ALMIRALL, S.A. and Subsidiaries
(Almirall Group)

Consolidated annual accounts for the year ended 31 December 2014, prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union

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

(Translation of the consolidated annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER
(Thousands of Euros)

ASSETS	Note	31 December 2014	31 December 2013	EQUITY AND LIABILITIES	Note	31 December 2014	31 December 2013
				Issued capital	14	20,754	20,754
Goodwill	8	338,769	336,215	Share premium	14	219,890	219,890
Intangible assets	9	444,420	595,125	Legal reserve	14	4,093	4,093
Property, plant and equipment	10	132,127	161,306	Other reserves	14	654,715	688,432
Financial assets	11	179,159	23,327	Valuation adjustments		(15,262)	(6,438)
Deferred tax assets	21	338,660	322,149	Translation differences	14	6,947	(4,680)
NON-CURRENT ASSETS		**1,433,135**	**1,438,122**	Profit (Loss) for year		448,429	(33,717)
				EQUITY		**1,339,566**	**888,334**
				Deferred income	15	235,256	952
				Financial liabilities	16	316,109	253,936
				Deferred tax liabilities	21	126,699	135,229
				Retirement benefit obligations	19	66,688	52,370
				Provisions	18	26,247	14,773
				Other non-current liabilities	17	68,643	29,043
Inventories	12	81,019	97,742	**NON-CURRENT LIABILITIES**		**839,642**	**486,303**
Trade and other receivables	13	207,241	99,468				
Current tax assets	21	58,411	38,104	Financial liabilities	16	3,809	27,486
Current investments	11	456,507	8,356	Trade payables		218,162	198,385
Other current assets		6,161	10,074	Current tax liabilities	21	33,387	17,839
Cash and equivalents		297,927	80,855	Other current liabilities	17	105,835	154,374
CURRENT ASSETS		**1,107,266**	**334,599**	**CURRENT LIABILITIES**		**361,193**	**398,084**
TOTAL ASSETS		**2,540,401**	**1,772,721**	**TOTAL LIABILITIES AND EQUITY**		**2,540,401**	**1,772,721**

The accompanying Notes 1 to 32 to the consolidated annual accounts and the Appendix are an integral part of the consolidated annual accounts as at 31 December 2014.

(Translation of the consolidated annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

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

CONSOLIDATED INCOME STATEMENTS AT 31 DECEMBER
(Thousands of Euros)

Continuing operations	**Note**	**2014**	**2013**
Revenue	20	786,396	692,891
Other income	20	621,049	132,592
Operating income		**1,407,445**	**825,483**
Procurements	20	(171,437)	(175,028)
Staff costs	20	(256,213)	(232,140)
Restructuring costs	20	-	(80,326)
Amortisation and depreciation charge	9&10	(84,709)	(69,445)
Net change in provisions	20	(9,916)	(1,863)
Other operating expenses	20	(320,311)	(331,263)
Net gain (loss) on asset disposals	20	14,134	(5,838)
Other current operating profit (loss)		(31)	(9,354)
Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill	9	(69,210)	(4,578)
Profit (Loss) from operations		**509,752**	**(84,352)**
Gains (Losses) on changes in financial instruments	20	(30,314)	48
Financial income	20	773	458
Finance costs	20	(19,286)	(5,328)
Exchange gains (losses)	20	21,052	(555)
Profit (Loss) before tax		**481,977**	**(89,729)**
Corporate income tax	21	(33,548)	56,012
Net profit (loss) for the year attributable to the Parent		**448,429**	**(33,717)**
Earnings (Loss) per share (Euros):	24		
A) Basic		2.59	(0,20)
B) Diluted		2.59	(0,20)

The accompanying Notes 1 to 32 to the consolidated annual accounts and the Appendix are an integral part of the consolidated annual accounts for the year ended 31 December 2014.

(Translation of the consolidated annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER
(Thousands of Euros)

	Note	2014	2013
Profit (Loss) for the year		**448,429**	**(33,717)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Retirement benefit obligations	19	(17,450)	1,092
Corporate income tax on items that will not be reclassified	21	6,631	(306)
Items that will not be reclassified to profit or loss		**(10,819)**	**786**
Items that may be reclassified subsequently to profit or loss			
Change in value of financial assets available for sale	11	2,850	14
Gains (Losses) on translations of foreign currencies		11,627	(1,470)
Corporate income tax on items that will not be reclassified	21	(855)	(4)
Total items that may be reclassified subsequently to profit or loss		**13,622**	**(1,460)**
Other comprehensive income for the year, net of tax		**2,803**	**(674)**
Total comprehensive income for the year		**451,232**	**(34,391)**
Attributable to:			
- Owners of the parent		451,232	(34,391)
- Non-controlling interests		-	-
Total comprehensive income attributable to owners of the Parent company arising on:			
- Continuing operations		451,232	(34,391)
- Discontinued operations		-	-

