwill	271.9	17.7 %	272.7
Intangible Assets	382.8	24.9 %	352.8
Property, Plant and Equipment	154.8	10.1 %	169.1
Financial Assets	10.2	0.7 %	10.8
Deferred Tax Assets	189.0	12.3 %	173.6
Total Non-Current Assets	1,008.7	65.6 %	979.0
Inventories	87.9	5.7 %	97.7
Accounts Receivable	103.8	6.8 %	120.4
Cash and Equivalents	312.9	20.4 %	259.7
Other Current Assets	23.4	1.5 %	26.2
Total Current Assets	528.0	34.4 %	504.0
Total Assets	1,536.7		1,483.0
Shareholders' Equity	819.3	53.3 %	751.0
Financial Debt	297.5	19.4 %	265.7
Other Non-Current Liabilities	206.8	13.5 %	228.4
Other Current Liabilities	213.1	13.9 %	237.9
Total Equity and Liabilities	1,536.7		1,483.0

Comments on the 2010 Balance Sheet

Regarding the company's Balance Sheet as at 31 December 2010, it is worth mentioning that the Intangible Assets reflect the payments made in 2010 for linaclotide and Toctino®, amongst others.

The position of Deferred Tax Assets (€ 189.0 MM), includes tax credits, mainly attributable to the accumulated deductions of R&D in accordance with current legislation, whose effective benefits will be noticed in subsequent years.

Inventories show a considerable decrease in comparison with the previous financial year. This is linked to the efforts made by the company to improve the management of stock volume. Accounts Receivable shows a decrease, in part due to the decrease in sales and the improved management of working capital, which has favourably contributed to the generation of cash flow.

Cash and Equivalents likewise improved by 20.5 % as at 31 December 2010 and account for 20.4 % of total Assets.

On the Liabilities side, Shareholders' Equity had a significant variation due to:

- a) A dividend payout of € 55.1 MM.
- b) Net Income for the period of € 118.6 MM.

The Financial Debt amounted to € 297.5 MM in 2010 following the cancellation of part of the debt (€ 60 MM) and as a result of new financial leverage linked to corporate development activities.

The low Net Debt gives us substantial strategic flexibility



After deducting Cash and Equivalents and Pension Liabilities, Net Debt was reduced to € 22 MM, which is equivalent to 0.10 times EBITDA of the year.

Net Debt as at 31 December provides Almirall's Balance Sheet significant financial flexibility which might allow new corporate development projects, including the search for new license-in opportunities and the selective evaluation of acquisitions.

Shareholders' Equity is over

53 %
of Total Assets

Shareholders' Equity accounts for 53.3 % of Total Assets (compared to 50.6 % as at 31 December 2009).

2010 Cash Flow

	(rounded to nearest million euros)	
	2010	2009
Profit before Tax	119.2	171.5
Depreciation and Amortisation	61.9	64.8
Change in Working Capital	21.8	-18.8
Other Adjustments	-28.3	44.1
Cash Flow from Operating Activities	174.6	261.6
Financial Income	4.3	2.9
Investments	-93.0	-77.6
Divestments	0.9	19.4
Other Cash Flows	2.8	0.1
Cash Flow from Investing Activities	-85.0	-55.2
Finance Expense	-16.9	-19.8
Dividends distribution	-55.1	-52.5
Debt increase / (decrease)	36.5	-55.3
Other Cash Flows	-0.8	-5.2
Cash Flow from Financing Activities	-36.3	-132.8
Cash Flow generated during the period	53.3	73.6
Free Cash Flow	89.6	206.4

Comments on the 2010 Cash Flow

Operating Free Cash Flow totalled € 174.6 MM, which was more than sufficient to cover investment opportunities, pay-out policy and debt payments in 2010.

The favourable variation in Working Capital was mainly due to the positive evolution of Accounts Receivable.

Over
€ 89_{MM}
 in Free Cash Flow

Free Cash Flow reached € 89.6 MM in 2010 despite payments related to corporate development projects (linaclotide and Toctino®), in addition to the payment to recover the rights on a respiratory combination.

Contents of the External Auditors' Report

The external auditors' report issued by Deloitte on 25 February 2011 concerning the Consolidated Annual Accounts for 2010 includes the following documents:

- Consolidated Balance Sheet as at 31 December 2010.
- Consolidated Income Statement.

- Consolidated Statement of Recognised Income and Expense
- Consolidated Statement of Equity Changes.
- Consolidated Cash Flow Statements.
- Notes to the Consolidated Accounts.

The report on the Consolidated Annual Accounts contained a favourable opinion with no reservations.

The full contents of the Consolidated 2010 Annual Accounts, the notes to the accounts and the auditors' report can be found at www.cnmv.es, www.almirall.com and on the CD-ROM version of this Annual Report.

Almirall on the Stock Exchange

The 2010 financial year was an important year for Almirall. We were consistent with our strategic goals: leveraging R&D, growing internationally and maintaining our leading position in Spain. Despite this, Almirall's share price was affected by legislative reforms and by the situation of Spain in international financial markets.

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

In 2010, the price of shares declined by 25.4 %, which was basically due to two major legislative

reforms in Spain that have entailed a significant discount in the price of medicines. In addition, the sentiment of international investors to Spain, with respect to the risks of Sovereign debt, also affected the performance of listed Spanish companies.

The changes in the law and their impact on the evolution of the core business in 2010 forced Almirall to redefine its financial targets for the year in terms of sales and the Normalised Net Income. Before these legislative changes, Almirall expected both figures to remain flat to slightly declining in 2010. However, following the implementation of these reforms, the company revisited its estimates for these figures in June and announced new targets that predicted a mid single digit decline.

Other events that have influenced the performance of shares

The quarterly results of 2010 were in line with financial guidance and the market consensus.

The company has also signed relevant agreements of corporate development: the international distribution agreement for Toctino® (alitretinoin) with the Swiss company Basilea and a co-promotion agreement with Pfizer to commercialise Conbriza® (bazedoxifene) in Spain. Both products were launched in the second half of 2010 and it is expected that their sale will make a growing contribution over the next few years.



In 2010, Almirall also made decisive progress with three key products: aclidinium bromide, linaclotide and Sativex®.

In 2010 and at the beginning of 2011, Almirall announced the results of three pivotal studies in phase III for aclidinium bromide in COPD (chronic

obstructive pulmonary disease). This phase III programme ended with positive results and Almirall expects to register the product in mid-2011, both in Europe and the United States.

