Almirall, S.A. and subsidiaries
(Almirall Group)

Interim Condensed Consolidated Financial Statements and
Interim Consolidated Directors' Report for the
six-month period ended 30 June 2019

*(Translation of a report originally issued in Spanish.
In the event of discrepancy, the Spanish language
version prevails).*

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries

(Almirall Group)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2019

(Thousand Euro)

ASSETS	Note	30/06/2019	31/12/2018	EQUITY AND LIABILITIES	Note	30/06/2019	31/12/2018
		Unaudited	**Audited**			**Unaudited**	**Audited**
				Issued capital	14	20,947	20,862
Goodwill	8	315,966	315,966	Share premium	14	241,011	229,953
Intangible assets	9	1,171,270	1,121,215	Legal reserve	14	4,172	4,151
Property, plant and equipment	10	113,162	115,235	Other reserves	14	913,551	872,568
Financial assets	11	104,529	142,316	Valuation adjustments	14	(37,027)	(36,971)
Deferred tax assets	21	278,811	280,404	Translation differences	14	25,509	23,512
NON-CURRENT ASSETS		**1,983,738**	**1,975,136**	Profit (Loss) for year		61,941	77,674
				EQUITY		**1,230,104**	**1,191,749**
				Deferred income	15	84,167	98,992
				Financial liabilities	16	535,924	546,070
				Deferred tax liabilities	21	131,277	134,877
				Retirement benefit obligations	18	70,308	70,645
				Provisions	19	36,056	39,393
				Other non-current liabilities	17	41,448	55,807
Inventories	12	100,117	92,333	**NON-CURRENT LIABILITIES**		**899,180**	**945,784**
Trade and other receivables	13	283,585	192,803				
Current tax assets	21	41,626	38,878	Financial liabilities	16	753	2,618
Other current assets		6,359	4,086	Trade payables	17	250,523	191,019
Current investments	11	61,643	1,080	Current tax liabilities	21	20,979	22,191
Cash and cash equivalents		34,944	85,190	Other current liabilities	17	110,473	36,145
CURRENT ASSETS		**528,274**	**414,370**	**CURRENT LIABILITIES**		**382,728**	**251,973**
TOTAL ASSETS		**2,512,012**	**2,389,506**	**TOTAL LIABILITIES AND EQUITY**		**2,512,012**	**2,389,506**

The accompanying Notes 1 to 26 are an integral part of the interim condensed consolidated financial statements for the six-month period ended 30 June 2019.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries

(Almirall Group)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 AND 2018

(Thousand Euro)

	Note	Period 2019	Period 2018
		Not audited	Not audited
Revenue	20	432,554	367,430
Other Income	20	38,733	30,933
Operating income		**471,287**	**398,363**
Procurements	20	(88,769)	(82,611)
Employee benefit expenses	20	(91,317)	(92,585)
Amortization and depreciation charge	9 & 10	(65,191)	(40,033)
Net change in provisions	12 & 13	(4,111)	(8,436)
Other operating expenses		(124,043)	(109,136)
Net gains/(losses) on disposals of assets	20	652	(391)
Other ordinary gains/(losses)		(7,712)	(210)
Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill	9	(7,500)	-
Operating profit		**83,296**	**64,961**
Financial income	20	839	347
Financial expense	20	(4,842)	(2,005)
Exchange differences	20	(3,621)	(4,377)
Profit/(loss) on the measurement of financial instruments	11 & 20	(2,057)	333
Profit /(loss) before taxes		**73,615**	**59,259**
Income tax		(11,674)	(7,271)
Net profit (loss) for the period attributable to the Parent Company		**61,941**	**51,988**
Earnings/(loss) per share (euro):	6		
A) Basic		0.36	0.30
B) Diluted		0.33	0.28

The accompanying Notes 1 to 26 are an integral part of the interim condensed consolidated financial statements for the six-month period ended 30 June 2019.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries

(Almirall Group)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2019 AND 2018
(Thousand Euro)

		Period 2019	**Period 2018**
	Note	**Not audited**	**Not audited**
Profit/(loss) for the period		**61,941**	**51,988**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Retirement benefit obligations		-	(514)
Corporate income tax on items that will not be reclassified		-	144
Other		-	(12,633)
Total items that will not be reclassified to profit or loss		**-**	**(13,003)**
Items that may be reclassified subsequently to profit or loss			
Other changes in value		(56)	79
Exchange differences on translation of foreign currency	14	1,997	8,451
Total items that may be reclassified subsequently to profit or loss		**1,941**	**8,530**
Other comprehensive income for the period. net of taxes		**1,941**	**(4,473)**
Total comprehensive income for the period		**63,882**	**47,515**
Attributable to:			
- Owners of the parent		63,882	47,515
- Non-controlling interests		-	-
Total comprehensive income attributable to owners of the parent company arising on:			
Continuing operations		63,882	47,515
Discontinued operations		-	-

The accompanying Notes 1 to 26 are an integral part of the interim condensed consolidated financial statements for the six-month period ended 30 June 2019.

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries

(Almirall Group)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 AND 2018

(Thousand Euro)

	Note	Share Capital	Share premium	Legal reserve	Other reserves	Valuation adjustments recognized in Equity	Exchange differences	Profit/(loss) attributable to parent company	Equity
Balance at 1 January 2018	**14**	**20,754**	**219,890**	**4,151**	**1,209,391**	**(20,547)**	**4,002**	**(303,961)**	**1,133,680**
Change in accounting policy (Note 3)		-	-	-	-	(2,700)	-	-	(2,700)
Total Net Equity restated at the beginning of the year	**14**	**20,754**	**219,890**	**4,151**	**1,209,391**	**(23,247)**	**4,002**	**(303,961)**	**1,130,980**
Distribution of profit		-	-	-	(303,961)	-	-	303,961	-
Dividends		108	10,063	-	(32,861)	-	-	-	(22,690)
Total comprehensive income for the period		-	-	-	-	(12,924)	8,451	51,988	47,515
Balance at 30 June 2018 (Unaudited)	**14**	**20,862**	**229,953**	**4,151**	**872,569**	**(36,171)**	**12,453**	**51,988**	**1,155,805**

	Note	Share Capital	Share premium	Legal reserve	Other reserves	Valuation adjustments recognized in Equity	Exchange differences	Profit/(loss) attributable to parent company	Equity
Balance at 1 January 2019	**14**	**20,862**	**229,953**	**4,151**	**872,568**	**(36,971)**	**23,512**	**77,674**	**1,191,749**
Distribution of profit		-	-	21	77,653	-	-	(77,674)	-
Dividends		85	11,058	-	(35,292)	-	-	-	(24,149)
Treasury shares of Parent company		-	-	-	(1,378)	-	-	-	(1,378)
Total comprehensive income for the period		-	-	-	-	(56)	1,997	61,941	63,882
Balance at 30 June 2019 (Not audited)	**14**	**20,947**	**241,011**	**4,172**	**913,551**	**(37,027)**	**25,509**	**61,941**	**1,230,104**

The accompanying Notes 1 through 26 form an integral part of these interim condensed consolidated financial statements for the six-month period ended 30 June 2019

(Translation of the interim condensed consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

Almirall, S.A. and Subsidiaries

(Almirall Group)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2019 AND 2018

(Thousand Euro)

	Note	Period 2019	Period 2018
		Not audited	
Cash flow			
Profit before tax		73,615	59,259
Amortization and depreciation charge	9 & 10	65,191	40,033
Impairment adjustments	9	7,500	-
Net profit/(loss) on disposals of assets	20	(652)	391
Financial income	20	(839)	(347)
Financial expense	20	4,842	2,005
Exchange differences	20	3,621	4,377
Fair value variation of financial instruments		2,057	(333)
Impacts of the Astrazeneca transaction:		-	-
Allocation of deferred income Astrazeneca transaction	15 & 20	(15,439)	(15,893)
Change in the fair value of Astrazeneca financial asset	11 & 20	(36,969)	(29,310)
		102,927	**60,182**
Adjustments to changes in working capital			
Change in inventories	12	(9,770)	(5,048)
Changes in trade and other receivables	13	(18,865)	901
Changes in trade payables	17	53,669	14,384
Changes in other current assets		(5,747)	(5,030)
Changes in other current liabilities		(371)	(284)
Adjustments to changes in other non-current items:			
Other non-current assets and liabilities		1,990	(205)
		20,906	**4,718**
Cash inflows/(outflows) for income tax:		**(15,871)**	**4,938**
Net cash flows from operating activities (I)		**107,962**	**69,838**
Cash flows from investing activities			
Interest received		199	71
Investments:			
Intangible assets	9 & 17	(45,222)	(93,936)
Property, plant and equipment	10	(3,675)	(4,504)
Financial assets	11	(11,813)	(80)
Business combinations	7	-	(17,500)
Disposals:			
Intangible assets and property, plant and equipment	9 y 10	571	309
Financial assets	11	45	1,751
Business unit	6-e	1,186	-
Net cash flows from investing activities (II)		**(58,709)**	**(113,889)**
Cash flows from financing activities:			-
Interest paid	16	(2,753)	(327)
Equity instruments:			
Dividends paid	6-f	(24,149)	(22,690)
Treasury shares	14	(1,378)	-
Financial Instruments:			
Funds from bank borrowings	16	80,000	-
Bank borrowings repaid	16	(100,000)	(150,000)
Payments from lease agreements		(3,996)	-
Other		(5,457)	-
Net cash flows from financing activities (III)		**(57,733)**	**(173,017)**
Net change in cash and cash equivalents (I+II+III)		**(8,480)**	**(217,068)**
Cash and cash equivalents at the beginning of the period	**11**	**86,270**	**280,226**
Cash and cash equivalents at the end of the period	**11**	**77,790**	**63,158**

The accompanying Notes 1 to 26 are an integral part of the interim condensed consolidated financial statements for the six-month period ended 30 June 2019

1. General information

Almirall, S.A. is the Parent company of a corporate group ("Almirall Group"), which is made up of the subsidiaries listed in the accompanying Appendix to these consolidated annual accounts. Its corporate purpose is basically acquisition, manufacture, storage, marketing and representation in the sale of pharmaceutical specialities and products and all manner of raw materials used to prepare the aforementioned pharmaceutical specialities and products.

The Parent company's corporate purpose also includes:

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

b) Research into chemical and pharmaceutical ingredients and products.

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

d) The provision of prevention services of the companies and companies participating in the company under the article 15 of Royal Decree 39/1997, of January 17, which establishes the Regulation of Prevention Services, and regulations of developing. This activity may be regulated and developed in a joint manner for related companies and participants in it according to the article 21 of the aforementioned legal text. It is expressly stated that said activity is not subject to administrative authorization as established by law. This activity may be subcontracted to other specialized entities under the provisions of article 15 of RD 39/1997.

e) Manage and Direct the participation of the Company in the social capital of other entities, through the corresponding organization of personal and material

In accordance with the Parent company's Articles of Association, the corporate purpose may be carried on, in full or in part, directly by the Parent company or indirectly through the ownership of shares, equity instruments or any other rights or interests in companies or other types of entity with or without legal personality, resident in Spain or abroad, engaging in activities that are identical or similar to those composing the Parent company's corporate purpose.

Almirall, S.A. is a public limited liability company listed on the Spanish stock exchanges included in the Spanish electronic trading system (continual market). Its registered office is at Ronda General Mitre, 151 in Barcelona (Spain).

The interim condensed consolidated financial statements have been submitted to a limited review by the parent company's auditors.

2. Basis of presentation

a) Financial reporting legislation applicable to the Group:

In compliance with EC Regulation 1606/2002 of the European Parliament and the Council of 19 July 2002, all companies governed by the laws of a European Union Member State and whose securities are listed on a regulated market in a Member State must file consolidated financial statements for years commencing as from 1 January 2005 under International Financial Reporting Standards, which have been previously adopted by the European Union (hereinafter IFRS-EU).

These interim condensed consolidated financial statements are presented in accordance with IAS 34 on Interim Financial Reporting and have been prepared by the Directors of Almirall, S.A. on 26 July 2019, in accordance with the Article 12 of Royal Decree 1362/2007.

According to what is established in the IAS 34, interim financial information is prepared only with the intention of providing updates to the content of the latest consolidated annual accounts prepared by the Group, emphasizing any new activities, events and circumstances that have taken place during the six-month period and not duplicating the information previously published in the consolidated annual accounts for the year ended 31 December 2018. Accordingly, in order to adequately understand the information presented in these interim condensed consolidated financial statements, they must be read together with the Group's consolidated annual accounts for 2018 prepared under IFRS-EU.

b) Comparability

As indicated in Note 3, effective January 1, 2019, the Group has adopted IFRS 16 *Operating Leases*. The Group has applied the simplified transition approach and has not restated the comparative figures for the prior year to the initial adoption. Additionally, as indicated in Note 3, from January 1, 2019, the Group has adopted IFRIC 23 Uncertainty about the treatment of taxes on profits re-expressing the comparative figures for the previous year. On the other hand, the Almirall Group sold the subsidiary ThermiGen, LLC in March 2019. Consequently, these aspects must be taken into account when comparing the financial statements included in these consolidated summary financial statements with those corresponding to the comparative periods of June 30, 2018 and December 31, 2018.

3. Accounting policies

The policies, accounting methods and consolidation principles applied when preparing these interim condensed consolidated financial statements are the same as those applied to the consolidated annual accounts for 2018, except for the following standards and interpretations that entered into force during the first half of 2019:

Mandatory standards, amendments and interpretations for all years starting 1 January 2019

IFRS 16 " Leases", IFRS 9 (Amendment) "Component of prepayment with negative compensation", IFRIC 23, "Uncertainty about the treatment of income tax", IAS 28 (Amendment) "Long-term interest in associates and businesses sets ", IAS 19 (Amendment)" Modification, reduction or liquidation of the plan "and Annual Improvements of the IFRS. Cycle 2015 - 2017.