The accompanying Notes 1 to 32 to the consolidated annual accounts and the Appendix are an integral part of the consolidated annual accounts for the year ended 31 December 2014.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY IN THE YEARS ENDED 31 DECEMBER
(Thousands of Euros)

	NOTE	Issued capital	Share premium	Legal reserve	Other reserves	Valuation adjustments to equity	Translation differences	Profit (Loss) attributable to the Parent company	Equity
Balance at 31 December 2012	**14**	**20,463**	**194,384**	**3,986**	**638,987**	**(7,234)**	**(3,210)**	**76,291**	**923,667**
Profit distribution		-	-	107	76,184	-	-	(76,291)	-
Dividends		291	25,506	-	(26,739)	-	-	-	(942)
Total comprehensive income for the year		-	-	-	-	796	(1,470)	(33,717)	(34,391)
Balance at 31 December 2013	14	**20,754**	**219,890**	**4,093**	**688,432**	**(6,438)**	**(4,680)**	**(33,717)**	**888,334**
Profit distribution		-	-	-	(33,717)	-	-	33,717	-
Dividends		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	(8,824)	11,627	448,429	451,232
Balance at 31 December 2014	14	**20,754**	**219,890**	**4,093**	**654,715**	**(15,262)**	**6,947**	**448,429**	**1,339,566**

The accompanying Notes 1 to 32 to the consolidated annual accounts and the Appendix are an integral part of the consolidated annual accounts for the year ended 31 December 2014.

(Translation of the consolidated annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails).

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER
(Thousands of Euros)

	Note	2014	2013
Cash flows			
Profit (Loss) before tax		481,977	(89,729)
Adjustments to profit or loss:			
Charge for amortisation and depreciation	9&10	84,709	69,445
Net change in provisions	17&20	21,390	83,674
Profit (Loss) on sales of non-current assets	20	(14,134)	5,838
Gains (Losses) on measurements of financial instruments		48	(48)
Financial income	20	(773)	(458)
Finance costs	20	15,445	5,328
Impairment losses	9&10	69,210	4,578
Deferred income recognised in profit or loss	15	(6,460)	(24,029)
Effects of the AstraZeneca transaction:			
Recognition of deferred income from the AstraZeneca transaction	15	239,421	-
Recognition of unrealised gains (losses) on changes in financial assets at fair value	6	(267,320)	-
Derecognition of assets relating to the AstraZeneca transaction	6	65,341	
		688,854	**54,599**
Adjustments to changes in working capital:			
Changes in inventories	12	9,641	(3,929)
Changes in trade and other receivables	13	9,588	17,365
Changes in trade payables		(22,426)	(6,747)
Changes in other current assets		6,170	6,079
Changes in other current liabilities	17	3,052	2,298
Adjustments to changes in other items:			
Changes in other current liabilities	17&19	30,177	(1,416)
		36,202	**13,650**
Cash inflows (outflows) for tax:		**(78,120)**	**(1,135)**
Net cash flows from operating activities (I)		**646,935**	**67,114**
Cash flows from investing activities			
Finance income	20	773	458
Investments:			
Intangible assets		(29,299)	(49,058)
Property, plant and equipment		(40,148)	(14,595)
Financial assets	11	(3,195)	(14,585)
Business combinations		(18,660)	(231,730)
Disposals:			
Intangible assets and property, plant and equipment	9&10	48,762	2,448
Financial assets	11	19,385	88
Exclusions from the scope of consolidation	6	20,392	-
Net cash flows from investing activities (II)		**(1,990)**	**(306,974)**
Cash flows from financing activities			
Finance costs	20	(14,738)	(5,328)
Equity instruments:			
Dividends paid	14	-	(826)
Capital increase costs		-	(117)
Liability instruments:			
Bank borrowings repaid	16	(277,613)	-
Net effect of non-convertible bond issue	16	315,200	281,422
Increase/decrease for discounted bills	16		
Other non-current liabilities	17	(2,569)	1,629
Net cash flows from financing activities (III)		**20,280**	**276,780**
Net change in cash and cash equivalents (I+II+III))		**665,223**	**36,920**
Cash and cash equivalents at the beginning of the year	11	**89,211**	**52,291**
Cash and cash equivalents at end of the year	11	**754,434**	**89,211**

The accompanying Notes 1 to 32 to the consolidated annual accounts and the Appendix are an integral part of the consolidated annual accounts for the year ended 31 December 2014.