Likewise, during the second half of 2010, positive results were obtained from two pivotal studies in phase III for linaclotide (product licensed from Ironwood) for the irritable bowel syndrome with constipation (IBS-C), which will enable the company to submit it for registration in Europe in the second half of 2011.

Sativex®, a product licensed from GW Pharmaceuticals and approved in Spain in 2010 for spasticity in multiple sclerosis, began the mutual recognition process in other European countries in which Almirall holds the commercial rights. The launch of Sativex® is expected in 2011 in Spain, Denmark, Germany and Sweden.

Share price performance

The price of Almirall's shares was affected in 2010 by major legislative reforms in Spain, which have reduced the price of drugs, and by the sentiment of international investors to Spain with regard to the risks of Sovereign debt.

The share price as at 31 December 2009 was €9.14, which included a discount of approximately 10 % relative to the market consensus (€ 10.00).

Twelve months later, the share price declined by 25.4 %, which translates to € 6.82 as at 31 December 2010, and represents a figure 27.5 % lower than market consensus (€ 9.41).

Below is a summary of the key figures regarding Almirall's share price in 2010:

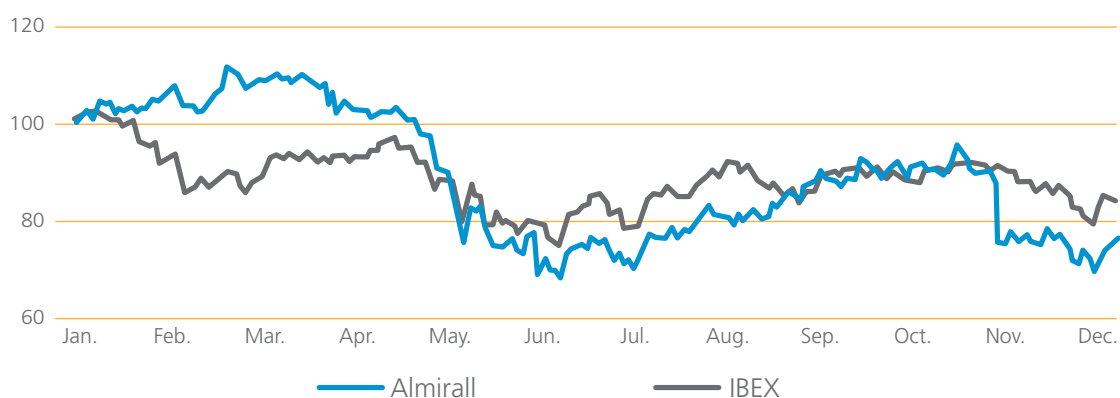
Key figures of Almirall's share price

2010

Dividends paid out (charged against 2010)	€ 0.29*
Maximum share price (19 February 2010)	€ 10.19
Minimum share price (8 June 2010)	€ 6.09
Closing price as at 31 December 2010	€ 6.82
Number of shares as at 31 December 2010	166,098,610
Stock market capitalisation as at 31 December 2010	€ 1,132,792,520

*Rounded figure. Distribution of 40 % of Net Income.

Comparison of Almirall's share price vs IBEX 2010 (Base 100)

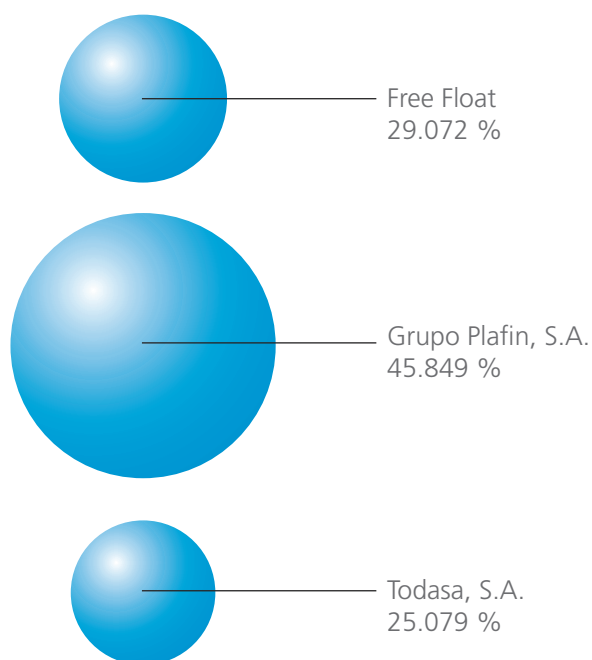


The graph above shows the performance of Almirall shares vs the IBEX 35 in 2010. During this period, both values showed a downward trend (-25.4 % and -17.4 %, respectively).

Share capital structure and major holdings

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

As at 31 December 2010 the shareholding structure of the company was distributed as follows:



According to the information on the official records of the Spanish National Securities Market Commission (CNMV), at the end of 2010 the following shareholders had a significant stake (both direct and indirect) of more than 3 % in the share capital of Almirall, S.A.:

Name or company name of the direct shareholder	No. of shares	% share in Almirall
Grupo Plafin, S.A.	76,155,630	45.849 %
Todasa, S.A.	41,657,172	25.079 %

Analysts' forecasts

New international financial institutions initiated research on Almirall's activities in 2010, thus contributing to widen our visibility among their clients.

Entity	Location
Ahorro Corporación	Madrid
Banesto	Madrid
BBVA	Madrid
BES (Banco Espirito Santo)	Madrid
BNP Paribas Fortis	Madrid
BoA / Merrill Lynch	London
BPI	Madrid
Caja Madrid / ESN	Madrid
Cheuvreux	Madrid
Citi	London
Goldman Sachs	London
Ibersecurities	Madrid
Interdin	Madrid
JB Capital Markets	Madrid
Jefferies	London
Kepler	Madrid
La Caixa	Madrid
Mirabaud Finanzas	Madrid
Morgan Stanley	London
Santander	Madrid

Professionals from Jefferies (London), the Banco Espirito Santo (Madrid) and Interdin (Madrid) joined our list of analysts and they published reports on the performance of our business and the behaviour of our shares.

As at 31 December, the market consensus with regard to the target price was around € 9.41 (source: Thomson Reuters).