These standards have been taken into account as of January 1, 2019, reflecting their impact on these interim condensed consolidated financial statements, which has not been significant except for:

IFRIC 23, "Uncertainty about the treatment of income tax"

This interpretation is applicable to annual periods beginning on or after January 1, 2019. The Group has adopted IFRIC 23 retroactively since January 1, 2019, restating the comparative figures for the 2018 financial year. Consequently, the reclassifications and adjustments that arise from said interpretation are therefore recognized in the balance sheet of December 31, 2018.

With the adoption of IFRIC 23, the Group has reclassified 7.9 million euros initially registered under "Long-term provisions" under "Other non-current liabilities" (Notes 17 and 19).

IFRS 16 “Leases”

In January 2016, the IASB published this new standard, the result of a joint project with the FASB, which replaces IAS 17 "Leases".

This standard is applicable to annual periods beginning on January 1, 2019

The Group has adopted IFRS 16 since January 1, 2019 applying the simplified transition approach and has not restated the comparative figures for fiscal year 2018, as permitted under the standard. The reclassifications and adjustments arising from the new lease rules are therefore recognized in the initial balance sheet on January 1, 2019.

Recognized adjustments in IFRS 16 adoption's

With the adoption of IFRS 16, the Group recognized lease liabilities in relation to leases that had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were valued at the present value of the remaining lease payments, discounted using the incremental type of indebtedness of the lessee as of January 1, 2019. The weighted average incremental rate of indebtedness of the lessee applied to the lease liabilities on January 1, 2019 was 2.1% for buildings and 2.9% for transport elements.

For leases previously classified as financial leases, the Group recognized the carrying amount of the leased asset and the lease liability immediately before the transition as the carrying amount of the right-of-use asset and the lease liability on the application date initial. The valuation principles of IFRS 16 apply only after that date. The new valuations of the lease liabilities were recognized as adjustments to the corresponding right-of-use assets immediately after the initial application date. There were no valuation adjustments for residual value guarantees or variable lease payments based on an index or rate.

	2019
	In thousand euros
Commitments for operating leases as at December 31st, 2018	24,386
(Less): Impact of the financial update of future payments on the date of initial application	(1,888)
Liability for leases booked as at January 1st, 2019	**22,498**
Of which:	
Liabilities for non-current leases	7,916
Liabilities for current leases	14,582
	22,498

The right-of-use for the assets were valued at an amount equal to the lease liability, adjusted by the amount of any advance payment or accrued in relation to that lease recognized in the balance sheet as of December 31, 2018. There were no onerous lease contracts that they would have required an adjustment to the assets by right of use on the date of initial application.

The recognized rights-of-use assets by types of assets are the following:

	30 June 2019 Thousand euros	1 January 2019 Thousand euros
Offices	14,137	16,285
Machinery	232	282
Vehicles	4,255	5,931
Total assets by right of use	**18,624**	**22,498**

Net profit after taxes has decreased by approximately 0.2 million euros in 2019 as a result of the adoption of the new rules. The EBITDA of the Group has increased approximately 4 million euros, given that the operating lease payments were included in the EBITDA, but the amortization of the right-of-use assets and the interest on the lease liability are excluded from this measure. This impact has been assigned to the "Corporate management and results not allocated to other segments" segment, as it is not individually significant among the various segments of the Group.

Operating cash flows have increased and financing cash flows have decreased by approximately 3.9 million euros, since the reimbursement of the principal part of the lease liabilities is classified as cash flows from financing activities.

The Group's activities as lessor are not material and, therefore, there has not been a significant impact on the financial statements.

In applying IFRS 16 for the first time, the Group has used the following practical solutions allowed by the standard:

• the use of a discount rate for all lease portfolio with reasonably similar characteristics, mainly for transport elements

• previous assessments on whether leases are onerous

• the exclusion of the initial direct costs in the valuation of the asset by right of use on the date of initial application, and

• the retroactive action to determine the lease term when the contract contains options to extend or rescind the lease.

The Group has chosen not to re-evaluate whether a contract is, or contains, a lease on the date of initial application. Instead, for contracts signed before the transition date, the group relies on the evaluation it did applying IAS 17 and IFRIC 4 Determination of whether an Agreement Contains a Lease.

Group leasing activities and how they are accounted for

The Group rents several offices, machinery and transport elements. Rental contracts are normally made for fixed terms of 3 to 5 years, although they may have extension options as described below. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Lease agreements do not contain covenants and cannot be used as a grant to obtain loans.

Until fiscal year 2018, rents of property, plant and equipment were classified as financial or operating leases. Payments made under operating leases (net of any incentive received from the lessor) were charged to the profit and loss on a straight-line basis over the term of the lease.

As of January 1, 2019, leases are recognized as an asset by right of use and the corresponding liability on the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and the financial expense. The financial expense is charged to the profit and loss during the term of the lease in such a way that it produces a constant periodic interest rate on the remaining balance of the liability for each year. The right-of-use asset is amortized over the useful life of the asset or the lease term, the smaller of the two, on a linear basis.

Assets and liabilities arising from a lease contract are initially valued on the basis of the present value. The lease liabilities include the net present value of the following lease payments:

• fixed payments (including essentially fixed payments), minus any incentive for lease receivable
• variable lease payments that depend on an index or type, and
• payment of penalties for rescission of the lease, if the lease term reflects the exercise by the lessee of that option.

Lease payments are discounted using the interest rate implicit in the lease contract. If that rate cannot be determined, the incremental type of indebtedness is used, being the rate that the lessee would have to pay to borrow the necessary funds to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Given the nature of the assets by right of use, the initially recognized cost is essentially related to the initial valuation of the lease liability, generally not being the initial direct costs or restoration costs. Also, there are no variable lease payments other than those that depend on a type or rate.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense in profit and loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include computer equipment and small items of office furniture.

Standard, modifications and interpretations that have not yet entered into force, but can be adopted in advance:

As of the date of signing of these condensed consolidated interim financial statements, there are no standards, modifications and interpretations by the IASB or the IFRS Interpretations Committee that may be applied in advance.

Standards, modifications and interpretations of existing standards that cannot be adopted in advance or that have not been adopted by the European Union

As of the date of signing of these condensed consolidated interim financial statements, the IASB and the IFRS Interpretations Committee had published the standards, modifications and interpretations detailed below that are pending adoption by the European Union:

IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or contribution of assets between an investor and its associates or joint ventures", IFRS 17 "Insurance contracts", IFRS 3 (Amendment) "Definition of a business" and IAS 1 (Amendment) and IAS 8 (Amendment) "Definition of material".

As indicated above, the Group has not considered the anticipated application of the Standards and interpretations described above, and in any case the Group is analyzing the impact that these new standards / modifications / interpretations may have on the Group's consolidated annual accounts, if adapted by the European Union.

4. Estimates

Consolidated profit/(loss) and the calculation of consolidated equity are sensitive to accounting principles and policies, measurement criteria and estimates made by the parent company's Directors when preparing the interim condensed consolidated financial statements. The main accounting standards and policies and measurement criteria are indicated in Note 5 of the notes to the consolidated annual accounts for 2018. The same policies indicated in Note 7 to the notes to the consolidated annual accounts for the year ended 31 December 2018 have been applied to critical accounting estimates and judgments and there has been no change that gave rise to a material effect on these interim condensed consolidated financial statements, except for the information mentioned in Note 3.

The interim condensed consolidated financial statements occasionally used estimates prepared by the Management of the Group and consolidated companies, subsequently ratified by the Directors of the parent company, to quantify some of the assets, liabilities, income, expenses and commitments recognized therein. These estimates basically relate to the following:

- Useful life of intangible assets and property, plant and equipment (Notes 9 and 10).
- Evaluation of the recoverability of deferred tax assets (Note 21).
- Impairment losses affecting certain intangible assets and property, plant and equipment deriving from the failure to recover the carrying amount recognized for those assets (Notes 8, 9 and 10).
- The fair value of certain unlisted assets (Note 11).
- The evaluation of litigation, commitments and contingent assets and liabilities (Note 23).
- Estimate of the appropriate provisions for the obsolescence of inventories, the impairment of receivables and product returns.
- Estimate of provisions for restructuring.
- Calculation of the precise assumptions required to determine the actuarial liability relating to retirement benefit obligations, in coordination with an independent expert.
- Estimate of the liability relating to share-based payments to be settled in cash.
- Brexit: the Group maintains operations in the United Kingdom, so it has been assessed whether the pending departure of the United Kingdom from the European Union (Brexit) could affect any estimate or judgment made in the preparation of the consolidated financial statements. The Group is implementing different action plans to deploy contingency measures to be prepared in case of a Brexit without agreement. These action plans include a wide range of actions ranging from the regulatory area to the supply chain, legal, labor or systems, among others. In general terms, the Group is prepared to face any Brexit scenario since the focus has been to be prepared for the worst scenario regardless of the final political result. Therefore, no product of the Group sold directly in the United Kingdom or in any other market, whose supply chain is impacted by Brexit at any point, is at high risk. Additionally, as disclosed in Note 20, the Group's% turnover in said market amounts to 3%.

- Corporate income tax expense is recognized in interim periods based on the best estimate of the weighted average tax rate that the Group expects for the year, in accordance with IAS 34.

- Estimation of the lease term (IFRS 16): when determining the lease term, the management considers all the factors and circumstances that create an economic incentive to exercise an option of extension, or not exercise a rescission option. Extension options (or periods after rescission options) are only included in the lease term if it is reasonably certain that the lease is extended (or not terminated). In general, the Group is based on the financial projections made periodically to determine the reasonableness of exercising or not the extensions for the most significant contracts (mainly, the lease agreement of the head office as described in Note 24).

Despite the fact that the aforementioned estimates are made based on the best information available at the date of the analyzed facts, it is possible that future events could give rise to upward or downward adjustments at the end of 2019 or in coming years, which would be made prospectively in accordance with IAS 8 in order to recognize the impact of the change in the estimate on the consolidated income statement for the years in question.

During the six-month period ended 30 June 2019 there have been no significant changes in the estimates made at the end of 2018.

5. Financial risk management

The Group's activities are exposed to several financial risks: market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk.

There have been no significant changes in the risk management department or in any risk management policy since the end of last year.

6. Other disclosures

a) Contingent assets and liabilities

Information regarding contingent assets and liabilities is included in Note 25 of the notes to the Group’s consolidated annual accounts for the year ended 31 December 2018 and in Note 23 of the notes to the accompanying interim condensed consolidated financial statements.

b) Seasonality of the Group's transactions

The seasonality of the operations carried out by the Group that basically relate to the supply of pharmaceuticals is inherent to the nature of the products supplied, since customer purchases are not distributed on a linear basis over calendar years. The primary cause is the seasonal occurrence of certain illnesses and/or symptoms.

c) Materiality

When determining the information to be disclosed in the explanatory notes regarding the various headings in the financial statements or other matters, the Group has taken into account their materiality with respect to these interim condensed consolidated financial statements, in accordance with IAS 34.

d) Interim condensed consolidated cash flow statements.

The following terms are used in the interim condensed consolidated cash flow statements:

- <u>Cash flows</u> are inflows and outflows of cash and cash equivalents.

- <u>Operating activities</u> are those activities making up the Company's main source of revenue and other operations that cannot be classified as investing or financing activities.

- <u>Investing activities</u> consist of the acquisition and disposal of non-current assets, as well as other investments not included under cash and cash equivalents.

- Financing activities are those activities that give rise to changes in the size and composition of the equity and loans obtained by the Company.

When preparing the consolidated cash flow statement, "Cash and cash equivalents" are considered to be the petty cash held by the Group and current bank deposits that may provide immediate liquidity at the Group's discretion without any penalty. These items are included in the heading "Current financial investments" in the accompanying interim condensed consolidated balance sheet. The carrying amount of these assets approximates their fair value.

e) Changes in the Group's structure

During the six-month period ended June 30, 2019, there has been the following changes in the Group's structure.

- On March 4, 2019, the Group reached an agreement with Celling Biosciences in order to sell Thermigen, LLC. The conditions to consider this agreement were effectively met on March 29, 2019. The divestment was made through the subsidiary Almirall Aesthetics Inc, having a non-significant impact on these condensed consolidated interim financial statements, taking into account that the main assets contributed by ThermiGen were impaired at December 31, 2018, as indicated in Note 8 to the consolidated annual accounts of the Group for the year ended December 31, 2018.

  As a result of this agreement, loans and accounts receivable have been generated with the purchasing company in favor of the Group, as indicated in Note 11.

f) Dividends paid by the parent company

The dividends paid by the parent company during the first six months of 2019 and 2018 are as follows:

	First half of 2019			First half of 2018		
	% of nominal amount	Euros per share	Amount (in € thousand)	% of nominal amount	Euros per share	Amount (in € thousand)
Ordinary shares	169%	0.203	35,292	158%	0.19	33,000
Total dividends paid	**169%**	**0.203**	**35,292**	**158%**	**0.19**	**33,000**
Dividends charged against profit/(loss)	169%	0.203	35,292	158%	0.19	33,000

The dividend payment of 2019 has been instrumented as a scrip dividend in which the shareholders have been offered the right to choose between receiving new issued shares of Parent Company or the amount in cash equivalent to the dividend. The payment in cash has been chosen for 70.2% of the rights (which has meant a disbursement of 24.1 million euros) and the remaining 29.8% has opted to receive new shares at the nominal unit value, that have been issued as capital increase (Note 14).

Basic earnings/(loss) per share

Basic earnings per share are calculated by dividing net profit or loss attributable to the parent by the weighted average number of ordinary shares outstanding during the period, excluding the average number of treasury shares held during that same period. Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would have been issued if all the potential ordinary shares were to be converted into ordinary shares of the Parent company. Therefore, conversion is deemed to take place at the start of the period or when the potential ordinary shares are issued, when they have become outstanding during the period in question.

For these purposes, it should be taken into account that the diluted earnings per share considers the potential shares that the Parent Company should issue according to the exchange price of the convertible bond (see Note 16), that is, 13,753,191 shares, given that said The bond has become effectively convertible on June 25, 2019.