1. Group activities

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'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.

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'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).

2. Basis of presentation of the consolidated annual accounts and basis of consolidation

a) Regulatory financial reporting framework applicable to the Group

Almirall Group's consolidated annual accounts for the year ended 31 December 2014, which were obtained from the accounting records held by the Parent company and by the other companies composing the Group, were formally prepared by the Parent company's directors on 20 February 2015.

These consolidated annual accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and take into account all the mandatory accounting policies and rules and measurement bases, the Spanish Commercial Code, the Spanish Companies Law and all other applicable Spanish corporate and commercial law. Accordingly, they present fairly the equity and financial position of the Almirall Group at 31 December 2014 and the results of its operations, the changes in consolidated equity, the changes in other consolidated comprehensive income and the consolidated cash flows at the Group in the year then ended.

The consolidated annual accounts have been prepared on a cost basis, adjusted in the relevant record of financial instruments at fair value as required by the accounting standards.

However, since the accounting standards and measurement bases used to prepare the Group's consolidated annual accounts for 2014 may differ from those used by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify them and to bring them into line with International Financial Reporting Standards.

The Group's consolidated annual accounts for 2013 were approved by the Parent company's shareholders at the General Meeting held on 9 May 2014. The Group's consolidated annual accounts for 2014 are awaiting approval by the Parent company's shareholders at the next General Meeting. However, the Parent's Board of Directors considers that the aforementioned consolidated annual accounts will be approved without any changes.

b) Adoption of International Financial Reporting Standards

The consolidated annual accounts of the Almirall Group for the year ended 31 December 2005 were the first to be prepared in accordance with International Financial Reporting Standards pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council dated 19 July 2002. The obligation to present consolidated annual accounts under EU-IFRSs was also transposed into Spanish law and is regulated by Final Provision XI of Law 62/2003, of 30 December, on fiscal, administrative and social order measures.

The main accounting standards and measurement bases adopted by the Almirall Group are disclosed in Note 5.

With respect to the application of IFRS, Almirall Group has decided to do the following:

- To present the balance sheet on a current / non-current basis.

- To present the income statement by nature.

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

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

As is detailed below, in 2014 new accounting standards (IAS/IFRS) and interpretations (IFRIC) have come into effect. Similarly, at the date of preparation of these consolidated annual accounts, new accounting standards (IAS/IFRS) and interpretations (IFRIC) have been published, which are set to come into effect for the accounting periods starting on or after 1 January 2015.

Mandatory standards, amendments and interpretations for all years starting 1 January 2014

IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements", IFRS 12 "Disclosure of interests in other entities", IAS 27 (amendment) "Separate financial statements", IAS 28 (amendment) "Investments in associates and joint ventures", IAS 32 (amendment) "Offsetting financial assets and financial liabilities", IFRS 10 (amendment), IFRS 11 (amendment), IFRS 12 (amendment) "Consolidated financial statements, joint ventures and disclosures of interests in other entities": Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12) and IAS 27 (amendment) "Investment entities", IAS 36 (amendment) "Recoverable amount disclosures for non-financial assets" and IAS 39 (amendment) "Novation of derivatives and continuation of hedge accounting".

These standards came into force for periods beginning on or after 1 January 2014. The effect of these standards has not been significant and has been reflected in these financial statements.

Standards, amendments and interpretations which have not yet come into effect but which may be adopted early in the years beginning on or after 1 January 2014:

At the date of authorisation for issue of these consolidated annual accounts, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations, detailed below. Almirall Group is required to apply these standards for periods beginning in 2015 onwards. The Group decided against early adoption of the standards.

IFRIC 21 "Levies", annual improvements to the 2011-2013 IFRS (amendments to IFRS 3 "Business combinations", IFRS 13 "Fair value measurement" and IAS 40 "Investment property"), annual improvements to the 2010-2012 IFRS cycle (amendments to IFRS 2 "Share-based payments", IFRS 3 "Business combinations", IFRS 8 "Operating segments", IFRS 13 "Fair value measurement", IAS 16 "Property, plant and equipment", IAS 38 and IAS 24 "Related party disclosures"). Amended IAS 19 "Defined benefit plans: employee contributions."

The Group has not considered early application of these amendments. The potential effect of application of these amendments to the Group's consolidated annual accounts is not considered significant.