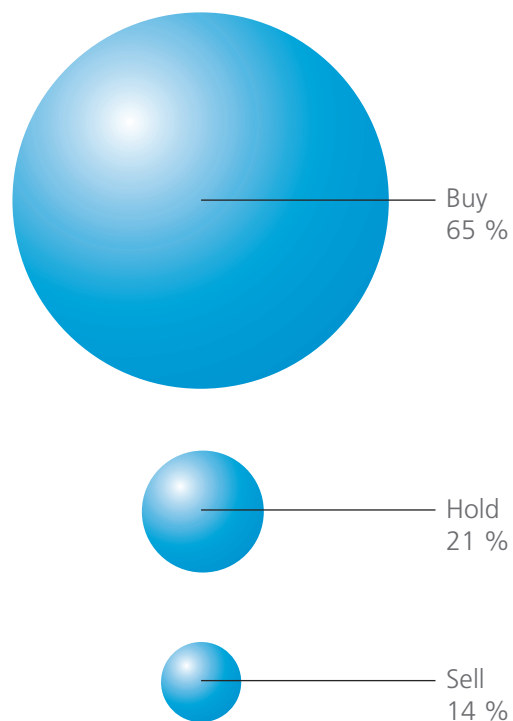
Recommendations by Bloomberg (as at 31.12.2010)

*Analysts' recommendations
were "Buy"*

The summary of recommendations according to Bloomberg at the end of 2010 is shown below, 65 % of which were "Buy".

Market Consensus by Bloomberg (as at 31.12.2010)

Number of recommendations	14
Highest target price	€ 11.50
Lowest target price	€ 7.00
Consensus target price	€ 9.18

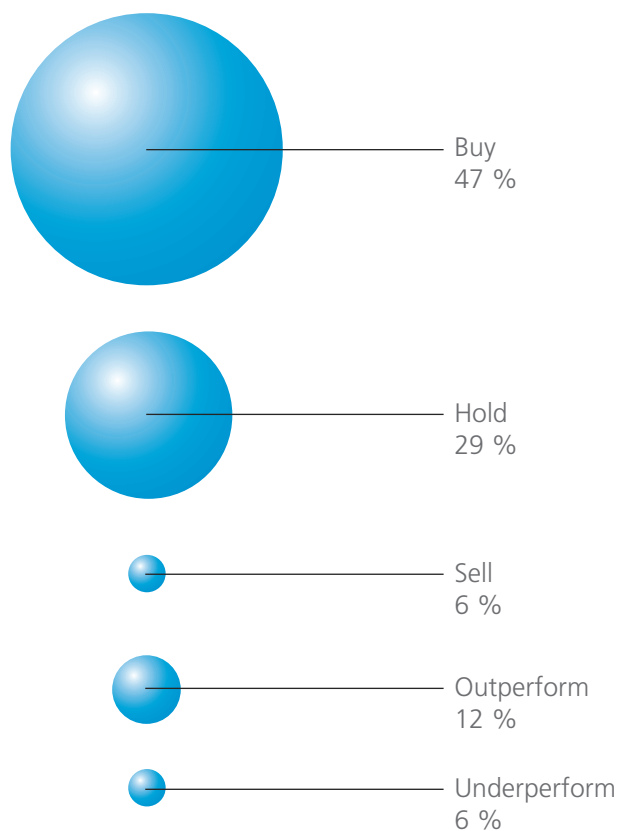


Recommendations by Thomson Reuters (as at 31.12.2010)

As at 31 December 2010, 47% of Thomson Reuters' recommendations were "Buy".

Market Consensus by Thomson Reuters (as at 31.12.2010)

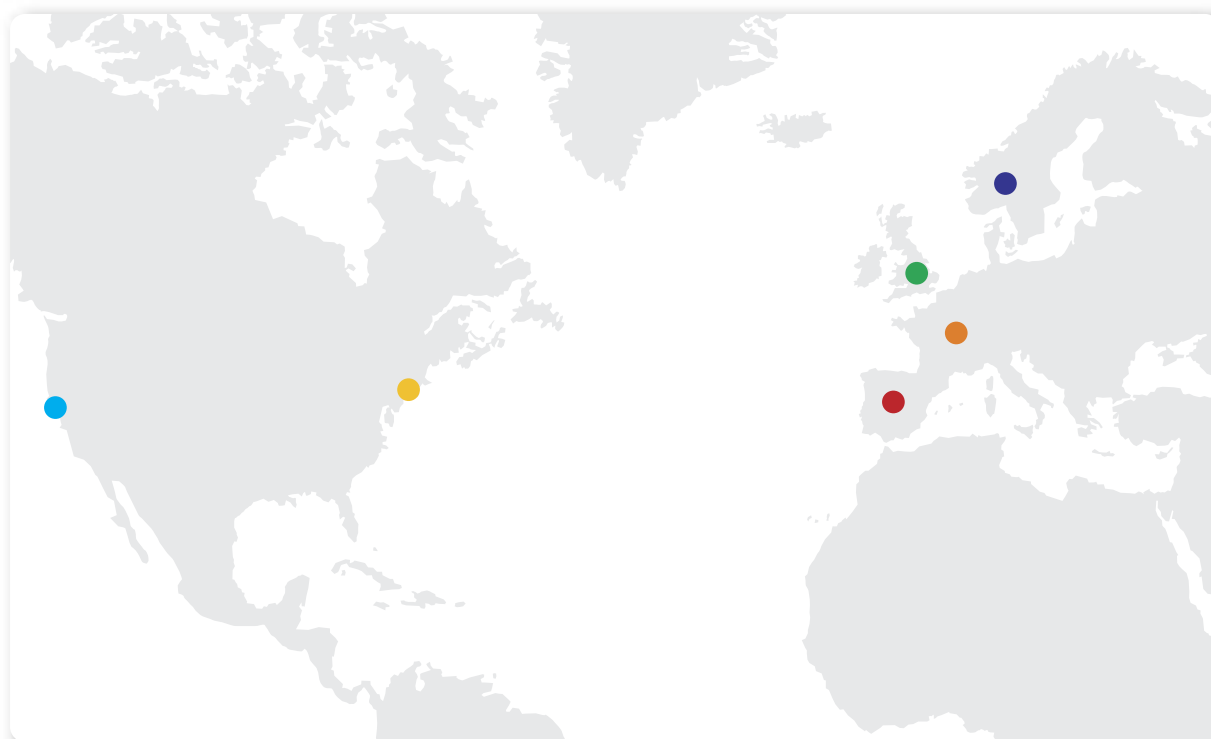
Number of recommendations	17
Highest target price	€ 11.65
Lowest target price	€ 7.00
Consensus target price	€ 9.41



Transparency and proximity with shareholders

During 2010, a wide range of initiatives were undertaken to present the company to the community of investors, both nationally and internationally.