Accordingly:

	First half 2019	First half 2018
Net income for the period (thousand euro)	61,941	51,988
Average ordinary shares number available (*)	173,837	173,837
Weighted average diluted shares number (**)	187,590	187,590
Basic earnings per share (euros)	**0.36**	**0.30**
Diluted earnings per share (euros)	**0.33**	**0.28**

(*) Number of issued shares deducted shares in treasury stock
(**) Average number of ordinary shares available and potential shares associated with financial instruments convertible into shares

As described in Note 14, as a result of the capital increase released through which the flexible dividend program was implemented, on June 12, 2019 701,153 new shares of the Parent Company were created. During the 6-month period ended June 30, 2018, on June 14, 2018 902,547 new shares of the Parent Company were created.

According to what is established in IAS 33, these capital increases have resulted in the correction of the earnings per share corresponding to the first half of 2018 included in the interim consolidated financial statements for that period and have been taken into account in the calculation of the benefit for basic and diluted share for the first half of 2019.

Finally, the calculation of the consolidated profit per diluted share, considers the consolidated profit for the year attributable to the Parent Company, excluding the expense accrued by the financial instruments convertible into shares, net of their tax effect.

7. Business combination

No business combinations are recognized for the six-month period ended 30 June 2019.

8. Goodwill

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2019 were as follows:

	Thousand euro			
	Balance at 31 December 2018	Exchange rate differences	Impairment	Balance at 30 June 2019
Almirall, S.A.	35,407	-	-	35,407
Almirall Hermal, GmbH	227,743	-	-	227,743
Poli Group	52,816	-	-	52,816
Total	**315,966**	**-**	**-**	**315,966**

The goodwill of Almirall, S.A., the net value of which amounts to 35.4 million euros, arose in 1997 as a result of the difference between the carrying amount of the shares of Prodesfarma, S,A, and the underlying carrying amount of this company at the time of its merger into the parent company, after having allocated any unrealized gains arising from property, plant and equipment and financial assets.

The goodwill on Almirall Hermal, GmbH arose in 2007 as a result of the difference between the acquisition cost of the shares of the Hermal Group companies and the underlying carrying amount thereof at the acquisition date, having allocated any difference between their fair value and their carrying amount in the financial statements for the companies acquired to the identifiable assets and liabilities. This goodwill has been allocated to the cash-generating unit formed by Almirall Hermal, GmbH as a whole in accordance with the segmentation and follow-up financial reporting policies of Almirall Group management.

(Thousand Euro)

The goodwill on Poli Group, arose in February 2016 as a result of the difference between the acquisition cost of the shares of the Poli Group companies and the underlying carrying amount thereof at the acquisition date, having allocated any difference between their fair value and their carrying amount in the financial statements for the companies acquired to the identifiable assets and liabilities.

The goodwill on ThermiGen, arose in 2016 as a result of the difference between the acquisition cost of the shares of that company and the underlying carrying amount thereof at the acquisition date, having allocated any difference between their fair value and their carrying amount in the financial statements for the group to the identifiable assets and liabilities. This goodwill was totally impaired as of December 31, 2018, as indicated in Note 8 to the consolidated annual accounts of the Group for the year ended December 31, 2018. As mentioned in note 6 e) in the month of March 2019 the ThermiGen was sold.

There have been no changes in the composition of the goodwill with respect to that described in the consolidated annual accounts for the year ended on December 31, 2018.

Impairment losses

No impairment losses have been recorded in the six-month period ended June 30, 2019.

As of June 30, 2019, there have been no significant changes in the key assumptions on which the Management has based its determination of the recoverable amount of the cash generating units, nor has there been any indication of impairment or change in the analysis of sensitivity as described in Note 5-d of notes to the consolidated accounts for the year ended December 31, 2018.

As there were no impairment indicators in December 31, 2018 for any of the Cash Generating Units that have goodwill assigned, management has not updated the impairment calculations.

9. Intangible assets

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2019 were as follows:

	Patents and trademarks	Assets from rights of use	Development expenditure	Computer software	Prepayments and assets under construction	Total
Cost						
At 31 December 2018	**1,976,812**	**-**	**83,562**	**92,930**	**29,259**	**2,182,563**
Additions	560	22,498	-	511	88,923	112,492
Disposals	(18,500)	-	-	(45)	-	(18,545)
Transfers	-	-	-	1,193	(3,183)	(1,990)
Exchange differences	5,830	-	289	2	154	6,275
Business combinations	(66,134)	-	-	(974)	-	(67,108)
At 30 June 2018	**1,898,568**	**22,498**	**83,851**	**93,617**	**115,153**	**2,213,687**
Accumulated amortization						
At 31 December 2018	**(673,616)**	**-**	**(476)**	**(75,672)**	**-**	**(749,764)**
Allocation to amortization	(49,777)	(3,874)	-	(3,631)	-	(57,282)
Disposals	10,360	-	-	-	-	10,360
Transfers	-	-	-	-	-	-
Exchange differences	(191)	-	(142)	(2)	-	(335)
Business combinations	20,569	-	-	1,001	-	21,570
At 30 June 2019	**(692,655)**	**(3,874)**	**(618)**	**(78,304)**	**-**	**(775,451)**
Impairment losses						
At 31 December 2018	**(253,696)**	**-**	**(52,816)**	**(5,072)**	**-**	**(311,584)**
Impairment losses	(7,500)	-	-	-	-	(7,500)
Disposals	8,200	-	-	-	-	8,200
Exchange differences	(1,620)	-	-	-	-	(1,620)
Business combinations	45,538	-	-	-	-	45,538
At 30 June 2019	**(209,078)**	**-**	**(52,816)**	**(5,072)**	**-**	**(266,966)**

(Thousand Euro)

Carrying amount						
Cost	1,898,568	22,498	83,851	93,617	115,153	2,213,687
Accumulated amortization	(692,655)	(3,874)	(618)	(78,304)	-	(775,451)
Impairment losses	(209,078)	-	(52,816)	(5,072)	-	(266,966)
At 30 June 2019	**996,835**	**18,624**	**30,417**	**10,241**	**115,153**	**1,171,270**

Most of the intangible assets described in the above table have a defined useful life and have been acquired from third parties or as part of a business combination, and there are no assets subject to debt guarantees.

During the first 6 months of the 2019 period, the main additions to intangible assets amounted to 112 million euros and correspond mainly to:

- As a result of the agreement signed with Athenex dated December 11, 2017, by which Almirall granted an exclusive license to investigate, develop and market in the United States of America and Europe, including Russia, a first-in-class topical treatment for actinic keratosis, in phase III of development at that time, subsequent payments were derived associated with compliance with certain milestones of the product development phase. As of June 30, 2019, payments for the fulfillment of these milestones have been formalized in the amount of 17.3 million euros (20 million dollars).

- In February 12, 2019 Almirall announced an option and license agreement with Dermira under which Almirall has acquired an option to exclusively license rights to develop and commercialize lebrikizumab for the treatment of atopic dermatitis and certain other indications in Europe. As a consequence of this agreement Almirall did a first payment of 30 million dollars (27 million euros). In June 25, 2019 Almirall exercise the option so it should pay 50 million dollars (approximately 44 million euros). In June 30, 2019 this payment was pending to be done, and was booked in the caption Other current Liabilities (Note 17).The payment has been effective in July 9, 2019.

  Additionally in this agreement Almirall will be obligated to make additional payments to Dermira upon the achievement of certain milestones, including $30 MM in connection with the initiation of certain Phase 3 clinical studies and up to $85 MM upon the achievement of regulatory milestones and the first commercial sale of lebrikizumab in Europe. In addition, Dermira will be entitled to receive milestone payments upon the achievement of certain thresholds for net sales of lebrikizumab in Europe, as well as royalty payments representing percentages of net sales that range from the low double-digits to the low twenties.

- As a result of the first application of IFRS 16, the heading "Assets for rights of use" includes the assets corresponding to lease agreements that are mainly due to leases of offices and transport elements, as detailed in the Note 3. Of the total of recognized use rights, 16.3 million euros correspond to offices, 0.3 million euros to machinery and 5.9 million euros to transport elements.

The impacts in “Business combination” chapter for the six-month period ended June 30, 2019 corresponds to the sale of ThermiGen LLC (Note 6-e).

The conversion differences of the period are mainly related to the evolution of the US dollar exchange rate, mainly linked to the portfolio of 5 products acquired on September 21, 2018 in the amount of 471.2 million euros (equivalent to 548 million dollars) from Allergan Sales, LLC and Allergan Pharmaceuticals International Limited ("Allergan"), specialized in the treatment of acne, psoriasis and dermatoses.

The aggregate amount of research and development expenses that have been recognized as expenditures in interim condensed consolidated income statement for the six-month period ended 30 June 2019 and 2018 totals 43.9 million euros and 38.2 million euros, respectively. Those amounts include the amortization of assets associated with development activities, the expenses accruing for the group´s personnel and expenditures made by third parties.

Impairment losses

During the six month period ended 30 June 2019 there have been no significant changes in the estimates made and described in Note 5-d of notes to the consolidated accounts for the year ended 31 December 2018. See sensitivity test done in Note 8.

As of June 30, 2019, impairment tests have been updated for those cash generating units that presented some indicator of impairment as of December 31, 2018.

Find below a sensitivity analysis performed for those cash generating units with indications of possible deterioration that includes variations that are reasonably possible from the main key hypotheses:

Cash generating unit or intangible asset	**Sensitivity analysis**	**Impact on value (million euros)**
Almirall, LLC (referred to Aqua Pharmaceuticals LLC)	- Increase / Decrease estimated volume of sales by 10% (*)	+7 / (7)
	- Increase / Decrease by 5 points in the growth rate	(1) / +1
	- Increase / Decrease by 0.5 point in the discount rate	(1) / +1

(*) Sales volume and costs directly linked to such volume

In addition, during the six-month period ended June 30, 2019, the initial payment derived from the agreement signed with Symatese (7.5 million euros), through which Symatese granted to Almirall an worldwide exclusive license of facial hyaluronic acid fillers, has been completely impaired. This deterioration is due to the process initiated by the Group at the end of 2018 for the search of strategic options for its aesthetic business, which has culminated with the divestment of the investee Thermigen LLC (Note 6-e), although for this specific asset no alternatives have been found to recover the initial investment. That is why the Group Management has decided to completely deteriorate it at the close of the six-month period ended June 30, 2019.

As there were no impairment indicators as of December 31, for any of the other Cash Generating Units that have goodwill assigned or intangible asset, management has not updated any of the other impairment calculations.

10. Property, plant and equipment

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2019 were as follows:

	Land and buildings	**Plant and machinery**	**Other fixtures, tools and furniture**	**Other property, plant and equipment**	**Prepayments and assets under construction**	**Total**
Cost						
At 31 December 2018	**95,346**	**92,889**	**258,496**	**23,047**	**4,759**	**474,537**
Additions	4	1,147	757	252	1,514	3,674
Disposals	-	(311)	(379)	(22)	1	(711)
Transfers	-	642	1,406	70	(128)	1,990
Exchange differences	-	-	9	12	(2)	19
Business combination	-	(392)	(4,625)	(510)	15	(5,512)
At 30 June 2019	**95,350**	**93,975**	**255,664**	**22,849**	**6,159**	**473,997**
Accumulated depreciation						
At 31 December 2018	**(44,798)**	**(59,319)**	**(232,261)**	**(20,691)**	**-**	**(357,069)**
Depreciation charge	(993)	(1,823)	(4,517)	(575)	-	(7,908)
Disposals	10	252	508	7	-	777
Exchange differences	1	131	(5)	(41)	-	86
Business combination	-	-	2,854	425	-	3,279
At 30 June 2019	**(45,780)**	**(60,759)**	**(233,421)**	**(20,875)**	**-**	**(360,835)**
Impairment losses						
At 31 December 2018	**-**	**-**	**(2,233)**	**-**	**-**	**(2,233)**
Business combination	-	-	2,233	-	-	2,233
At 30 June 2019	**-**	**-**	**-**	**-**	**-**	**-**

(Thousand Euro)

Carrying amount						
Cost	95,350	93,975	255,664	22,849	6,159	473,997
Accumulated depreciation	(45,780)	(60,759)	(233,421)	(20,875)	-	(360,835)
Impairment losses	-	-	-	-	-	-
At 30 June 2019	**49,570**	**33,216**	**22,243**	**1,974**	**6,159**	**113,162**

Additions during the six month period ended 30 June 2019 basically relate to improvements to the chemical and pharmaceutical production plants operated by the Group.

The impacts in “Business combination” chapter for the six-month period ended June 30, 2019 corresponds to the sale of ThermiGen LLC (Note 6-e).

11. Financial assets

As detailed in Note 5 i), as of the year ended December 31, 2018, the Group classifies its financial assets in the following valuation categories:

- those that are valued after fair value (either with changes in other comprehensive income or results), and

- those that are valued at amortized cost.

In this sense, this classification is distributed as follows:

- Financial assets measured at fair value through profit or loss: these assets do not meet the criteria to be classified at amortized cost in accordance with IFRS 9 because their cash flows do not only represent principal and interest payments. As a result, this heading includes the balances receivable derived from the recognition of the sale of business to Astrazeneca described in Note 7 of the consolidated annual accounts for year ended on December 31, 2018, as well as those derivative financial instruments that do not meet the necessary requirements to be considered hedges.

- Financial assets measured at fair value through changes in other comprehensive income: equity instruments are considered included in this heading, as is the case of the shares in AB-Biotics, S.A. and in Suneva Medical Inc., (which have been disposed of and valued at fair value, respectively, in the year ended December 31, 2018)

- Financial assets valued at amortized cost: this caption includes fixed income investments made through euro deposits, deposits in foreign currency and repos, mainly. At the date of initial application, the Group's business model is to maintain these investments to collect contractual cash flows that represent only principal and interest payments on the principal amount.