Standards, amendments and interpretations applied to existing standards that cannot be adopted early or have been adopted by the European Union at the date of preparation of these consolidated annual accounts:

IFRS 14 “Regulatory deferral accounts”, IFRS 11 (amendment) Accounting for acquisitions of interests in joint operations”, IAS 16 (amendment) and IAS 38 (amendment) “Clarification of acceptable methods of amortisation and depreciation”, IFRS 15 “Revenue from contracts with customers”, IAS 16 (amendment) and IAS 41 (amendment) “Agriculture: Bearer plants”, IFRS 9 “Financial instruments”, IAS 27 (amendment) “Equity method in separate financial statements”, IFRS 10 (amendment) and IAS 28 (amendment) “Sale or contribution of assets between an investor and its associate or joint venture”, improvement project, 2012 – 2014 cycle, IAS 1 (amendment) “Presentation of financial statements”, IFRS 10 (amendment), IFRS 12 (amendment) and IAS 28 (amendment) “Investment entities: applying the consolidation exception."

c) *Functional currency*

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

d) *Estimates made*

The consolidated results and determination of the consolidated equity are sensitive to the accounting principles and policies, measurement bases and estimates made by the Parent company's directors when preparing the consolidated annual accounts.

In the Group's consolidated annual accounts for the year ended 31 December 2014, estimates by the Group's executives and consolidated entities, which were later approved by the Parent company's directors, were used occasionally to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of the recovery of the goodwill (see Notes 5-d, 6-e and 8).
- The useful life of the intangible assets and property, plant and equipment (see Notes 5-b and 5-c).
- Assessment of the recovery of deferred tax assets (see Note 21).
- Assessment of the technical and economic feasibility of the development projects in progress that have been capitalised (see Notes 5-b and 5-d).
- The impairment losses on certain items of property, plant and equipment, intangible assets and goodwill arising from the non-recovery of the carrying amount recognised on these assets (see Notes 5-d, 6-e, 7 and 8).
- The fair value of certain unlisted assets (see Notes 5j, 6 and 10).
- Assessment of lawsuits, obligations and contingent assets and liabilities at year-end (see Notes 5-k and 25).
- Assessment of the method of recognising revenue and benefits in relation to the agreements entered into with third parties for licence agreements, joint development and joint promotion of products (see Notes 5-b and 6-a).
- Estimate of the appropriate write-downs for inventory obsolescence, impairment of accounts receivable and sales returns (see Notes 5-g, 5-h and 5-k).
- Estimate of provisions for restructuring (Note 17).
- Determination of the assumptions required to calculate the actuarial liability for retirement benefit obligations in conjunction with an independent expert (see Note 5-l).
- Estimate of the liability relating to the cash-settled share-based payment arrangements (see Note 5-w).

Although these estimates were made on the basis of the best information available at 31 December 2014 on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of any changes in estimates in the related consolidated income statement.

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

a) *Basis of consolidation*

The accompanying consolidated annual accounts were prepared from the accounting records of Almirall, S.A. and of the companies under its control, whose annual accounts were prepared by the directors of the companies. IAS 27 defines control as the power to govern the financial and operating policies of a company so as to obtain benefits from its activities.

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

Almirall Group companies were fully consolidated because Almirall directly or indirectly holds more than 50% of the share capital of these companies and has effective control over them because it holds the majority of the voting power in their representation and decision-making bodies. Accordingly, all material balances and effects of the transactions between consolidated companies were eliminated on consolidation.

The results generated by the acquired entities in a year are consolidated by taking into consideration only results relating to the period between the date of acquisition and the year end. The results generated by entities disposed of during a year are only consolidated for the period running from the start of the year to the date of disposal.

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

As soon as the Group ceases to have control the remaining holding in the entity is revalued at its fair value at the date that control is lost, recognising any gain or loss in profit or loss. The fair value is the initial carrying amount when subsequently recognising the remaining holding as an associate, joint venture or financial asset. Any amount recognised previously in other comprehensive income in relation to this entity is recognised as if the Group had directly sold the related assets or liabilities. This could mean that the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Also, the accompanying consolidated annual accounts do not include the tax effect that may arise as a result of including the results and reserves from these subsidiaries in the Parent's equity since it is not considered that any reserves will be transferred that might give rise to further taxation pursuant to IAS 12. Since the Parent controls the timing of distribution, it is not probable that such distribution will occur in the foreseeable future, but rather that the results and reserves will be used as financing at each company.

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

b) *Changes in the scope of consolidation*

The main variations in the scope of consolidation in 2014 were as follows:

- As described in Note 6 to these consolidated annual accounts, Almirall, S.A. entered into an agreement with AstraZeneca UK Limited through which it has transferred the rights to part of its respiratory franchise. The agreement is effective from 1 November 2014. The sale of the subsidiary Almirall Sofotec GmbH was included as part of the agreement.