Specifically, over 230 individual meetings were held with investors in Europe and North America over the year:



● West coast of the USA
San Francisco

● East coast of the USA
New York

● Spain, Portugal and Andorra
Andorra La Vella
Barcelona
Bilbao
Lisbon
Madrid

● United Kingdom
London

● Scandinavia
Copenhagen
Helsinki
Stockholm

● Rest of Europe
Paris
Vienna

The number of meetings with investors increased by over 7 % compared to 2009.

<u>Countries</u>	<u>No. of one-on-one meetings</u>
Andorra	13
Austria	6
Denmark	10
Finland	5
France	13
Portugal	8
Spain	62
Sweden	4
United Kingdom	61
United States	54
TOTAL	236

In order to consolidate and expand the company's visibility in key investor communities in Europe and North America, public presentations were made in key events in collaboration with large international finance entities to provide company information to potential investor clients (industry conferences, presentations at Mid Caps events, etc.) with a total attendance of 190 people.

In 2011 the company will continue these activities with the aim of improving its visibility both on a national and international level.







Corporate Development

We strengthen our core business and diversify our pipeline:

- Strong track record in corporate development.
- A model based on acquisitions and license agreements.
- We establish alliances with biotechnology and pharmaceutical companies.

Corporate Development

Almirall's sales mix includes proprietary R&D products, as well as products and technologies derived from acquisitions and licensing agreements with other pharmaceutical companies.

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

Acquisitions essentially may include assets such as products, product portfolios, business units and companies.

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

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

At Almirall, we are committed to building up value through agreements via:

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

Our strengths

Commercial presence in major European markets and Mexico.

Eleven affiliates in Europe (Austria, Belgium, Germany, Finland, France, Iceland, Italy, Nordic countries, Poland, Portugal, Spain, Switzerland, and United Kingdom-Ireland) and one in Latin America (Mexico).

Successful track record in marketing and sales.

Proven experience in R&D, with a special commitment to respiratory and dermatology research lines.

Proprietary technology platform for developing inhaled products (Genuair®).

Expertise in the management of regulatory procedures and clinical studies in the European Union and in the United States.

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

Cash flow for investment in business opportunities.

Leading products in key areas that can be partnered in other markets.

Corporate culture based on investing in talent and innovation.

License-in

Almirall actively looks for business opportunities with a key objective: to obtain licenses with high added value.

The products and technologies obtained as a result provide society with innovative drugs that contribute to improving the health and quality of life of human beings. Almirall can assist its partners with regard to clinical studies, regulatory processes, price negotiation and marketing.

We are constantly seeking new in-licensing opportunities, mainly products in an advanced clinical stage of development, for the European territory.

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

Main therapeutic areas to be explored at a pan-European level

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

Therapeutic areas to be explored for Spain

In addition to the commented areas of interest, the department of Corporate Development in Spain helps to strengthen Almirall's core business through acquisitions and licensing-in synergistic business opportunities within therapeutic areas in which Almirall already has a presence in the Spanish market, such as:

- Allergy
- Cardiology
- CNS (central nervous system)
- Dermatology
- Gastroenterology
- Musculoskeletal
- Respiratory
- Urology

We diversify and strengthen our business through acquisitions and licenses



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

Our corporate development targets were met in 2010 and so our most recent in-licensing deals illustrate Almirall's potential for establishing alliances with biotech companies and pharmaceutical corporations:

- **Toctino®:** In June 2010, Almirall and Basilea signed an exclusive international distribution agreement to commercialise Toctino® (alitretinoin) in Austria, Belgium, the Czech Republic, Italy, Luxembourg, Mexico, the Netherlands, Poland, Portugal, Slovakia and Spain. Toctino® is a first-in-class once-daily oral treatment for adults with severe chronic hand eczema (CHE) who do not respond to potent topical corticosteroids.

Toctino® has already been approved in all the countries under the scope of this agreement except in the Czech Republic and Mexico. The product has been granted pricing and reimbursement in Italy and in Austria. In September 2010, Almirall launched Toctino® in Austria and in Italy shortly afterwards. A phased roll-out in the remaining European countries has been planned from 2011 onwards.

- **Conbriza®:** In July 2010, Almirall and Pfizer announced a co-promotion agreement to commercialise Conbriza® (bazedoxifene) in Spain, a new therapeutic option for the treatment of osteoporosis.

Conbriza® is part of a new generation selective estrogen receptor modulator (SERM) indicated for the treatment of postmenopausal osteoporosis in women who are at increased risk of fracture.

Based on the efficacy and safety data proven in two multicentre clinical studies developed on about 10,000 postmenopausal osteoporotic women^{1,2}, it has been demonstrated that it is effective in increasing bone mineral density, reducing the risk of vertebral fractures and also reducing non-vertebral fractures in high risk patients. Additionally, its good endometrial and breast safety profile, and lack of significant side effects enhance therapeutic compliance in patients.

With this agreement, Almirall has reinforced its core business for the coming years in Spain and has enhanced its product portfolio in the musculoskeletal therapeutic area. Co-promotion activities started in September 2010.

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

¹ Miller *et al.* Effects of Bazedoxifene on BMD and bone turnover in Postmenopausal Women: 2-Year results of a randomized, double-blind, placebo and active-controlled study. *JBMR*, 2008, Apr, 23(4): 525-535.

² Silverman *et al.* Efficacy of Bazedoxifene in Reducing New Vertebral Fracture Risk in Postmenopausal Women with Osteoporosis: Results from a 3-Year, randomized, placebo and active controlled clinical trial. *JBMR*, 2008, Dec, 23 (12): 1923-1934.

License-out

The license-out strategy of proprietary products is pursued based on Almirall's commercial and strategic needs, both on a national and international level.

Depending on this strategy and on the regulatory framework in each territory, the company determines the right time to license out its products, generally when a product has been proven to be effective in the first studies on patients in phase IIa (proof of concept).

In 2010, Almirall defined the most suitable strategy for licensing acridinium bromide in both Europe and Japan. Licensing-out in these and other key geographical areas is a priority for 2011, which has been materialised in February with a first license agreement in Japan. Almirall has granted the Japanese company Kyorin marketing rights and expands its global reach after the agreement with Forest for the USA, signed in 2006.