Non-current

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2019 were as follows:

	Thousand euro		
	Deposits and guarantees	Non-current loans and other financial assets	Total
Balance at 31 December 2018	**5,484**	**136,832**	**142,316**
Additions or allocations	23	2,746	2,769
Disposals	(4,387)	(25)	(4,412)
Changes in fair value (Note 20)	-	36,969	36,969
Transfers	-	(73,038)	(73,038)
Business combination	(75)	-	(75)
Balance at 30 June 2019	**1,045**	**103,484**	**104,529**

(Thousand Euro)

The heading “Assets at fair value through profit and loss” in the accompanying interim condensed consolidated balance sheet mainly includes 100,589 thousand euros (136,658 thousand euros at 31 December 2018) as the financial asset consisting of the fair value of future non-current payments receivable by AstraZeneca in accordance with the matters described in Note 6 of the consolidated annual accounts for 2018. On April 5, 2019, it was announced the achievement of a milestone for achieving sales. As a result of this fact, the Group will receive a total of 65 million dollars divided into two payments: 35 million dollars in April 2019 (31.2 million euros at the time of collection) and 30 million dollars in March 2020. The movement of the first six months of fiscal year 2019 is mainly due, on the one hand, an increase to the change in the fair value of the asset amounting to 36,969 thousand euros and, on the other hand, to the decrease derived from for the short-term transfer, based on the expectations of the time horizon of collection, of certain milestones receivable whose fair value at June 30, 2019 amounts to 73,038 thousand euros (Note 13).

The fair value of this financial asset as of June 30, 2019 was made using the same method used by the independent expert in the initial valuation, with an amount of 128.9 million euros recorded in the short term and the rest being registered in the long term amounting to 100.6 million euros (87.3 and 136.6 million, respectively at December 31, 2018). The change in the value of this financial asset during the 6-month period ended June 30, 2019 is due, on the one hand, to the fluctuation of the euro / US dollar exchange rate in the amount of -0.4 million euros, the update financial situation that has meant an income of 33.2 million euros, as well as the reestimation of expected flows and probabilities assigned to the different future milestones for an amount of 3.9 million euros and, finally, reduction of the asset for the Collection of the aforementioned milestone (31.2 million euros). As a result, the total amount of 37.0 million euros of fair value change is recorded in the "Other income" caption in the consolidated income statement for the six-month period ended June 30, 2019 (Note 20).

Current financial investments

An analysis of the balance under this heading in the interim condensed consolidated balance sheet is as follows:

	Thousand de Euros	
	30/06/2019	31/12/2018
Short term investments	300	1,000
Short term deposits	42,480	-
Short term guarantees	66	80
Total equivalent to cash	**42,846**	**1,080**
Short term loans (Note 6-e)	11,597	-
Derivative financial instruments (Note 16)	5,705	-
Short term deposits	1,495	-
Total no equivalent to cash	**18,797**	**-**
Total current financial investments	**61,643**	**1,080**

When preparing the cash flow statement, and in accordance with the provisions of IAS 7, the Group considers cash equivalents to be all highly liquid current investments that can easily be converted into certain amounts of cash, and are subject to little risk of changes in value (see Note 5-h of the consolidated annual accounts year ended 31 December 2018). When preparing the condensed consolidated cash flow statement for the period, the Group included all of the current financial investments as cash equivalents given that current bank deposits may be immediately obtained at the Group’s discretion without any penalty whatsoever, which at June 30, 2019 amounts to 42,856 thousand (1,080 thousand euros at December 31, 2018).

There are no restrictions on the availability of cash and cash equivalents.

Additionally, "Short-term loans" includes the amounts to be received by the Group in relation to the loans granted to the buyer of Thermigen LLC, Celling Biosciences (and other related companies), as mentioned in note 6 -e). These loans amount to a total of 13 million dollars, accrue a market interest and have maturities no later than December 31, 2019.

(Thousand Euro)

Details of the current and non-current held-for-trading are as follows:

	Thousand euro	
	30/06/2019	31/12/2018
Loans and other receivables	3,940	5,484
Financial assets at fair value through profit or loss (Financial Assets with AZ)*	100,589	136,658
Financial assets at fair value through profit or loss	5,705	174
Held-to-maturity financial assets	55,938	1,080
Total	**166,172**	**143,396**

(*) Includes only the non-current part of the fair value of the future payments receivable from AstraZeneca at 30 June 2019 and 31 December 2018.

In accordance with the hierarchy levels established by IFRS 13 and indicated in Note 30 to the consolidated annual accounts for the year ended 31 December 2018, the financial assets for which fair value is estimated our Level 1 (interests in the share capital of other listed companies), Level 2 (financial derivative instruments) and Level 3 (financial assets at fair value profit or loss).

12. Inventories

The breakdown of “Inventories” at 30 June 2019 and 31 December 2018 is as follows:

	Thousand Euro	
	30/06/2019	31/12/2018
Raw materials and packaging	38,240	36,853
Work in progress	14,275	12,875
Goods held for resale and finished products	69,864	64,003
Advances to suppliers	228	95
Impairment	(22,490)	(21,493)
Total	**100,117**	**92,333**

No inventories are pledged as guarantees. There are no significant commitments to purchase inventories at 30 June 2019 and 31 December 2018.

13. Trade and other receivables

The breakdown of this heading at 30 June 2019 and 31 December 2018 is as follows:

	Thousand Euro	
	30/06/2019	31/12/2018
Trade receivables for sales and services	178,558	125,111
Other receivables	132,075	90,351
Impairment	(27,048)	(22,659)
Total receivables	**283,585**	**192,803**

At 30 June 2019 "Other Receivables" mainly included 128.9 million euros (87,3 million euros at December 31, 2018) corresponding to the fair value of current receivables from AstraZeneca as described in Note 11 of the consolidated annual accounts for the year ended 31 December 2018. The increase with respect to December 31, 2018 is mainly due to the reclassification from the long term and the net present value of the milestone of 30 million expected to be collected on March 31, 2020.

At 30 June 2019 and 31 December 2018 the overdue balances written down amount 27,048 thousand euros and 22,659 thousand euros, respectively. Additionally, as a result of the application of the "expected loss" model (simplified approach) in accordance with IFRS 9 (Note 3), the Group has recognized a provision for impairment on the balances of financial assets (Trade receivables) of 3,230 thousand euros as of June 30, 2019 (the same amount as at December 31, 2018).

(Thousand Euro)

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

At 30 June 2019 the percentage of receivables from public authorities related to the hospital business as a percentage of the total trade receivable balance for sales and services stands at 1.4% (1.9% at 31 December 2018).

None of the trade receivable balances have been pledged as security.

The Group carries out individual analyses of overdue trade receivables to identify possible risks of insolvency. On the basis of this analysis, it establishes a provision for bad debts.

The receivables are stated at nominal value and there are no significant differences compared with their fair value.

14. Equity

Share capital

At 30 June 2019 the parent company's share capital consists of 174,554,820 shares with a nominal value of 0.12 euros each, fully subscribed and paid up (173,853,667 shares a nominal value as at 31 December 2018).

On June 12, 2019, 701,153 new shares of the Parent Company, from the scrip dividend, are admitted to trading on the stock exchanges of Barcelona, Madrid, Bilbao and Valencia. These shares are representative of the holders of 29.84% of the free allocation rights that chose to receive new shares instead of cash. As a consequence, the share capital of the Parent Company after the capital increase was increased by 84,138.36 euros, reaching 30 June 2019 to 20,946,578.40 euros (represented by 174,554,820 shares).

The shareholders with significant direct or indirect ownership interests in the share capital of Almirall, S.A. of over 3% of the share capital which are known to the Parent company, in accordance with the information contained in the official records of the Spanish National Securities Market Commission (CNMV) at 30 June 2019 and 31 December 2018, are as follows:

Name of direct holder of the ownership interest	% interest 30/06/2019	% interest 31/12/2018
Grupo Plafin, S.A.	40.9%	41.1%
Grupo Corporativo Landon, S.L.	25.1%	25.2%
Scopia Capital	-	4.0%
Total	**66.0%**	**70.3%**

At 30 June 2019 and 31 December 2018, the parent Company is unaware of other ownership interests over 3% in the parent's share capital or any voting rights held at the Parent company under 3% that permit significant influence to be exercised.

Legal reserve

The legal reserve can be used to increase capital in the part of its balance that exceeds 10% of the capital already increased. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

4,172 thousand euros disclosed under this heading at June 30, 2019 relates to the balance of the legal reserve of the Parent company (4,151 thousand euros at 31 December 2018.

Share premium

The Spanish Companies Act expressly allows the use of the share premium account to increase share capital and there are no specific restrictions with respect to the availability of this balance.

(Thousand Euro)

During 2007 and as a result of several operations within the framework of the listing of all of the parent´s shares on Spanish stock markets, there was an increase in the share premium account amounting to 105,800 thousand euros.

As a result of the increase in capital due to the flexible dividend, this reserve has increased by the difference between the nominal value of the shares and the equivalent value to the dividend, which amounts to 11,058 thousand euros. The balance of this reserve at 30 June 2018 was 241,011 thousand euros (229,953 thousand euros at 31 December 2018).

Other reserves

The breakdown of this heading is as follows:

	Thousand euro	
	30/06/2019	31/12/2018
Canary Islands investment reserves	3,485	3,485
Redeemed capital reserve	30,539	30,539
Merger reserve	4,588	4,588
Other reserves	876,317	833,956
Treasury shares	(1,378)	-
Total other reserves	**913,551**	**872,568**

The "Other reserves" caption includes the "Revaluation reserve" of the Parent Company as of June 30, 2019 and December 31, 2018, amounting to 2,539 thousand euros and is available.

Canary Islands investment reserves

Pursuant to Law 19/1994, the Parent began to avail itself of the tax incentives established therein, appropriating a portion of the profit earned by the establishment in the Canary Islands to the Canary Islands investment reserve which is restricted to the extent that the resulting assets must remain at the company.

At 30 June 2019 and 31 December 2018 the balance of this reserve included in "Other Reserves" is 3,485 thousand euros.

Redeemed capital reserves

Under the Spanish Companies Law, this reserve may be used based on the conditions required for reductions of share capital.

The balance of this reserve at June 30, 2019 and December 31, 2018 amounted to 30,539 thousand euros.

Liquidity and treasury stock contract

The Parent Company has a liquidity contract effective as of March 4, 2019, with a financial intermediary, with the objective of promoting liquidity and regularity in the price of the Company's shares, within the limits established by the Annual General Meeting and by the Circular 1/2017, of April 26 as per the National Securities Market Commission, on liquidity contracts. Said agreement assumes that the Parent Company has a treasury stock on June 30, 2019, which represents 0.05% of the share capital (it did not hold treasury shares as of December 31, 2018) and an aggregate nominal value of 10.8 thousand euros and that have been registered in accordance with the IFRS-EU. The average purchase price of these shares was 15.35 euros per share. The shares of the Parent Company in its possession are for trading in the market.

(Thousand Euro)

Valuation adjustments and others

The amount of this caption - 37,027 thousand euros at June 30, 2019 and - 36,971 thousand euros at 31 December 2018, mainly relates to:

- Net accumulated actuarial losses for recalculations of the valuations of retirement benefit obligations due to variations in the calculation hypotheses: - 24,235 thousand euros at June 30, 2019 and - 24,249 thousand euros at 31 December 2018.
- Financial assets valued at fair value with changes in other comprehensive income: as explained in Note 11, according to the application of IFRS 9, the Group has recorded impairment losses on the Suneva investees under this heading. Medical Inc and Dermelle LLC. The balance as of 30 June 2019 and 31 December 2018 amounts to - 10,092 thousand euros.

Exchange differences

This heading in the accompanying interim condensed consolidated balance sheet includes the net amount of the exchange differences arising in the conversion to the Group's presentation currency of the assets and liabilities of the companies that operate in a functional currency other than the euro.

The breakdown of the balance of this caption at 30 June 2019 and 31 December 2018 is as follows:

	Thousand euro	
	30/06/2019	**31/12/2018**
Almirall Limited (UK)	(1,314)	(1,283)
Almirall, A.G.	139	100
Almirall SP, Z.O.O.	(75)	(95)
Almirall Aps	(3)	(4)
Almirall Inc / Almirall LLC (EEUU)	35,291	33,075
Almirall Aesthetics, Inc / ThermiGen	(6,957)	(6,011)
Polichem, S.A.	(1,572)	(2,270)
Total exchange differences	**25,509**	**23,512**

Movements in the six month period ended 30 June 2019 were as follows:

	Thousand euro
Balance at 31 December 2018	**23,512**
Exchange differences variation	1,997
Balance at 30 June 2019	**25,509**

15. Deferred income

Movements recorded under this interim condensed consolidated balance sheet heading during the six month period ended 30 June 2019 are as follows:

	Thousand euro
Balance at 31 December 2018	**98,992**
Allocated to profit and loss (Note 20)	(15,439)
Other movements	614
Balance at 30 June 2019	**84,167**

During the first six months of 2019, the Group has not signed any agreements which give rise any deferred income in addition to the deferred income described in Note 7 of the consolidated annual accounts for the year ended 31 December 2018.

The main component of the balances at 30 June 2019 and 31 December 2018 set out above consist of amounts of the initially non-reimbursable collections described in Note 6-a to the consolidated annual accounts for 2018.

The initial collections for the AstraZeneca rights transfer agreements yet to be taken to the income statement at 30 June 2019 are valued at 84.2 million euros (99 million euros at 31 December 2018). Deferred income is taken to the income statement on a straight-line basis over the estimated development phase. At 30 June 2019, and in accordance with IFRS15 as detailed in Note 3, the “Revenues” caption in the income statement includes 15,439 thousand euros relating to the allocation of the deferred income for the established development plan (15,492 thousand euros in the same period in 2018).

16. Financial liabilities

As detailed in Note 5-i) of the consolidated annual accounts report for the year ended December 31, 2018, the Group classifies its financial liabilities into the following valuation categories:

- those that are valued after fair value (either with changes in other comprehensive income or results), and

- those that are valued at amortized cost.

In this sense, this classification is distributed as follows:

- Financial liabilities measured at fair value through profit or loss: included in this heading are liabilities related to bonds and other marketable securities issued that the Group may purchase in the short term based on changes in value, portfolio of financial instruments jointly identified and managed for which there is evidence of recent actions to obtain short-term gains, or derivative financial instruments, provided that it is not a financial guarantee contract or has been designated as hedging instruments. As of June 30, 2019, the Group has the following financial instruments: forward exchange rate hedging, equity swap on shares of Almirall, S.A. and the issuance of a Convertible Bond of which we attach detail below.