- In 2014 the Grupo Neogenius Pharma A.I.E subsidiary was wound up due to inactivity.

The main changes in the scope of consolidation in 2013 were as follows:

- On 2 December 2013 the Group incorporated the US-domiciled subsidiary Almirall Inc. mainly for the purpose of the acquisition described below.

- On 16 December 2013, the subsidiary Almirall Inc. entered into an agreement to acquire 100% of the shares of the holding company Aqua Pharmaceutical Holdings Inc., which were held in full by Aqua Pharmaceuticals Intermediate Holdings Inc. which is in turn wholly owned by Aqua Pharmaceuticals LLC ("Aqua Pharmaceuticals"). This Company's corporate purpose is the acquisition, development and marketing of dermatological prescription products. The acquisition became effective on 31 December 2013. Aqua Pharmaceuticals, LLC did not bring any amount to the consolidated income statement in 2013 but the acquisition did have a significant effect on the consolidated balance sheet (see Note 7).

When comparing the information in these consolidated annual accounts, the consolidated income statement for 2014 includes the operations recognised for the new acquisition of Aqua Pharmaceuticals LLC at the end of 2013. These operations did not have an effect on the Group's income statement for 2013.

4. Distribution of the Parent company's profit

The distribution of the profit included in the Parent company's annual accounts for the years ended 31 December 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	2013
Basis of distribution:		
Profit for year	466,493	(40,628)
Distribution:		
To the legal reserve	58	-
To voluntary reserves	390,807	-
Dividends	35,000	-
To offset prior years' losses	40,628	(40,628)
Total	**466,493**	**(40,628)**

At the date of preparation of these consolidated annual accounts, the Board of Almirall, S.A. have agreed to propose to the shareholders at the General Meeting to distribute profit for 2014 to the legal reserve (€58 thousand), to voluntary reserves (€390,807 thousand), as dividends (€35,000) and to use 40,628 thousand to offset prior years' losses. The proposed distribution of profit for 2013 was approved by the shareholders at the General Meeting on 9 May 2014.

5. Accounting standards

The Group's consolidated annual accounts for the year ended 31 December 2014 were prepared by the directors of the Parent in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, pursuant to Law 62/2003, of 30 December.

The principal measurement bases used in preparing these consolidated annual accounts, in accordance with International Financial Reporting Standards as adopted by the European Union and with the Interpretations in force at the reporting date, were as follows:

a) Goodwill

The goodwill earned on business combinations represents the excess of the consideration delivered over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the combination date.

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

- If it is attributable to specific assets and liabilities of the companies acquired: by increasing the value of the assets (or reducing the value of the liabilities) that have a higher (lower) market value than the respective carrying amounts and have a similar method of recognition to the methods used for the Group's same assets (liabilities): amortisation and depreciation, accrual method of accounting, etc.

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

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

- Goodwill acquired from 1 January 2004 onwards is carried at the consideration delivered while goodwill prior to that date is continued to be recognised at its carrying amount. In both cases, at least at the end of each reporting period (or earlier if there is any indication of impairment), goodwill is tested for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to “Impairment Losses on Property, Plant and Equipment, Intangible Assets and Goodwill” in the consolidated income statement, since IFRS 3 does not permit the amortisation of goodwill. An impairment loss recognised for goodwill may not be reversed in a subsequent period (see Note 5-d).

- On disposal of a subsidiary, the attributable amount of goodwill is included in the calculation of the gain or loss on disposal.

b) Intangible assets

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

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

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

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

	Annual rate
Intellectual property	6%-10%
Computer applications	18%-33%

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

Development costs-

a) *In-house development*

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

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

I. It is technically possible to complete production of the medication so that it can be made available for use or for sale.

II. There is an intention to finish developing the drugs in question for use or for sale.

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

IV. The asset will generate future economic benefits. There is evidence that there is a market for the medication which will generate development or a market for its development. There is also evidence that its development will be useful to the Group in the event that it is going to be used in house.

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

VI. The ability to measure reliably the payment attributable to the aforementioned development up until its completion.

Developing new medicines is highly uncertain due to the lengthy maturity period (which is usually several years) and the technical results obtained during the different trial phases of development. Development may be abandoned at one of the various stages either because the product has failed to meet medical or regulatory standards or it does not meet the required profit level. Therefore, the Group considers that there is no longer uncertainty when the developed product has been approved by the competent authorities in a reference market. From then on the Group can consider that the conditions for capitalising development expenditure have been achieved.