Therapeutic areas of interest

- **Respiratory**

In line with its focus of research, the future launch of acridinium bromide, whose phase III of clinical development was completed in 2010, must be highlighted.

- **Allergy**

The main product in this area, whose sales target is comfortably reached, is Almirall's R&D antihistamine, ebastine, which is marketed in over 30 countries and is the best-selling product of the company.

- **Dermatology**

Almirall has positioned itself as a leading company in this area since 2007 thanks to the acquisition of Hermal and of a portfolio of eight products by Shire that mainly belong to this area. Today Almirall is ranked as the 2nd German and 9th European dermatology company. Almirall is currently in discussions with USA companies about product partnering in the dermatology area. In such partnerships, Almirall expects to exchange R&D projects and marketed products with its partners.

- **CNS (central nervous system)**

The company's presence in this segment has been consolidated with Almirall's R&D antimigraine drug, almotriptan. It is the first Spanish R&D drug that has been approved by the Food and Drug Administration (FDA) in the United States.

- **Autoimmune**

Moreover, for the autoimmune portfolio, Almirall is looking for strategic partnerships that will allow it to maximise some of its assets, such as the DHODH inhibitor and S1P1 agonist programmes.

Corporate development priorities for 2011

Partnering acridinium bromide and OD LABA (LAS100977) in key geographies.

Pursuing new license-in opportunities.

Continuing to evaluate selected acquisitions.





Social commitment

Our activities fulfil a threefold commitment:

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

Our commitment

We have made a firm commitment to society, the company and the environment.

This commitment is based on:

- Researching, developing, producing and marketing innovative products, so that healthcare professionals can offer their patients the best possible therapeutic solutions.
- Creating a working environment that is conducive to staff cultivating their talents.
- Respecting the environment through the implementation of environmental protection measures.



Society

Our commitment to healthcare professionals and the community

Training activities

In the framework of our commitment to healthcare professionals, Almirall promotes projects designed to develop their skills. In order to attain this goal, we support continuing training by sponsoring and encouraging any kind of activity that will enable them to optimise their day-to-day knowledge.

Once again, last year's figures on the training programmes run in Spain reflect the great store Almirall places on the training of healthcare professionals: 98 courses with over 3,200 attendees; 70 workshops with 1,000 plus attendees; and 78 medical meetings with 3,400 attendees.

The aim of these activities is to improve the skills of healthcare professionals and to provide them with a better knowledge of our products.

In addition, in Spain we have been involved in 89 projects organised by civil society (trade associations and scientific societies) designed to improve the training of healthcare professionals.

Within the framework of these activities, our commitment to young professionals should be highlighted. We give them the opportunity to add to their short experience additional training through our platforms www.trainmed.com and www.comunidadresidentes.com, which provide trainee doctors with the tools they need to further their professional development.

Training for healthcare professionals:

7,600
participants

Professional ethics

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

In Spain, there are currently 40 research projects under way, of which 6 are clinical studies, 12 involve research carried out by third parties and 22 are proprietary research projects. Over 5,000 professionals and 51,000 patients are taking part in these projects.

The results of the clinical studies performed by Almirall are available on our corporate website (under R&D, clinical trials), and we are also actively involved in ensuring that the scientific knowledge derived from these research projects is disseminated to healthcare professionals in scientific publications. Thus, in 2010 Almirall generated 16 papers in scientific journals and 44 specific publications were written for conferences (posters and other kinds of submission).

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

The Internet has likewise become widely accepted as a means of disseminating knowledge about our products and of providing services to professionals. This is borne out by the 12 projects that are currently being carried out. Most of these projects are undertaken in-house, although we occasionally sponsor projects carried out by third parties.

In 2010, the corporate website (www.almirall.com) recorded over 425,000 visits.

Almirall's portal for healthcare professionals in Spain (www.solucionesalmirall.com) has over 37,000 registered users, who in 2010 made over 130,000 visits. In addition, the Pharmacy Club website, which has over 13,000 registered users, has had more than 66,000 visits. Finally, the *Cuida tu salud* (Take care of yourself) project for patients has managed to attract a total of 53,000 visitors.

With regard to OTC products, the Thiomucase website (www.thiomucase.es) has over 40,000 registered consumers, with over 72,000 visits in 2010.

Almirall websites:

50,000
registered
healthcare
professionals

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



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

Our commitment to integrity in our relations with healthcare professionals has prompted us to actively adopt and promote the codes of ethics that are promoted by the various pharmaceutical

industry associations in the countries in which we operate.

In this way, the efforts of Almirall Mexico to comply with the Code of Best Practices for Promotion (CBPP) have been rewarded, based on the results of an audit carried out by *Gestión Social y Cooperación* (GESOC), an independent organisation.

Almirall Mexico has been recognised as an ethical and transparent company in its promotional activities



Dissemination and social commitment

At Almirall, in addition to researching and developing increasingly effective and safe drugs, we undertake significant dissemination actions, which specifically address patients and their environment, with the aim of promoting certain lifestyle changes that will improve the health of the general population.

We promote healthy lifestyles and support initiatives that improve healthcare

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

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

Along the same lines, the *Cuida tu salud* (Take care of yourself) project has been put in place through the website at www.cuidatusalud.com. It gives ordinary citizens lifestyle tips so that they can take their health into their own hands. Within the

framework of this initiative, the *Cuida tu diabetes* (Look after your diabetes) project came into being. It forms part of a nationwide programme in Spain to improve the monitoring of diabetics. It gives medical advice to all patients on the programme with type 2 diabetes.

Besides these internal projects, we have collaborated on a project run by the Vicente Ferrer Foundation: *Una red sanitaria al alcance de todos* (A healthcare network within everybody's reach) which consists in training staff for community health centres in Anantapur (India), and on the publication of the book: *La esperanza de vivir* (The will to live), which narrates the experiences of a cancer patient and is intended to help other cancer sufferers to combat the illness.

In 2010, we also contributed to helping people affected by the earthquake that hit Haiti through the pharmaceutical industry's Red Cross fund and Firefighters Without Borders.

Integration

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

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

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



The company

Our commitment to employees

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

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

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

As a result of this continued effort, the CRF Institute, an international organisation dedicated to coordinating and reviewing research projects in the economic sphere, named Almirall as a "Top Employer" for the third year running. Other major Spanish companies were also acknowledged through this award, and like Almirall, they were rated as "trustworthy" by the organisation and stood out for their management and commitment to talent. The award acknowledges the company's commitment to bettering itself continually, creating an environment that stimulates growth and improvement, and focusing on the development of every single employee within the company. The CRF has also awarded a special prize to Almirall in recognition of its leading position in terms of



employee training and development prospects for the second year running.