- Financial liabilities valued at amortized cost: this heading mainly includes bank debts and revolving lines of credit. On the date of initial application, the group's business model is to maintain these loans to pay contractual cash flows that represent only principal and interest payments on the principal amount.

Bank debts-

During 2017, the parent company obtained a revolving line of credit for a maximum of 250 million , a term of 4 years and accruing an average interest rate of less than 1%. The group, except for the breach of any covenant, has no obligation to repay the balance, which at 30 June 2019 amounts to EUR 50 million (EUR 150 million at 31 December 2018) up to the expiration of the policy, and so is therefore classified as a long-term liability. This line of credit agreement requires the Group to comply with a series of covenants, including the fulfilment of a certain "net financial debt / EBITDA ratio”, which at 30 June 2019 is considered fulfilled.

On December 4, 2018, the Parent Company formalized a senior unsecured syndicated loan of the type "Club Bank Deal" led by BBVA for an amount of 150 million euros (with a single maturity on December 14, 2023) and which accrues an interest of 2.1% annual payable semi-annually. Within the contract of this line of credit, the Company is obliged to comply with a series of covenants, among which the fulfillment of a certain "Net Financial Debt / EBITDA Ratio" stands out.

On March 27, 2019, the Parent Company formalized a loan with the European Investment Bank (EIB) for an amount of up to 120 million euros, to finance its research and development efforts, with the aim of offering cutting-edge innovation and therapies, differentiated in the area of medical dermatology. The first tranche of 80 million euros was granted on April 17, 2019, with a fixed interest of 1.35% and 32 equal capital amortizations between April 17, 2021 and April 17, 2029, this being the last expiration date.

Convertible bond-

On December 4, 2018 a simple unsecured senior-level bond issue with final maturity on December 14, 2021 was also formalized for an aggregate nominal amount of 250 million euros, eventually convertible into or exchangeable for ordinary shares of the parent company to be approved by the General Shareholders' Meeting before June 30, 2019. The Bonds bear a fixed annual interest of 0.25% payable semiannually. Once the convertibility conditions have been met, the Bonds have become convertible bonds at the option of the Noteholders at a conversion price set at 18,1776 Euros per share, after applying a conversion premium of 27.5%

on the weighted average price of the ordinary shares of the Parent during the period between the opening and closing of the market on the day of the prospectus. This conversion price is subject to customary adjustment formulas in accordance with the terms and conditions of the Bonds. The Parent Company will deliver newly issued or existing shares (decision that will correspond to the Parent Company) each time the bondholders exercise their conversion rights. In the event that the Board Agreements have been proposed but not approved by the General Meeting before June 30, 2019 or the Board Agreements have been proposed and approved by the General Meeting before June 30, 2019 but the rest of the Convertibility Conditions were not fulfilled within the terms indicated in the terms and conditions, subject to prior notification to the bondholders, the company could have decided to amortize in full, but not in part, the Bonds, for the greater value between (i) 102% of the nominal value of the Bonds, plus accrued interest, or (ii) 102% of the listed price of the Bonds, plus interest accrued. Additionally, in the event that the bondholders are not notified of the modification of the Bonds within the terms provided in the terms and conditions and provided that the Parent Company had not notified the early amortization of the Bonds in accordance with the preceding paragraph, each bondholder could, subject to prior notice, request the amortization of its Bonds for the greater value between (i) 102% of the nominal value of the Bonds plus accrued interest, or (ii) 102% of the listed price of the Bonds, plus interest accrued. Likewise, at any time, each bondholder may, subject to prior notification for a specific period of time, request the amortization of his Bonds, at their nominal value plus accrued interest, in the event of a change of control in the Issuer or to reduce its floating capital below certain limits and, if any of these events occurred prior to the Modification Date, for the greater value between the nominal value of the Bonds plus the interest accrued, or the price of the Bonds. , plus interest accrued.

For this bond issue, in accordance with IFRS 9, the fair value of the derivative financial instruments embedded in the host instrument (the financial liability for the bond) was first determined. The value of the initial recognition of the host instrument was determined on a residual basis after deducting from the total amount of the instrument, the fair value assigned to the derivative financial instruments.

Within the derivative financial instrument, the following options with a significant value that required the separation of the host contract were identified (among others whose value was estimated close to zero both at the beginning and at the closing date of the period):

- Conversion option: once the Transformation Option was exercised by the Shareholders' Meeting (fact actually announced before the CNMV on June 17, 2019), the bonds are convertible into Almirall shares at the option of the holders of the Bonds (this is a purchase option purchased by the holders of the bonds and sold by Almirall) at a conversion price of 18.1776 euros per share (this price is subject to anti-dilution adjustments). If the exchange for all the bonds takes place, a total of 13,753,191 shares will be delivered. The swap could take place in newly issued shares or in existing shares at the discretion of Almirall. Because, within the scenarios of adjustment of the price of conversion into shares, there are mechanisms whose nature implies that presentation as equity is not adequate, this option represents a derivative financial instrument separable from the host contract (financial liability) for the Group.

- Cancellation option: the Parent Company may, after the "Modification Date", amortize in advance, in full, but not in part, the bonds at their nominal value plus interest accrued and not paid if:

  a) At any time, 15% or less of the aggregate face value of the bonds issued remains outstanding.

  b) As of the day on which 2 years and 21 days have elapsed since the Issue Date (that is, as of January 4, 2021, inclusive), the aggregate market value of the underlying shares for each bond, during a certain period of time exceeds 125 thousand euros (that is, taking into account that each bond corresponds to 5,501 shares to an exchange of 18,776 euros per share, if the share price of Almirall SA exceeds 22,722 euros per share).

  With respect to this option purchased by Almirall, given that the nominal value of the bonds (plus their respective accrued interest) would not be "approximately equal" to the amortized cost plus the value of the derivative financial instrument mentioned above, this cancellation option anticipated would not be closely related to the host contract and would be separable from it.

At the time of initial recognition (December 14, 2018), these options were valued at 23.4 million euros, classified under the heading of "Liabilities for derivative financial instruments" of this same Note and remaining 226.6 million euros. remaining euros as a component of the host bonus. As of June 30, 2019, the fair value of these options amounts to 32.7 million euros.

The change in the fair value of these options is recorded in the income statement between the moment of initial recognition and the valuation made at the time of closing, until they are extinguished. For the 6-month period ended June 30, 2019, the impact on the Group's income statement amounted to 9.3 million euros of loss (Note 20). The Group has accounted for both options at their net value, as permitted by IFRS 9.

The valuation of both options has been carried out by an independent expert, using standard valuation methodologies of derivative financial instruments and in accordance with the provisions of IFRS 13 and IFRS 9.

The component of the host bond, on the other hand, once discounted the issuance expenses (which amounted to 2.9 million euros), is recorded at amortized cost using the effective interest method.

Financial derivatives-

On May 10, 2018, the Ordinary General Shareholders' Meeting approved the execution of a swap transaction of interest and shares ("Equity swap"). This operation is made effective through a contract dated May 11, 2018 with Banco Santander, S.A., by which Almirall S.A. must pay a variable interest to the bank as a compensation and Banco Santander, S.A. commits, as acquirer of underlying common shares of Almirall S.A. (with a maximum nominal limit of 2.95% of the share capital (5,102,058 shares) or EUR 50 million, and with a term of 24 months), to deliver the dividend received for its investment in Almirall S.A. and sell the shares of Almirall, S.A. to the company itself at expiration date.

As a result, under "Assets for derivative financial instruments" (in the case of a latent capital gain) or "Liabilities for derivative financial instruments" (in the case of a latent capital loss), the fair value of the derivative corresponding to the difference between the fair value of the underlying asset (2,510,952 shares equivalent to 35.1 million euros, corresponding to 1.4% of the share capital of the Parent Company) and the acquisition cost thereof for Banco Santander, which as of June 30, 2019 it amounts to a capital gain of 5.7 million euros (Note 11), although at 31 December 2018 it amounted to 1.5 million euros of unrealized loss. It is considered that the value of the derivative of the option that would suppose the acquisition of the total of the maximum shares (50 million euros) would not be significant at the closing date. Said derivative, when it does not comply with the accounting coverage requirements, is recorded with changes in value in the profit and loss account (Note 20).

Additionally, under certain conditions in which the fair value is lower than 85% of the cost value, the Group must partially settle this debt with the bank (thereby reducing the fair value of the derivative). For this reason, the Group has chosen to classify this asset/liability as current.

Also at December 31, 2018 Almirall, S.A. maintained a liability of 0.7 million euros corresponding to a forward exchange rate hedge. This forward has been renewed several times in the six-month period ended June 30, 2019, and settled on June 28, 2019 for 4.5 million euros. The impact generated in the profit and loss account by the interest rate differentials between the euro and the US dollar is detailed in Note 20.

At the date of preparation of these consolidated summary financial statements, the Directors of the Parent Company consider that there has been no breach of the aforementioned obligations (including the series of covenants mentioned above).

Accrued and unpaid interest as of June 30, 2019 amounted to 753 thousand euros (407 thousand euros as of December 31, 2018).

(Thousand Euro)

The breakdown of this heading at 30 June 2019 and 31 December 2018 is as follows:

		Amount		Non current			
	Limit	Due (*)	Current	2020/2021	2021/2022	Rest	Total
Credit lines	269,772	50,000	-	50,000	-	-	50,000
Loans with credit institutions	230,000	229,029	-	-	10,000	219,029	229,029
Obligations	250,000	224,225	-	-	224,225	-	224,225
Liabilities for derivative financial instruments	N/A	32,670	-	-	32,670	-	32,670
Accrued interest payable	N/A	753	753	-	-	-	-
Total at 30 June 2019	**749,772**	**536,677**	**753**	**50,000**	**266,895**	**219,029**	**535,924**

		Amount		Non-current		
	Limit	due (*)	Current	2.021	Subsequent years	Total
Credit lines	263,105	150,000	-	150,000	-	150,000
Loans with credit institutions	150,000	148,925	-	-	148,925	148,925
Obligations	250,000	223.745	-	223,745	-	223,745
Liabilities for derivative financial instruments	N/A	25.611	2,211	23,400	-	23,400
Accrued interest payable	N/A	407	407	-	-	-
Total at 31 December 2018	**650,000**	**548,688**	**2,618**	**397,145**	**148,925**	**546,070**

(*) Amount due netted of the issuance costs

In application of the amendment to IAS 7, the reconciliation of the cash flows arising from the financing activities with the corresponding liabilities in the statement of initial and final financial position is included below, separating the movements that assume Cash flows from those that do not.

	Balance 01.01.2019	Effective flows	Interest paid	Accrued interest	Changes in fair value	Balance 30.06.2019
Credit lines	150,000	(100,000)	-	-	-	50,000
Loans with credit institutions	148,925	80,000	-	104	-	229,029
Obligations	223,745	-	-	480	-	224,225
	522,670	**(20,000)**	**-**	**584**	**-**	**503,254**
Liabilities for derivative instruments	25,611	(5,938)	-	-	12,997	32,670
Accrued interest payments	407	-	(2,753)	3,099	-	753
Total Financial liabilities	**548,688**	**(25,938)**	**(2,753)**	**3,683**	**12,997**	**536,677**

	Balance 01.01.2018	Effective flows	Interest paid	Accrued interest	Changes in fair value	Balance 30.06.2018
Credit lines	250,000	(150,000)	-	-	-	100,000
	250,000	**(150,000)**	**-**	**-**	**-**	**100,000**
Accrued interest payments	72	-	(327)	387	-	132
Total Financial liabilities	**250,072**	**(150,000)**	**(327)**	**387**	**-**	**100,132**

(Thousand Euro)

17. Trade payables and Other liabilities

a) Trade payables

The detail at 30 June 2019 and 31 December 2018 is as follows:

	Thousand euro	
	30/06/2019	31/12/2018
Suppliers	71,661	68,927
Payables	178,862	122,092
Total accounts payable short term	**250,523**	**191,019**

b) Other liabilities

The breakdown of this heading at 30 June 2019 and 31 December 2018 is as follows:

	Thousand euro				
	Current	Non-current			
		2020/2021	2021/2022	Remainder	Total
Research related loans	3,463	1,898	1,896	5,150	8,944
Payables on purchases of assets	79,337	-	-	-	-
Debts for lease agreements	6,945	5,248	4,131	2,491	11,870
Wages and salaries payable	20,689	1,281	5,315	6,132	12,728
Long term tax provisions	-	-	-	7,905	7,905
Other liabilities	39	-	-	1	1
Total at 30 June 2019	**110,473**	**8,427**	**11,342**	**21,679**	**41,448**

	Thousand Euro					
	Current	Non-current				
		2020	2021	2022	Remainder	Total
Research-related loans	3,259	2,467	2,243	2,026	2,737	9,473
Payables for purchases of non-current assets	3,584	33,451	-	-	-	33,451
Wages and salaries payable (Note 20)	27,883	286	921	5,144	2,165	8,516
Long term tax provisions	-	-	-	-	7,905	7,905
Other liabilities	1,419	-	4,367	-	-	4,367
Total at 31 December 2018	**36,145**	**36,204**	**7,531**	**7,170**	**12,807**	**63,712**

The research-related loans involve the interest-free loans granted by the Ministry of Science and Technology to promote research. They are presented in accordance with Note 5-i to the consolidated annual accounts for the year ended 31 December 2018. These loans are granted subject to the fulfilment of certain investments and levels of expenditure over the years that they are granted. They mature between 2019 and 2029.

Payables for asset purchases at 30 June 2019 and 31 December 2018 relate basically to the pending disbursements on the acquisition of goods, products and marketing licenses made in the previous fiscal year. The balance as of June 30, 2019 includes the portion pending to be disbursed in the short term due to the agreement reached with Astrazeneca for an amount of 34.2 million euros (33.4 million euros as of December 31, 2018) corresponding to the equivalent value in euros of the value current payment pending for the purchase of said license, as well as the short-term part pending disbursement for the agreement reached with Dermira (44 million euros, as described in Note 9).

The balance of Wages and salaries payable at June 30, 2019 and December 31, 2018 includes, mainly, the outstanding balances with the personnel corresponding to the accrued parts of the extra payments, as well as the bonuses for the Group.