The Group also capitalises development expenditure incurred on supplementary studies (or related to molecule combination) for a specific purpose already approved for sale by the corresponding regulatory body which have not yet been approved as a supplementary study or combination.

The development costs with a finite useful life that are gradually capitalised to assets are amortised from the regulatory approval of the product on a straight-line basis over the period in which benefits are expected to be obtained.

b) Separate acquisition

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

The development costs acquired with a finite useful life are amortised from the time of the product's regulatory approval (i.e. when the intellectual property rights are transferred) on a straight-line basis over the period in which benefits are expected to be obtained.

Development costs (internal and acquired) previously recognised as an expense are not recognised as an asset in a subsequent period.

Intellectual property-

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

The expenses incurred in development of intellectual property that is not economically feasible are recognised in full in the income statement for the year in which these circumstances become known.

Computer software-

The Group records the acquisition and development of computer programs in this account. Maintenance costs for computer programs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

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

Computer software is amortised on a straight-line basis over a period of between three to six years from the entry into service of each software application.

c) Property, plant and equipment

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

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

Based on the accrual method of accounting, the periodic maintenance, upkeep and repair costs are expensed currently.

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

The annual depreciation charge is recognised in the consolidated income statement and is basically based on the depreciation rates calculated over the years of estimated useful life. The land on which the buildings and other structures stand is considered to have an indefinite useful life and, therefore, it is not depreciated. The detail of the average useful lives of the various items is as follows:

	Useful life (years)
Buildings	33-50
Plant and machinery	8-12
Other fixtures and tools	3-6
Furniture and laboratory equipment	6-10
Data processing equipment	4-6
Vehicles	5-6.25

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

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

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets might have suffered an impairment loss. If there is an indication of impairment, the recoverable amount of the asset is calculated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible assets that have not been amortised are tested for impairment at least at the end of each year and prior to year end if there are indications of impairment.

The recoverable amount is determined as the higher of fair value less cost of sale and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. As indicated below, the Group assessed the discount rate and considered that it was reasonable.

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

Where an impairment loss subsequently reverses (not permitted for goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. Reversal of an impairment loss is recognised in profit or loss immediately up to the above permitted limit.

Note 5-a states when goodwill is tested for impairment. The test is composed of three steps: Firstly, the recoverable amount of the goodwill specifically allocated to cash-generating units is assessed (wherever possible). Secondly, the loss attributable to the assets included in the cash-generating unit is assessed and any impairment thereon is recognised in accordance with the above. Thirdly the recoverable amount of unallocated goodwill is assessed, including all the associated cash-generating units. An impairment loss recognised for goodwill must not be reversed in a subsequent period (see Note 5-a).

The methodology used by Almirall Group to test for impairment is based on detailed financial projections for a period of 5-22 years (for products under development as this period is the average required to stabilise the cash flows generated by products currently under development), by estimating continual income for subsequent years. The projections are based on reasonable and supported assumptions.

The main assumptions used in the impairment tests in the years ended 31 December 2014 and 2013 were as follows:

	2014		2013	
	Goodwill	Intellectual property and development costs	Goodwill	Intellectual property and development costs
Gross margin	45-80%	45-80%	45-80%	45-80%
Discount rate	9-9,5%	9-10.5%	9%	9-10.5%
Growth rate for continual income	(2%)-(5%)	(1%)-(20%)	(1%)	(1%)-(20%)
Probability of development success	Not applicable	On the basis of each product assessed	Not applicable	On the basis of each product assessed

Management calculates the budgeted gross margin based on past performance and how they expect the market will perform.

The key variables in the impairment tests carried out by the Group relate mainly to the sales of each different medication, both marketed medication and medication currently at the development stage. A key variable for medication currently at the development stage is the probability of the success of the product based on the results at each development stage.

These variables are based on historical experience weighted by outside information. Changes in assumptions are based on the evidence obtained by the Group in accordance with the indicators applied.

e) *Leases*

Leases in which the Group acts as the lessee are classified as operating leases when they meet the conditions of IAS 17, i.e. when the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset are attributable to the lessor.

Operating lease payments are charged to the income statement on a straight- line basis over the lease period.

Leases of property, plant and equipment where the lessee retains substantially all the risks and rewards of ownership are classed as finance leases. Finance leases are capitalised at inception of the lease at the lower of fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is distributed between the liability and the financial charge. The corresponding lease obligations are included under the long-term payables net of finance charges. The interest part of the financial charge is charged to the income statement over the term of the lease in order to obtain a consistent regular rate of interest on the debt repayable in each period. Property, plant and equipment acquired under finance leases are depreciated over the lower of their useful lives and the lease period.