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

Almirall
Top employer



Occupational hazard prevention

Our commitment to the health and safety of our employees is reflected in our occupational hazard prevention policy, which is assigned all of the resources necessary to ensure its fully effective implementation.

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

Occupational hazard prevention is a goal shared by the company and its employees. All employees, whatever their position or duties, are responsible for ensuring that health and safety regulations are fulfilled. As a result of this joint effort, in 2007 Almirall was awarded the prestigious TÜVRheinland certificate, which proves its compliance with the international health and safety standard, OHSAS 18001:2007.

After a new assessment audit that covered all of Almirall's workplaces and activities in Spain, the certification was renewed in 2010. TÜVRheinland thus certified that the company continues to have an ongoing policy that meets the latest and most demanding occupation health and safety criteria, which go beyond the requirements laid down by current Spanish legislation.

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

Occupational hazard prevention is a top priority for Almirall



The environment

Our commitment to the environment

Almirall's environmental policy clearly reflects its commitment to the environment, which is based on the principles of prevention, recycling, control and involvement of employees and collaborators.

- **A commitment to the continued improvement of our environmental management**, in line with the legal requirements in force and other requirements to which Almirall adheres voluntarily.
- **A commitment to the prevention of contamination.**
 - Reduction or eradication at source (substitution of materials, changes in processes, products or technology, etc.).
 - Reuse and recycling (during processes, at facilities or during external transfers).
 - Recovery and treatment (recovery of waste streams, treatment of emissions and waste discharges to reduce their impact on the environment).
 - Control mechanisms.
- **Efficient and rational management of natural resources**, such as raw materials, energy and water resources, through the promotion of energy and water savings, and efficient processes.

- **Setting up of regular environmental management programmes, whose targets and goals** are in line with the legislation in force, the company's environmental policy and all significant environmental aspects identified.
- **Involvement and participation of employees and companies that work with Almirall** in the application of the principles that make up this policy.



The implementation of these principles in Spain resulted in Almirall obtaining the ISO 14001:2004 certification from the Bureau Veritas in 2004. It was awarded in recognition of Almirall's environmental management system, which covers its R&D activities, the manufacture active ingredients, and the development and wholesale of pharmaceutical products. After the favourable renewal of the certification in 2007, it was transferred to TÜVRheinland in 2009.

This certification was renewed in 2010 following an assessment audit. TÜVRheinland thus certified that Almirall continues to apply the latest and most demanding environmental management criteria, which go beyond the requirements laid down by current Spanish legislation.

Among the initiatives that Almirall has promoted for a number of years, one of the main actions has been the recycling of paper and cardboard. This initiative resulted in the recycling of 171.5 tonnes of paper and cardboard in 2010. At Almirall, we have taken the selective management of waste one step further, as all of our facilities are equipped with specific plastic and metal waste containers, which means all our waste is recycled at selective collection plants.

To further develop these initiatives, at the end of 2008 we signed an agreement with FEMAREC, a not-for-profit welfare organisation and a leading

charity in the professional integration of people at risk of exclusion, for the purpose of managing and recycling the paper and cardboard generated by Almirall's various facilities in Spain.

Our commitment to the environment also includes the recycling of products through our membership of the pharmaceutical industry's Integrated System for the Management and Collection of Packaging (SIGRE), which was set up and is promoted by the Spanish pharmaceutical industry's employers' association (Farmaindustria). SIGRE is a not-for-profit organisation set up to guarantee proper environmental management of medicinal packaging and unused household medicines.

The original idea was promoted by pharmaceutical laboratories in 2001 and pharmacies and pharmaceutical distribution companies play an active role in the organisation.

171

tonnes of recycled paper and cardboard in 2010







Corporate Governance

Fundamental goals:

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

Almirall's Corporate Governance aims

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

Over
37,000
shareholders

Corporate Governance in Almirall

Board of Directors

Fundamental goals: to protect the interests of shareholders and maintain a transparent and rigorous information policy.

Audit Committee

Competences:

- Review of periodic public financial information to ensure legal requirements and accounting principles are properly applied.
- Relations with the external auditor.
- Monitoring of internal audit systems, internal controls and risk management.

Appointments and Remuneration Committee

Competences:

- Supervision of the selection process of the company's executive directors and senior managers.
- Support to the Board of Directors in determining and monitoring the remuneration policies of the above individuals.

Management Board

Basic duties: to define the company's general strategy and its specific application to R&D, operations, finance and corporate development.

Transparency and rigour in protecting the shareholders' interests

Board of Directors

The table below lists the nine members and the Secretary of the Board of Directors, in addition to the nature of their positions as at 31 December 2010.

Members of the Board of Directors

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

* Independent external member as of January 2011.



From left to right: Luciano Conde, Per-Olof Andersson, Juan Arena de la Mora, Jorge Gallardo, Tom McKillop, Paul Brons, Antonio Gallardo, Daniel Bravo and Eduardo Sanchiz.

Audit Committee

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

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

Members of the Audit Committee

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

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

The Board's Regulations also establish that the Committee may meet at the request of its members or every time a meeting is called by the Chairman, who is required to call a meeting whenever the Committee or its Chairman requests the issue of a report or the adoption of proposals and, in any

event, whenever deemed necessary for the proper discharge of its functions. Such meetings may be attended, if considered appropriate, by the members of the Committee, by executive directors, members of senior management or the account auditors. Moreover, in order to ensure that it performs its functions to the best of its ability, the Audit Committee may request advice from external experts whenever needed.

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

The Internal Audit Director provides the Audit Committee with an annual work plan, informs it directly of any incidents that arise during the course of its implementation and submits an activity report to the Committee at the end of the year.



Headquarters (Barcelona – Spain)

Appointments and Remuneration Committee

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

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

The Appointments and Remuneration Committee meets once every quarter and must do so every time a meeting is called by the Chairman, whenever the Board or its Chairman requests the issue of a report or the adoption of proposals, and, in all cases, whenever deemed appropriate for the

proper discharge of its functions. It reports on its activities to the first plenary meeting of the Board of Directors following its own meetings. Furthermore, the Committee must take minutes of its meetings, of which a copy must be sent to every member of the Board.