As a result of the application of IFRIC 23 "Uncertainty regarding income tax treatments" (Note 3), as of June 30, 2019 and December 31, 2018 an amount of 7,905 thousand euros has been classified as "Long-term tax liability" (see Note 19).

There are no significant differences between the fair value of the liabilities and their carrying amount.

18. Retirement benefit obligations

Retirement benefit obligations mainly relate to the subsidiaries Almirall Hermal GmbH, Almirall AG and Polichem, S.A.. There has been no significant qualitative change in the retirement benefit liabilities at 30 June 2019 compared to those existing at 31 December 2018.

19. Provisions

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2019 were as follows:

	Thousand euro
Balance at 31 December 2018	**39,393**
Additions or allocations	-
Reversals	(3,337)
Balance at 30 June 2019	**36,056**

It corresponds mainly to the provision for long-term remuneration (see note 5-v of the report of the consolidated annual accounts for the annual year ended December 31, 2018) and to the estimate made by the Group of the disbursements that it should make in the future to face other liabilities derived from the nature of its activity. There have been no significant variations with respect to December 31, 2018.

20. Income and expense

Revenue

The following table presents revenue for the six month periods ended 30 June 2019 and 2018, by commercial model:

	Thousand euro	
	Period 2019	Period 2018
Sales through own network	366,033	295,038
Sales through licensees	53,953	58,048
Corporate management and revenue not allocated to other segments	12,568	14,344
Revenue	**432,554**	**367,430**

	Euro Thousand	
	Period 2019	Period 2018
Product sales income	411,584	349,035
Royalties income	4,137	1,535
Income from up-front payments (Note 15)	15,439	15,492
Income from other up-front payments	1,394	1,368
Revenue	**432,554**	**367,430**

(Thousand Euro)

The following table presents revenue for the six month periods ended 30 June 2019 and 2018, by geographic area:

	Thousand euro	
	Period 2019	**Period 2018**
Spain	127,500	129,461
Europe and Middle East	171,142	154,213
America, Asia and Africa	106,857	53,954
Corporate management and revenue not allocated to other segments	27,055	29,802
Revenue	**432,554**	**367,430**

Other income

The following table presents the composition of other income for the six month period ended 30 June 2019 and 2018:

	Thousand euro	
	Period 2019	**Period 2018**
Incomes coming from Astrazeneca agreement (Note 11)	36,969	29,310
Reinvoicing of services rendered to AstraZeneca	401	246
Other	1,363	1,377
Total Other income	**38,733**	**30,933**

Procurements

This heading is analyzed below:

	Thousand euro	
	Period 2019	**Period 2018**
Purchases	97,417	92,558
Stock variation for Finished Goods and Work in progress	(7,261)	(2,821)
Stock variation for Raw materials and Merchandises	(1,387)	(7,126)
Total Procurements	**88,769**	**82,611**

Personnel

The average number of Group employees, by professional category and gender was as follows at 30 June 2019 and 2018:

	Period 2019			Period 2018		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Board member	1	-	1	1	-	1
Senior management	33	13	46	36	10	46
Middle management	147	115	262	155	128	283
Technical personnel	468	576	1,044	478	566	1,044
Administrative personnel	163	245	408	151	265	416
Other	-	1	1	-	1	1
Total	**812**	**950**	**1,762**	**821**	**970**	**1,791**

The average number of employees at 30 June 2019 with a 33% or higher disability is 10 people (2 technical employees, 8 administrative employees) and 11 people (2 technical employees, 7 administrative employees and one under the category Other) at 31 December 2018.

(Thousand Euro)

The employees structure at 30 June 2019 and 31 December 2018 is as follows:

	30 June 2019			31 December 2018		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Board member	1	-	1	1	-	1
Senior management	32	13	45	33	12	45
Middle management	143	111	254	151	119	270
Technical personnel	465	575	1,040	483	605	1,088
Administrative personnel	173	240	413	154	246	400
Other	-	1	1	-	1	1
Total	**814**	**940**	**1,754**	**822**	**983**	**1,805**

Net gains (losses) on disposals of assets

The detail of the net gain (loss) on disposals of non-current assets during the six month period ended 30 June 2019 and 2018 is as follows:

	Thousand euro			
	Period 2019		**Period 2018**	
	Profit	**Loss**	**Profit**	**Loss**
Sale or write-off intangible assets	-	-	-	-
Sale or write-off property, plant and equipment	89	(23)	-	-
Sale of business units (Note 6-e)	586	-	-	(391)
	675	**(23)**	**-**	**(391)**
Net result from sale of assets	**652**		**(391)**	

Financial income and expenses

The detail of net financial income/(expense) and exchange differences during the six month period ended 30 June 2019 and 2018 is as follows:

	Thousand euro			
	Period 2019		**Period 2018**	
	Profit	**Loss**	**Profit**	**Loss**
Interest Income / (expense) from financial instruments	839	(4,842)	347	(2,005)
Exchange differences gains / (losses)	-	(3,621)	-	(4,377)
Change in fair value of financial instruments (Note 16)	7,213	(9,270)	333	-
	8,052	**(17,733)**	**680**	**(6,382)**
Financial result	**(9,681)**		**(5,702)**	

Within the heading "Exchange differences" there are recorded 3.3 million euros linked to the hedge exchange forward of USD that has been in force in the first half of 2019 (and settled at the end of this, as explained in the Note 16).

The amount recorded under the heading "Variation in the fair value of financial derivatives" corresponds to the change in the fair value of the Equity swap explained in Notes 11 and 16 that has supposed an income amounting to 7.2 million euros in the six-month period 2019 (0,3million euros in the same period 2018) and the changes in the fair value of the derivative associated to the convertible bond (as explained in Note 16) that has suppose a loss of 9.3 million euros.

(Thousand Euro)

21. Tax situation

Balances maintained with public entities,

Amounts receivable from and payable to public entities at 30 June 2019 and 31 December 2018 are as follows:

	Thousand euro	
	30/06/2019	**31/12/2018**
VAT refundable	13,017	11,142
Corporate income tax refundable	28,592	27,726
Other receivables	17	10
Total receivables	**41,626**	**38,878**
VAT payable	10,235	3,823
Personal income tax withholdings payable	3,510	2,568
Social security payable	2,560	2,547
Corporate income tax payable	4,674	5,348
Total payables	**20,979**	**14,286**

The Parent Company and the Spanish tax group companies of which the Parent Company of the Group is headquartered, are open to inspection for the years 2014 to 2018 for the Corporate Tax and from 2015 to 2018 for the rest of taxes. In this sense, during 2019 Almirall, S.A. has received a notification in relation to a partial inspection related to 2014, in order to verify the negative tax bases, the deduction for international double taxation and other tax incentives applied in that year.

During 2016 the following reviews have been started by the tax authorities with the foreign companies of the group indicated, which at the date of preparation of these annual accounts are still ongoing:

- Almirall Hermal GmbH (Germany), for 2009, 2010, 2011, 2012 and 2013, in relation to Corporate Income Tax, Value Added Tax and Withholdings and advance tax payments on account of Personal Income Tax withholdings.

During 2018 the following reviews have been started by the tax authorities with the foreign companies of the group indicated, which at the date of preparation of these annual accounts are still ongoing:

- Almirall AG (Switzerland), Federal inspection related to taxes for 2013, 2014, 2015 and 2016.
- Almirall Inc and related parties (US), Corporate Income Tax for 2017.
- Almirall Aesthetics and related parties (including Thermigen LLC), Federal inspection related to taxes for 2016.
- Almirall NV (Belgium). General inspection for 2016 and 2017.

During 2018 the following reviews were communicated and finalized whitout generating significant liabilities:

- Almirall AG (Switzerland). Cantonal inspection related to taxes for 2015, 2016 and 2017.
- Almirall AG (Switzerland). Value Added Tax inspection for 2014, 2015, 2016 and 2017
- Almirall Ltd (UK). Value Added Tax inspection for the period from October 2014to October 2018

During 2019 the following reviews have been started by the tax authorities with the foreign companies of the group indicated, which at the date of preparation of these annual accounts are still ongoing:

- Almirall SAS (France) Corporation Tax, Value Added Tax, as well as Withholdings and Income on account of Personal Income Tax for 2016 and 2017.

- Polichem S.A. branch in Switzerland. Value Added Tax for 2014, 2015, 2016 and 2017.

- Almirall Inc and affiliated companies (United States). State inspection of the state of California for 2015, 2016 and 2017.

The Group's foreign companies are open to the inspection of their applicable taxes in each local jurisdiction for the indicated years.

The directors do not expect the indicated tax reviews to give rise to any liabilities that could significantly affect these interim condensed consolidated financial statements at 30 June 2019.

Due to the possible different interpretations to which tax legislation lends itself, the results of current or future inspection action that may be taken by the tax authorities for the years open to inspection may give rise to tax liabilities, whose amount cannot be currently quantified in an objective manner, However, in the opinion of the parent company's Directors, the possibility of significant tax liabilities in addition to those already recognized is remote.

Deferred taxes

In relation to the recoverability of assets through deferred taxes (mainly from the Spanish tax group), there has been no significant variation on the estimation of future results in the analysis of recovery described in note 21 of the annual report for the consolidated annual accounts as at 31 December 2018.

22. Business segments

Basis of segmentation

The segmentation principles used when preparing these interim consolidated financial statements for Almirall Group are consistent with those used when preparing the consolidated annual accounts for the year ended 31 December 2018. Those annual accounts provide details of bases and methodology used to prepare segment financial information.

(Thousand Euro)

Financial information by business segment

Segmented income statement for the six month period ended 30 June 2019

	Sales through own network	Sales through licensees	Research and development activity	Dermatology in the US	Corporate management and results not allocated to other segments	Adjustments and reclassifications	Total
Revenue	280,823	52,594	925	85,185	13,027	-	432,554
Procurements	(81,267)	(15,707)	-	(13,148)	(8,492)	29,845	(88,769)
Gross margin	**199,556**	**36,887**	**925**	**72,037**	**4,535**	**29,845**	**343,785**
Other income	984	-	401	379	36,969	-	38,733
Staff costs	(30,018)	(786)	(12,274)	(9,966)	(22,581)	(15,692)	(91,317)
Amortisation/depreciation	(18,414)	(5,135)	(2,980)	(26,022)	(7,494)	(5,146)	(65,191)
Net change in provisions, allowances and write-offs	-	(529)	-	(2,257)	(1,325)	-	(4,111)
Other operating costs	(44,582)	(2,610)	(28,691)	(19,725)	(19,428)	(9,007)	(124,043)
Profit from operations (*)	**107,526**	**27,827**	**(42,619)**	**14,446**	**(9,324)**	**-**	**97,856**
Gains (losses) on sales of non-current assets/other	-	-	-	(6,200)	(861)	-	(7,060)
Staff restructuring costs	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	(7,500)	-	(7,500)
Financial profit (loss)	-	-	-	(142)	(9,539)	-	(9,681)
Profit (loss) before tax	**107,526**	**27,827**	**(42,619)**	**8,105**	**(27,223)**	**-**	**73,615**
Income tax	-	-	-	(1,389)	(10,285)	-	(11,674)
Net results attributable to Parent company	**107,526**	**27,827**	**(42,619)**	**6,716**	**(37,508)**	**-**	**61,941**

Segmented income statement for the six month period ended 30 June 2018:

	Sales through own network	Sales through licensee's	Research and development activities	Dermatology USA	Corporate management and results not allocated to other segments	Adjustments and reclassifications	Total
Revenue	265,632	58,048	978	29,406	13,366	-	367,430
Procurements	(74,978)	(18,921)	-	(5,305)	(9,833)	26,426	(82,611)
Gross Margin	**190,654**	**39,127**	**978**	**24,101**	**3,533**	**26,426**	**284,819**
Other income	-	1,693	-	-	29,240	-	30,933
Personnel expenses	(28,128)	(742)	(12,447)	(13,902)	(22,710)	(14,656)	(92,585)
Amortization/Depreciation	(14,024)	(5,048)	(3,647)	(7,602)	(4,632)	(5,080)	(40,033)
Net change in provisions	(1,800)	-	-	(6,369)	(270)	-	(8,439)
Other operating costs	(37,619)	(2,679)	(22,107)	(16,936)	(23,102)	(6,690)	(109,133)
Operating profit/(loss)	**109,083**	**32,351**	**(37,223)**	**(20,708)**	**(17,941)**	**-**	**65,562**
Result from disposal of assets	-	-	-	(81)	(520)	-	(601)
Financial income/(expense)	-	-	-	1	(5,703)	-	(5,702)
Profit/(loss) before taxes	**109,083**	**32,351**	**(37,223)**	**(20,788)**	**(24,164)**	**-**	**59,259**
Corporate income tax	-	-	-	3,321	(10,592)	-	(7,271)
Net income attributable to the parent company	**109,083**	**32,351**	**(37,223)**	**(17,466)**	**(34,756)**	**-**	**51,988**

(Thousand Euro)

Asset side of the segmented interim condensed consolidated balance sheet at 30 June 2019:

ACTIVO	Sales through own network	Sales through licensees	Research and development activity	Dermatology in the US	Corporate management and results not allocated to other segments	Total
Goodwill	227,743	52,816	-	-	35,407	315,966
Intangible assets	85,333	304,877	-	537,840	243,220	1,171,270
Property, plant and equipment	344	-	30,036	484	82,298	113,162
Financial assets	239	9	-	311	103,970	104,529
Deferred tax assets	3,394	8,923	-	23,379	243,115	278,811
NON-CURRENT ASSETS	**317,053**	**366,625**	**30,036**	**562,014**	**708,010**	**1,983,738**
Inventories	51,481	2,403	-	16,574	29,659	100,117
Trade and other receivables	43,231	25,922	-	86,683	127,749	283,585
Current tax assets	1,669	154	-	15	39,788	41,626
Other current assets	901	73	-	1,759	3,626	6,359
Current financial investments	-	-	-	-	61,643	61,643
Cash and other liquid assets	-	233	-	8,026	26,685	34,944
CURRENT ASSETS	**97,282**	**28,785**	**-**	**113,057**	**289,150**	**528,274**
TOTAL ASSETS	**414,335**	**395,410**	**30,036**	**675,071**	**997,160**	**2,512,012**