The Group does not have any finance leases at 31 December 2014 and 2013.

f) *Non-current assets classified as held for sale*

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

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

At 31 December 2014 and 31 December 2013, the Group did not have any non-current assets held for sale for significant amounts.

g) *Inventories*

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

Trade discounts, rebates and other similar items are deducted in determining the acquisition cost.

Cost is calculated using the weighted average cost method. The net realisable value is an estimate of the selling price less all estimated costs to completion and the costs incurred in the marketing, sales and distribution processes.

The Group assesses the net realisable value of the inventories at the end of each period and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused the decline in value no longer exist or when there is clear evidence of an increase in net realisable value due to a change in economic circumstances, the provision is reversed.

h) Receivables from sales and services

Trade receivable balances are initially recognised at fair value and subsequently measured at amortised cost. At the end of each reporting period the recoverable amount of trade receivables is calculated and the carrying amount is reduced, where necessary, by the required adjustments to cover the balances which are in a situation that reasonably considers them to be classified as doubtful debts.

i) Cash and cash equivalents

For the purposes of the statement of cash flows "Cash and Cash Equivalents” is considered to be the Company's cash and short-term bank deposits that can be liquidated immediately at the Group's discretion without incurring any penalty. They are recognised under “Current Financial Assets” in the accompanying consolidated balance sheet. The carrying amount of these assets is close to their fair value.

j) Financial instruments (excluding derivative financial instruments)

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

In the years ended 31 December 2014 and 2013, the measurement bases applied by the Group to its financial instruments were as follows:

Financial assets-

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

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

- Loans and receivables generated by the Group: financial assets generated by Group companies in exchange for cash, goods or services received directly from a debtor. They are subsequently measured at amortised cost using the effective interest method.

- Financial assets held to maturity: asset collections for a fixed or determinable amount which have a fixed date of maturity. The Group expresses its intention and capacity to keep these assets in its possession from the time they are purchased through to maturity. They do not include loans and accounts receivable originated by the Group. They are subsequently measured at amortised cost using the effective interest method.

- Financial assets at fair value through profit or loss: initially recognised as such based on the specific characteristics of the asset (see Note 6).

- Financial assets held for trading: acquired by the Group to generate a short-term benefit from fluctuations in their prices or from differences between their purchase and sale prices. This heading also includes financial derivatives not considered to qualify for hedge accounting.

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

Held-for-trading financial assets and available-for-sale financial assets are carried at fair value on subsequent measurement dates. In the case of held-for-trading financial assets, gains and losses from changes in the fair value are recognised in profit or loss for the year. In the case of available-for-sale financial assets, the gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in net profit or loss for the year. For non-monetary financial assets classified as available for sale (e.g., equity instruments), gains and losses recognised directly in equity include any component related to exchange rate shifts.

The effective interest rate is the discount rate that exactly matches the carrying amount of a financial instrument to all its estimated cash flows for every item over its residual life. For fixed-rate financial instruments, the effective rate of interest is the contractual interest rate at the date of acquisition plus any fees that, because of their nature, may be likened to an interest rate. In the case of floating-rate financial instruments, the effective interest rate is the rate of return prevailing for all items until the date of first review of the reference interest rate.

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

Holdings in unlisted companies whose market values cannot be measured reliably are recognised at acquisition cost less any corresponding accumulated impairment losses. Similarly, the Group companies and associates not included in the scope of consolidation because they are dormant and/or immaterial are carried at acquisition cost less any accumulated impairment losses.

Impairment losses (i.e. cost higher than market or fair value at year end) are recognised under "Financial Assets – Impairment Losses" (see Note 11).

Financial liabilities-

Trade payables are payment obligations for goods or services that have been acquired from suppliers during the ordinary course of business. Current liabilities mature within twelve months or less. Any payables maturing beyond this date are classed as non-current liabilities.

The trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are recognised initially at fair value less any transaction costs incurred. Financial liabilities are subsequently measured at amortised cost. Any gain (loss) between the funds obtained (net of the costs required to obtain them) and the repayment amount is recognised in profit or loss over the term of the liability using the effective interest method.

Fees paid for credit lines are recognised as transaction costs of the liability provided that it is probable that the credit line will be drawn down in part on in full. Otherwise, the fees are deferred until funds are drawn down. Fees are capitalised as an advance for liquidity services and are amortised over the period of the credit availability to the extent that it is not probable that the credit line will not be drawn down in full or in part.

The loans with subsidised or zero interest rates are forms of government aid. These loans are recognised at the fair value of the financing received and the differences arising between the fair value and the nominal value of the financing received are treated as a grant.