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

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

Members of the Appointments and Remuneration Committee

Name	Position
Paul Brons	Chairman
Antonio Gallardo Ballart	Member
Tom McKillop	Member

Management Board

As the leading governing body, the Management Board defines the general strategy of the company, as well as the overall policies and scope of operations in the areas of research, operations, finance and corporate development.

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

Main functions of the Management Board

R&D

The Management Board defines the therapeutic areas to which preliminary research programme resources will be allocated, as well as those related to licenses and external partnerships. In addition, it

devises the company's general policy regarding the implementation of new development strategies and technological approaches designed to rationalise costs and shorten the process of developing new molecules.

Operations

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

Members of the Management Board (as at 31 December 2010)

Name	Position
Jorge Gallardo Ballart	Chairman and CEO
Per-Olof Andersson*	Chief Executive Scientific Officer
Carlos Blanquer Fonquerne**	General Director of the Industrial Area
Luciano Conde Conde	Chief Executive Operating Officer
Anselm Diví Tormo	Corporate Director of Human Resources
Enrique Domínguez Cruz	General Manager Spain
Joan Figueras Carreras	General Counsel
Daniel Martínez Carretero	Deputy Chief Financial Officer
Eduardo Sanchiz Yrazu	Chief Executive Officer for Corporate Development and Finance

* Replaced by Bertil Lindmark as of January 2011.

** Replaced by Eloi Crespo as of January 2011.

Finance and corporate development

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

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

out the action plans designed to control and monitor these risks.

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

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

Risk Management Policy

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

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

During the course of its activities, Almirall carries out a periodic re-assessment of its risks, with the aim of adapting to the changing circumstances of business and the environment. This policy provides Almirall's stakeholders with reasonable assurance that the controls put in place are efficient.

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

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





Almirall
at a glance

Almirall at a glance

The company

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

Almirall was founded in 1943 in Barcelona (Spain) and started its industrial and commercial activities in 1944 in Spain. In the 1970s, it began its research and development activities. Since its foundation, Almirall has become an international pharmaceutical company with global reach. The company is listed since 2007.

1st

Spanish pharmaceutical company

12

affiliates in Europe and Latin America

44 %

in international sales

Around

3,000

professionals across the world

3

R&D centres

12

projects in clinical development

Strategic objectives

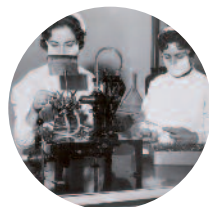
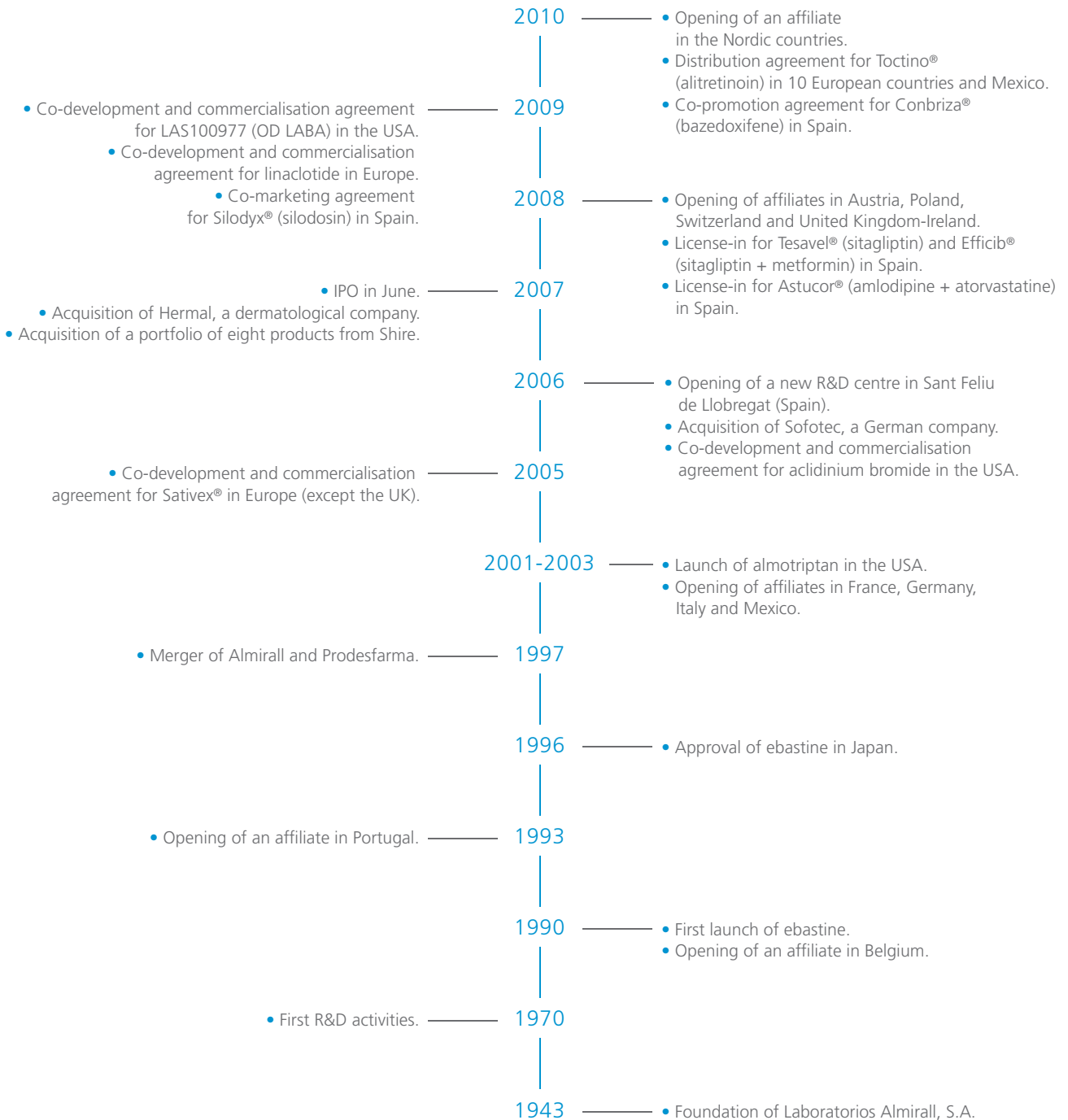
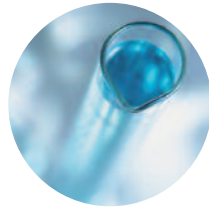
Leveraging own R&D.