Additions of non-current assets by segment during the six month period ended 30 June 2019:

	Sales through own network	Sales through licensees	Research and development activities	Dermatology USA	Corporate management and results not allocated to other segments	**Total**
Total additions of non-current assets	74,398	-	1,033	14,897	25,838	**116,166**

(Thousand Euro)

Asset side of the segmented interim condensed consolidated balance sheet at 31 December 2018:

ASSETS	Sales through own network	Sales through licensees	Research and development activities	Dermatology USA	Corporate management and results not allocated to other segments	Total
Goodwill	235,143	45,416	-	-	35,407	315,966
Intangible assets	147,565	234,987	-	567,558	171,105	1,121,215
Property, plant and equipment	408	-	30,635	1,478	82,714	115,235
Financial assets	225	19	-	384	141,688	142,316
Deferred tax assets	3,548	9,262	-	23,236	244,358	280,404
NON-CURRENT ASSETS	**386,889**	**289,684**	**30,635**	**592,656**	**675,272**	**1,975,136**
Inventories	47,549	3,547	-	15,317	25,920	92,333
Trade and other receivables	30,219	22,482	-	53,211	86,891	192,803
Current tax assets	1,674	17	-	4,888	32,299	38,878
Current financial investments	445	34	-	2,520	1,087	4,086
Cash and other liquid assets	-	-	-	-	1,080	1,080
Other current assets	-	599	-	21,307	63,284	85,190
CURRENT ASSETS	**79,887**	**26,679**	**-**	**97,243**	**210,560**	**414,370**
TOTAL ASSETS	**466,776**	**316,363**	**30,635**	**689,899**	**885,832**	**2,389,506**

Additions of non-current assets by segment during the six month period ended 31 December 2018:

	Thousand euro					
	Sales through own network	**Sales through licensees**	**Research and development activities**	**Dermatology USA**	**Corporate management and results not allocated to other segments**	**Total**
Total additions of non-current assets	24,773	-	4,543	471,045	12,707	513,068

23. Commitments acquired, contingent liabilities and contingent assets

a) Commitments acquired

As a result of the research and development activities carried out by the Group, firm agreements for 20.8 million euros and 4.3 million euros were entered into at 30 June 2019 and 31 December 2018, respectively, which would be paid in future years.

The rest of the commitments are maintained in accordance with the matters mentioned in notes to the consolidated annual accounts for 2018, and there have been no significant changes, with the exception of the Dermira license agreement see Note 9.

b) Contingent liabilities

There are no contingent liabilities at the date of these interim financial statements that could give rise to relevant cash outflows.

(Thousand Euro)

c) Contingent assets

As a result of the operation with AstraZeneca described in Note 6-a to the consolidated annual accounts for 2018, the Group is entitled to receive payment of certain amounts for milestones related to certain regulatory and commercial events.

24. Related-party transactions

Transactions between the parent company and its subsidiaries have been eliminated in the consolidation process and are not broken down in this note.

Balances and transactions with other related parties

During the six month periods ended 30 June 2019 and 2018 the group companies have carried out the following transactions with related parties and recorded the following balances at 30 June 2019 and 31 December 2018.

				Thousand euro	
Company	**Related party**	**Description**	**Year**	**Transactions - Income/(Expense)**	**Debtor/(Creditor) Balance**
Almirall, S.A.	Grupo Corporativo Landon, S.L.	Leases	2019	(1,466)	-
			2018	(1,420)	-
Almirall, S.A.	Grupo Corporativo Landon, S.L.	Reinvoicing of works	2019	-	-
			2018	42	42

The Group's headquarters are rented from Grupo Corporativo Landon, S.L. under a lease which runs out in 2017, which has been renewed with the same conditions during February 2018.

All related party transactions are carried out on an arm's-length basis.

25. Remuneration of the Board of Directors and Executives

The Group considers the members of the Management Committee who are not members of the Board of Directors as executives for the purpose of the condensed consolidated financial statements.

During the six month periods ended 30 June 2019 and 2018, the amounts earned by executives who are not members of the parent's Board of Directors for all items (salaries, bonuses, per diems, remuneration in kind, indemnities, incentive plans and social security contributions) totaled 2,266 thousand euros and 2,309 thousand euros, respectively.

The remuneration accrued, paid and payable by the parent during the six month period ended 30 June 2019 and 2018 to the parent's executives that do not pertain to the Board of Directors for multi-year incentive and loyalty plans and the SEUS Plan (see Note 5-x to the consolidated annual accounts for 2018) amounted to 519 thousand euros and 459 thousand euros, respectively. At the close of the six month period ended 30 June 2019 the balance of the provision for these plans amounts to 3,570 thousand euros (2,635 thousand euros at 31 December 2018).

There are no pension commitments to Directors at 30 June 2019 and 2018.

During the six month periods ended 30 June 2019 and 2018, the amounts earned by current and past members of the Board of Directors for all items (salaries, bonuses, per diems, remuneration in kind, indemnities, incentive plans and social security contributions) totaled 2,015 thousand euros and 1,056 thousand euros, respectively, Life insurance has accrued in the amount of 8 thousand euros (7 thousand euros in the same period in 2018).

During the six month periods ended 30 June 2019 and 2018, the compensation accrued, paid and payable to the parent company´s Board of Directors for multi-year incentive and loyalty plans totaled 538 thousand euros and 520 thousand euros, respectively. The accumulated ending balance at 30 June 2019 was 3,577 thousand euros (2,366 thousand euros at 31 December 2018).

At 30 June 2019 and 2018, there were no pension or life insurance obligations to the current and former members of the Board of Directors of the Parent company.

The members of the Group's Board of Directors and senior management have not received any shares or stock options during the year, no options were exercised and no options yet to be exercised remain outstanding.

During the six month period ended 30 June 2019 civil liability insurance premiums totaling 51 thousand euros (50 thousand euros in 2018) that covers potential damages that may be caused by the members of the Board of Directors and senior management during the exercising of their duties.

26. Events after the reporting period

There have been no significant subsequent events to the closing date of the formulation of these condensed consolidated interim financial statements.

Almirall S.A. and Subsidiaries
(Almirall Group)

Consolidated directors' report
(Period ending 30 June 2019)

(Translation of a report originally issued in Spanish.
In the event of discrepancy, the Spanish language version prevails).

CONTENTS

1. Summary of the first half of the year.

The first half of the year 2019 was characterized by the return to the path of growth in the Group's revenues. This has been mainly due to:

- The acquisition, effective September 21, 2018, of a portfolio of five products from the Medical Dermatology division of Allergan in the United States, including a New Chemical Entity (NEQ), SeysaraTM (sarecicline) for oral treatment of acne, and four mature and growing brands: Aczone® (dapsone), Tazorac® (tazarotene), Azelex® (azelaic acid) and Cordran® Tape (fludroxicortide). This portfolio has brought sales close to 85 million euros during the first semester, including the new launch of SeysaraTM that took place in January 2019.
- Sales of Skilarence® are growing with double digit thanks to launches in Netherlands and Spain and also due to the good performance in Germany, contributing with sales of 16 million euros.
- The launch of Ilumetri® at the end of 2018 in Germany and Austria, and the launch during the first semester of 2019 in the United Kingdom, Denmark and Austria has contributed with sales of 8 million euros. For the second half of 2019, additional launches are planned in EU territories (including Spain, Holland and Switzerland).

The dividend payment of 2019 has been instrumentalized as a “Scrip dividend” in which shareholders have been offered the possibility to choose between receiving shares of the Parent Company or the cash amount equivalent to the dividend. The cash payment has been chosen for 70.2% of the rights (which has meant a disbursement of 24.1 million euros) and the remaining 29.8% has opted to receive new shares at the unit nominal value that is have issued as capital increase.

Finally, the Group closed the six-month period with a cash position amounting to 77.8 million euros (86.3 million euros as of December 31, 2018). This evolution is explained by:

- Solid cash flow from operating activities (+108 million euros), as a consequence of new launches, increase of Group profitability and collection of an AstraZeneca Sales milestone (31.2 million euros).
- Net payments of investment activities (-58.8 million euros) resulting from the license agreements signed in previous years with Athenex and Dermira (this last one signed during 2019 see section 2).
- Net payments of financing activities (-57.7 million euros) as a result of the payment of the dividend and the partial refund of 100 million euros of the credit policy partially offset by obtaining a loan form the European Investing Bank amounting to 80 million euros .

2. Corporate development

During the first six-month period of 2019, there have been the following corporate development agreements and significant events:

- In February 12, 2019 the Group announced an option and license agreement with Dermira under which has acquired an option to exclusively license rights to develop and commercialize lebrikizumab for the treatment of atopic dermatitis and certain other indications in Europe. As a consequence of this agreement the Group did a first payment of 30 million dollars (27 million euros). After Phase IIb results, the Group had 45 days to exercise his option, in this case it should pay 50 million dollars an also additional payments upon the achievement fo certain milestones, including 30 million dollars in connection with the initiation of certain Phase 3 clinical studies and up to 85 million dollars upon the achievement of regulatory milestones and the first commercial sale of lebrikizumab in Europe. In June 25, 2019 Almirall exercise the option that was paid in July. Additionally in this agreement Almirall will be obligated to make additional payments to Dermira upon the achievement of certain milestones, In addition, Dermira will be entitled to receive milestone payments upon the achievement of certain thresholds for net sales of lebrikizumab in Europe, as well as royalty payments representing percentages of net sales that range from the low double-digits to the low twenties.

- On March 4, 2019, the Group reached an agreement with Celling Biosciences to divest ThermiGen. This operation was completed on March 29, 2019 without a significant economic impact in the first half of 2019.

- On March 27, 2019, it was announced the signing of a loan with the European Investment Bank (EIB) for up to 120 million euros in order to finance research and development activities, with the aim of offering Innovative and Differentiated therapies in the medical dermatology area. The first tranche of 80 million euros has a fixed interest of 1.35% for 10 years.

- On March 29, approval was obtained from the US Food and Drug Administration (FDA). UU. of Duaklir® according to the positive results of the AMPLIFY study that demonstrate significant improvements in lung function of patients with COPD, moderate to severe, compared with each component individually (both aclidinium bromide and formoterol). The FDA has also approved to include in the Product Data Sheet of the United States of America that Tudorza® and Duaklir® reduce the annual rate of moderate or severe COPD exacerbations compared to placebo.

- On April 5, 2019, AstraZeneca notified the Group the payment of a milestone for sales, related to the agreement signed on November 1, 2014 and revised in April 2019, related to the aclidinium bromide franchise (bronchodilator for relieve symptoms of chronic obstructive pulmonary disease, COPD). This milestone represents an amount of 65 million dollars: 35 million were collected in cash on May 1, 2019 and the remaining 30 million will be collected on March 31, 2020.

- On June 17, it was reported that once the resolutions necessary for the transformation of the Bonds into convertible and / or exchangeable bonds into shares of the Issuer have been adopted by the general shareholders meeting of Almirall on May 8, 2019, it is communicated that the public deed by which the aforementioned agreements of the Board were made public and the public deed of the issuance of the Bonds was modified has been registered in the Mercantile Registry of Barcelona on June 11, 2019.The Bond has effectively become convertible on June 25, 2019.

3. Evolution of key figures in the consolidated income statement

- Total revenues amount to 471.3 million euros (+18.3%) due to:
  - Revenues have amounted to 432.6 million euros (17.7%) increasing as a result of the points mentioned in point 1 of this management report.
  - Other income amounts to 38.7 million euros (+25.2%) as a result of the AZ sales milestone.

- The gross margin on sales has increased significantly as a result of the new launches, specially due to the evolution of the Allergan portfolio acquired in September 2018.
- Personnel expenses have been reduced as a result of the ThermiGen divestment, partially offset by the staff increase linked to new launches.
- R&D expenses in the first half of the year amounted to 43.9 million euros (+ 14.9%), increasing mainly due to Phase IV studies realted to psoriasis franchise (Skilarence and Illumetri).
- Depreciation amounted to 65.2 million euros (+62.8 %), mainly as a result of the acquisition of the Allergan portfolio.
- The heading "Impairment losses on property, plant and equipment, intangible assets and goodwill" in the attached Interim Consolidated Income Statement includes in the first half of 2019 the impairment of the initial payment done to Symatese.
- Financial expenses for the first 6 months of 2019 amounted to 4.8 million euros, increasing with respect to the same period of the previous year due to the financial instruments issued during December 2018.
- The exchange differences for the first 6 months of 2018 and 2019 related mainly to the US dollar fluctuation.
- As a result of the aforementioned, the result before tax has improved significantly, reaching a profit of 73.6 million euros (+24.2%).

4. Consolidated balance sheet. Financial position

The main variations of the Balance sheet as of June 30, 2019 with respect to the end of 2018 are described below:

- The intangible assets heading increase mainly as a consequence of the agreement signed with Dermira.
- Financial assets have decreased mainly due to the reclassification of certain milestones to short term.
- Non-current liabilities have been reduced mainly by the transfer to short-term of a milestone to be paid linked to the license agreement for a product for hypertension with Astrazeneca in 2017, the reimbursement of 100 million of the credit policy and the transfer to deferred income results under the agreement signed with AZ in 2014, partially offset by the 80 million euros received from the European Investment Bank.
- Current liabilities have increased mainly due to the accrued payment corresponding to the exercise of the option of the agreement with Dermira, the short-term transfer of the milestone mentioned in the previous paragraph and the increase in commercial creditors, mainly due to the increase in activity of the American subsidiary Almirall LLC.

5. Financial risk management and use of hedge instruments

Interest rate risk

During the first quarter of 2017, the Parent Company signed a new 4-year line of credit, enabled for a maximum disposition of 250 million euros at a fixed interest rate, the average of that type being 0.81%, Therefore, the Group is not exposed to interest rate volatility.