Growing internationally.

Maintaining our leadership in Spain.



Our history

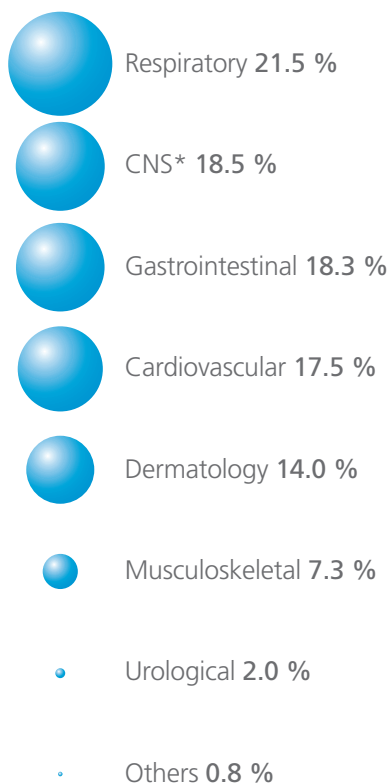


15 top brands

Diversified sales
73%
 among 15 top brands

Brand name	Therapeutic area
Ebastel® and others (ebastine)	Respiratory
Prevencor® (atorvastatin)	Cardiovascular
Esertia® (escitalopram)	Central nervous system
Plusvent® (salmeterol + fluticasone)	Respiratory
Almogran® and others (almotriptan)	Central nervous system
Parapres® (candesartan cilexetile)	Cardiovascular
Airtal® and others (aceclofenac)	Musculoskeletal
Opiren® (lansoprazole)	Gastrointestinal
Dobupal® (venlafaxine)	Central nervous system
Tesavel® (sitagliptin) + Efficib® (sitagliptin + metformin)	Gastrointestinal
Solaraze® (diclofenac sodium)	Dermatology
Almax® and others (almagate)	Gastrointestinal
Balneum® and others (soya oil)	Dermatology
Pantopan® (pantoprazole)	Gastrointestinal
Decoderm Tri® and others (fluprednidene)	Dermatology

Therapeutic areas (% of sales)



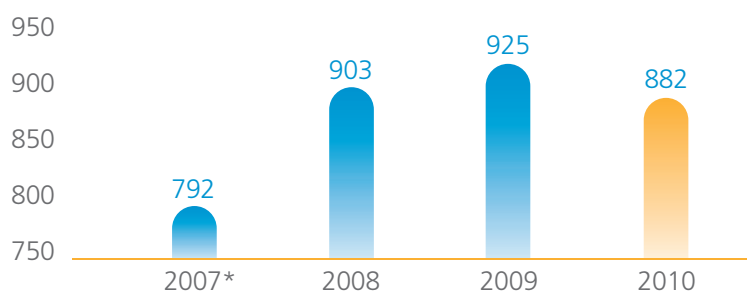
* Central nervous system.

Innovation: the key to Almirall's growth

Our current pipeline is the result of our commitment to R&D and the selected addition of licensed compounds in order to obtain innovative drugs that will improve people's quality of life.

In 2010, phase III trials for acridinium bromide as a monotherapy (for the treatment of COPD) and linaclotide (for the treatment of irritable bowel syndrome with constipation) were successfully completed. Almirall anticipates it will file acridinium bromide in mid-2011 in Europe and the USA, and linaclotide in the second half of 2011 in Europe.

Net sales (rounded to nearest € million)



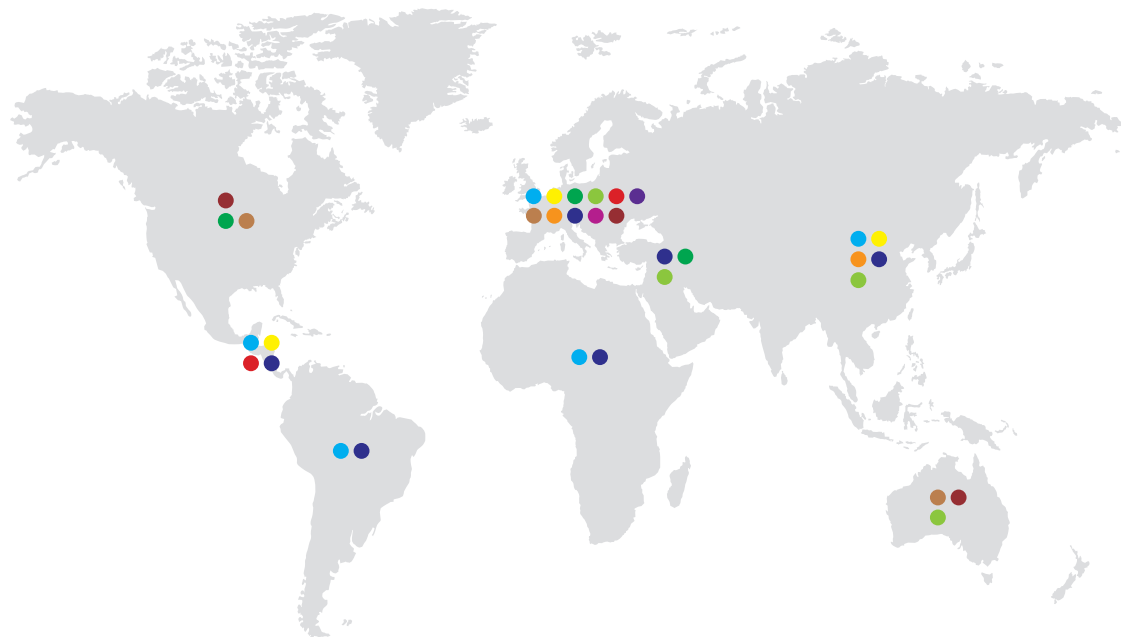
* Initial Public Offering

International activities

Own affiliates in countries **12**

Proprietary drugs in over countries **70**

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



Main products commercialised worldwide

● Aceclofenac

● Almagate

● Almotriptan

● Balneum®

● Cinitapride

● Clebopride

● Ebastine

● Piketopfen

● Solaraze®

● Vaniqa®

● Decoderm Tri®

Social commitment

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



Solutions with you in mind

Almirall, S.A.
General Mitre, 151
08022 Barcelona
Spain
Tel. +34 93 291 30 00
Fax +34 93 291 31 80
www.almirall.com