In September 2018, the Parent Company signed a temporary loan of 400 million euros with a fixed interest rate of 1.25%. This loan was canceled in December 2018 and was refinanced, on the one hand, with a syndicated loan of 150 million euros with a fixed rate of 2.1% and, on the other hand, with the issuance of Convertible Bonds (250 million euros), also at a fixed interest rate of 0.250%. Since it is all about financing with a fixed interest rate, the Group is not exposed to interest rate volatility.

Exchange rate risk

The Group is exposed to the risk of the exchange rate in certain operations derived from its activity. Fundamentally, these are collections in dollars corresponding to sales of finished products, collections and payments derived from the operation carried out with AstraZeneca, payments in dollars derived from the agreements with Dermira and Athenex, payments in dollars for clinical trials, purchases of raw materials and payments of royalties in yen, as well as collections and payments made by subsidiaries in the United Kingdom, Poland, Switzerland, Denmark and the US in their local currency. The most relevant currency with which the group operates is the US dollar.

The Group analyzes quarterly the forecasts of collections and payments in foreign currency as well as their evolution and trend. The Group reduces its exposure to risk by exchange rate in those commercial transactions of greater volume, by contracting specific exchange insurance to cover payments in yen for the purchase of raw materials, and to cover cash receipts in dollars for collections as well as the expected payment in dollars for the different license agreements in force.

To finance part of the purchase of the Allergan portfolio, a loan was made with the subsidiary Almirall, Inc in dollars. This loan has been covered with exchange insurance to minimize the exchange rate risk.

Liquidity risk

The Group determines treasury needs using two fundamental forecasting tools that vary in terms of their time horizon.

On the one hand, a monthly one-year treasury budget is established based on the financial statements for the current year, from which the deviations are analyzed monthly. On the other hand, 24-month forecasts are set up, which are updated periodically.

Treasury surpluses have generally been invested in very short-term financial assets in financial institutions of recognized solvency.

The Group conducts prudent liquidity risk management, maintaining sufficient cash and negotiable securities. as well as the contracting of credit facilities committed for an amount sufficient to support the anticipated needs.

Finally, medium and long-term liquidity planning and management is based on the Group's Strategic Plan that covers a five-year time horizon.

6. Risk factors

The risk factors which are worthy of mention that can affect the achievement of business objectives are the following:

- Price reductions or volume limitations for existing products and difficulties in obtaining the prices or reimbursement conditions requested for new releases due to decisions by the health authorities, with the consequent impact on sales forecasts.
- Erosion of turnover and loss of market share due to the progressive entry of generics.
- Implementation of the expansion strategy in the dermatological area at a rate lower than planned.
- Impairment of intangible assets and goodwill as a result of the evolution of some business.
- R&D Pipeline not sufficiently balanced and differentiated in its different phases to nourish the product portfolio.

7. Treasury shares

The Parent Company has a liquidity contract effective as of March 4, 2019, with a financial intermediary, with the objective of promoting liquidity and regularity in the price of the Company's shares, within the limits established by the Annual General Meeting and by the Circular 1/2017, of April 26 as per the National Securities Market Commission, on liquidity contracts. Said agreement assumes that the Parent Company has a treasury stock on June 30, 2019, which represents 0.05% of the share capital (it did not hold treasury shares as of December 31, 2018) and an aggregate nominal value of 10.8 thousand euros and that have been registered in accordance with the IFRS-EU. The average purchase price of these shares was 15.35 euros per share. The shares of the Parent Company in its possession are for trading in the market.

8. Subsequent events

There have been no significant subsequent events to the closing date of the formulation of these condensed consolidated interim financial statements.

9. Outlook for 2019

During fiscal year 2019, the Group expects to consolidate growth through the contribution of key brands in Europe (especially the Psoriasis franchise that includes Skilarence and the recently launched Ilumetri) and the consolidation of the portfolio acquired from Allergan, in which Seysara (launched in January 2019) is expected to be one of the growth engines for this year and coming years.

The Group Management, on the other hand, maintains the focus on inorganic growth opportunities that provide sustainable value for shareholders.

10. Capital structure. Significant ownership interests

At 30 June 2019 the parent company's share capital consists of 174,554,820 shares with a par value of € 0.12 each, fully subscribed and paid up (173.853.667 shares at 31 December 2018).

On June 12, 2019, 701,153 new shares of the Parent Company, from the scrip dividend, are admitted to trading on the stock exchanges of Barcelona, Madrid, Bilbao and Valencia. These shares are representative of the holders of 29.84% of the free allocation rights that chose to receive new shares instead of cash. As a consequence, the share capital of the Parent Company after the capital increase was increased by 84,138.36 euros, reaching 30 June 2019 to 20,946,578.40 euros (represented by 174,554,820 shares).

The shareholders with significant direct or indirect ownership interests in the share capital of Almirall, S.A. of over 3% of the share capital which are known to the Parent company, in accordance with the information contained in the official records of the Spanish National Securities Market Commission (CNMV) at 30 June 2019 and 31 December 2018, are as follows:

Name or company name of direct holder of the ownership interest	% ownership in Almirall Group 30/06/2019	% ownership in Almirall Group 30/06/2019
Grupo Plafin, S.A.	40,9%	41,1%
Grupo Corporativo Landon, S.L.	25,1%	25,2%
Scopia Capital	-	4,0%

At 30 June 2019 and 31 December 2018, the parent Company is unaware of other ownership interests over 3% in the parent's share capital or any voting rights held at the Parent company under 3% that permit significant influence to be exercised.

11. Side agreements and restrictions on transferability and voting rights

The Group has entered into one side agreements, which were reported to the CNMV and which may be consulted in full on the following web site www.almirall.com, subscribed by Mr. Antonio Gallardo Ballart and Mr. Jorge Gallardo Ballart, which regulates the concerted action of its signatories in Almirall, SA and the exercise of the voting rights inherent to its indirect participation in the Company through the company Grupo Plafin, S.A.U., on the one hand, and Todasa, S.A.U. (Today Corporate Group Landon, S.L.), of another.

The Articles of Association impose no restrictions on the transferability of the shares of the Company, and neither are there any restrictions on voting rights pursuant to the Articles of Association or regulations.

12. Governance bodies, Board of Directors

Appointment of directors

The directors are appointed (i) upon proposal by the Appointments and Remuneration Committee, in the case of independent directors, and (ii) following a report by said Committee in the case of other directors, by the General Shareholders' Meeting or by the Board of Directors in accordance with the provisions of the Spanish Companies Law.

Newly-appointed directors are required to complete the Parent Company's orientation course for new directors so that they can rapidly build up sufficient knowledge of the Parent Company and of its corporate governance rules.

As for the appointment of external directors, the Board of Directors seeks to ensure that the candidates chosen are persons of recognized solvency, competence and experience. Particular care is taken in relation to those called upon to fill the independent director positions envisaged in Article 6 of the Board Regulations.

Directors proposed for re-appointment must refrain from participating in the deliberations and voting procedures concerning them.

Directors hold office for the term stipulated by the General Meeting, which is equal for all and may not exceed four years, at the end of which they may be re-elected one or more times for periods of the same maximum duration.

Replacement of directors

Directors cease to hold office when the period for which they were appointed has elapsed and when a decision to this effect is adopted by the General Meeting, exercising the powers attributed to it by law or by the Articles of Association. In any event, the appointment of directors expires when, once its term has elapsed, the following General Meeting has been held, or the legal time limit for holding the General Meeting to approve the accounts for the previous year has passed.

The Board of Directors may only propose the removal of an independent director before the expiry of the statutory term when there is due cause, acknowledged by the Board following a report by the Appointments and Remuneration Committee. In particular, due cause is understood to exist when a director has breached the duties inherent to his/her position or has come to be in any of the circumstances which bar him/her from holding this office, as described in the definition of independent director contained in corporate governance recommendations applicable at the time.

Directors who are the subject of removal proposals must refrain from participating in the deliberations and voting procedures concerning them.

The directors are required to tender their resignation to the Board of Directors and formalize such resignation, where the Board considers this appropriate, in the following cases:

a) Where they cease to hold the executive posts with which their appointment as directors was associated.

b) Where they find themselves in any of the situations of incompatibility or barring from office stipulated by law.

c) When seriously reprimanded by the Board of Directors for failing to discharge their obligations as directors.

d) When their remaining on the Board could jeopardize or prove detrimental to the interests, credit or reputation of the Parent Company or when the reasons for which they were appointed cease to apply (for example, when a nominee director sells their shareholding in the Parent Company).

e) In the case of independent directors, they may not remain in such positions continuously for more than 12 years; therefore, once this period has elapsed, they must tender their resignation to the Board of Directors and formally withdraw.

f) In the case of nominee directors, (i) when the shareholder they represent sells its entire shareholding and, similarly, (ii) in the requisite number, when such shareholder reduces its shareholding to a level which requires the number of nominee directors to be reduced.

In the event that, due to resignation or for any other reason, a director leaves office before the end of their term, they are required to explain the reasons in a letter sent to all the Board members.

Amendment of the Company's bylaws

Amendments to the bylaws are a competence of the General Meeting and are regulated by Article 160 of the Spanish Companies Law and other related legislation. There are no special provisions of relevance in this respect in either the bylaws or the General Meeting Regulations.

Powers of the members of the Board of Directors

Certain powers pertaining to the Board of Directors are vested in the Chief Executive Officer of Almirall, S.A., pursuant to a public deed executed before the Barcelona Notary Mr. Enrique Viola Tarragona on 24 May 2018.

Similarly, powers have been granted to Mr. Jorge Gallardo Ballart in the public deed executed before the Barcelona Notary Mr. Enrique Viola Tarragona on 2 June 2011.

13. Significant agreements

There are no significant agreements with regard to changes in the control of the Parent Company or between the Parent Company and its Directors and Managers or Employees with respect to indemnities for dismissal, resignation, or public takeover bids.

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INFORME DE REVISIÓN LIMITADA DE ESTADOS FINANCIEROS INTERMEDIOS RESUMIDOS CONSOLIDADOS

A los accionistas de Almirall, S.A.:

Introducción

Hemos realizado una revisión limitada de los estados financieros intermedios resumidos consolidados adjuntos (en adelante los estados financieros intermedios) de Almirall, S.A. (en adelante la Sociedad dominante) y sociedades dependientes (en adelante el Grupo), que comprenden el balance al 30 de junio de 2019, la cuenta de resultados, el estado de resultado global, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y las notas explicativas, todos ellos resumidos y consolidados, correspondientes al periodo de seis meses terminado en dicha fecha. Los administradores de la Sociedad dominante son responsables de la elaboración de dichos estados financieros intermedios de acuerdo con los requerimientos establecidos en la Norma Internacional de Contabilidad (NIC) 34, Información Financiera Intermedia, adoptada por la Unión Europea, para la preparación de información financiera intermedia resumida, conforme a lo previsto en el artículo 12 del Real Decreto 1362/2007. Nuestra responsabilidad es expresar una conclusión sobre estos estados financieros intermedios basada en nuestra revisión limitada.

Alcance de la revisión

Hemos realizado nuestra revisión limitada de acuerdo con la Norma Internacional de Trabajos de Revisión 2410, Revisión de Información Financiera Intermedia realizada por el Auditor Independiente de la Entidad. Una revisión limitada de estados financieros intermedios consiste en la realización de preguntas, principalmente al personal responsable de los asuntos financieros y contables, y en la aplicación de procedimientos analíticos y otros procedimientos de revisión. Una revisión limitada tiene un alcance sustancialmente menor que el de una auditoría realizada de acuerdo con la normativa reguladora de la auditoría de cuentas vigente en España y, por consiguiente, no nos permite asegurar que hayan llegado a nuestro conocimiento todos los asuntos importantes que pudieran haberse identificado en una auditoría. Por tanto, no expresamos una opinión de auditoría de cuentas sobre los estados financieros intermedios adjuntos.

Conclusión

Como resultado de nuestra revisión limitada, que en ningún momento puede ser entendida como una auditoría de cuentas, no ha llegado a nuestro conocimiento ningún asunto que nos haga concluir que los estados financieros intermedios adjuntos del periodo de seis meses terminado el 30 de junio de 2019 no han sido preparados, en todos sus aspectos significativos, de acuerdo con los requerimientos establecidos en la Norma Internacional de Contabilidad (NIC) 34, Información Financiera Intermedia, adoptada por la Unión Europea, conforme a lo previsto en el artículo 12 del Real Decreto 1362/2007, para la preparación de estados financieros intermedios resumidos.

Párrafo de énfasis

Llamamos la atención sobre la nota 2 adjunta, en la que se menciona que los citados estados financieros intermedios adjuntos no incluyen toda la información que requerirían unos estados financieros consolidados completos preparados de acuerdo con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea, por lo que los estados financieros intermedios adjuntos deberán ser leídos junto con las cuentas anuales consolidadas del grupo correspondientes al ejercicio terminado el 31 de diciembre de 2018. Nuestra conclusión no ha sido modificada en relación con esta cuestión.

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Otras cuestiones

Informe de gestión intermedio consolidado

El informe de gestión intermedio consolidado adjunto del periodo de seis meses terminado el 30 de junio de 2019 contiene las explicaciones que los administradores de la sociedad dominante consideran oportunas sobre los hechos importantes acaecidos en este periodo y su incidencia en los estados financieros intermedios presentados, de los que no forma parte, así como sobre la información requerida conforme a lo previsto en el artículo 15 del Real Decreto 1362/2007. Hemos verificado que la información contable que contiene el citado informe de gestión concuerda con los estados financieros intermedios del periodo de seis meses terminado el 30 de junio de 2019. Nuestro trabajo se limita a la verificación del informe de gestión intermedio consolidado con el alcance mencionado en este mismo párrafo y no incluye la revisión de información distinta de la obtenida a partir de los registros contables de Almirall, S.A. y sociedades dependientes.

Preparación de este informe de revisión

Este informe ha sido preparado a petición del Consejo de Administración de la Sociedad dominante en relación con la publicación del informe financiero semestral requerido por el artículo 119 del Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores desarrollado por el Real Decreto 1362/2007 de 19 de octubre.

PricewaterhouseCoopers Auditores, S.L.

Fco Joaquín Ortiz

Francisco Joaquín Ortiz García

26 de julio de 2019

Col·legi
de Censors Jurats
de Comptes
de Catalunya

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