Preference shares that must be redeemed on a particular date are classified as liabilities. The dividends on preference shares are recognised in profit or loss as part of the finance cost.

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

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

Loans due within twelve months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit facilities, are classified as non-current liabilities. Additionally, in the event that the Group is able to defer maturity of the payment of a financial liability unilaterally, it is classified as a non-current liability.

(a) Assets at amortised cost / Assets held to maturity

At each balance sheet date, the Group assesses whether there is objective evidence of impairment losses with respect to a financial asset or group of financial assets. A financial asset or a group of financial assets is impaired and impairment losses are incurred if and only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a 'loss event') and that loss event (or events) has /have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment losses can include indications that debtors or a group of debtors is experiencing major financial difficulties, defaults or delays in the payment of interest or the principal, the probability that they will be involved in bankruptcy proceedings or any other financial restructuring and when observable data point to the existence of a measurable fall in future estimated cash flows, such as changes in payment terms or business terms which match defaults.

For loans and receivables and assets held for sale, the loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows (not taking into consideration any future impairment losses that have not been incurred), discounted at the original effective interest rate of the financial asset.

If, subsequently, an impairment loss diminishes, and this reduction can be objectively attributed to an event occurring after the impairment loss was recognised (such as an improvement in the debtor's credit quality), the previously recognised impairment is recognised in the consolidated income statement.

(b) Assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are managed and assessed on the basis of their fair value (see Note 6). Assets at fair value through profit or loss are classified as current assets if they are expected to be liquidated in twelve months. Otherwise, they are classified as non-current.

(c) Available for sale assets

At the end of each period, the Group assesses whether there is any objective evidence of impairment of a financial asset or group of financial assets. In the case of investments in equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the instrument to below its cost is considered evidence that the asset has become impaired. If there this type of evidence exists for available-for-sale financial assets, the cumulative loss, determined as the difference between acquisition cost and current fair value, less any impairment losses previously recognised in the income statement on the financial asset, is eliminated from equity and recognised in the income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed in consolidated profit or loss.

k) Derivative financial instruments and hedge accounting

The Group's activities expose it mainly to foreign currency risk on the marketing of products through franchisees and subsidiaries in countries with a currency other than the Euro, and interest rate risk on the bank borrowings arranged by the Parent company.

The Group initially documents the relationship between the hedging instruments and hedged items and its risk management objectives and strategy for arranging various hedging transactions. The Group also documents their initial and subsequent assessments as to whether the derivatives used in the hedges are highly effective for offsetting the changes in the fair value or cash flows of the hedged items.

The total fair value of a hedging derivative is classified as a non-current asset or liability if the time remaining to maturity of the hedged item is more than 12 months and as a current asset or liability if the time remaining to maturity of the hedged item is less than 12 months. Derivatives that do not qualify for hedge accounting are classified as current assets or liabilities.

The Group opted to designate these instruments wherever possible (i.e. if they comply with the requirements of IAS 39) as hedging instruments in hedging relationships. In accordance with IAS 39 financial derivatives qualify for hedge accounting when they necessarily hedge one of the following three types of exposure:

- Variations in the value of assets and liabilities due to shifts in prices, interest rates and/or exchange rates to which the position or balance to be hedged is subject ("fair value hedges").

- Fluctuations in estimated cash flows arising on financial assets and liabilities, obligations and transactions forecast and highly probable that an entity is planning to carry out ("cash flow hedges").

- The net investment in a foreign operation ("hedge of a net investment in a foreign operation").

Similarly, it has to efficiently eliminate the risk inherent in the asset or position hedged during the entire forecast hedging period and it has to be adequately documented that the financial derivative was arranged specifically to hedge certain balances or transactions and the manner in which such efficient hedging is to be achieved and measured.

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

Hedging instruments cease to qualify for hedge accounting when they fall due or are sold, end or are exercised or cease to meet the relevant criteria. Any accumulated gain or loss on the hedging instrument which has been reflected in equity continues to be reflected in equity until the forecast transaction takes place. When the transaction hedged is not expected to take place, any accumulated net gains or losses recognised in equity are transferred to net profit or loss for the year.

At the end of 2014 and 2013 there are no derivative financial instruments.

l) Provisions and contingencies

When preparing the consolidated annual accounts, the directors made a distinction between:

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

− Contingent liabilities: possible obligations resulting from past events, the future materialisation of which is contingent upon the occurrence or otherwise of one or more events out of the consolidated companies' control.

The Group's consolidated annual accounts include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Since the contingent liabilities did not arise from a business combination, they are not recognised, but rather detailed in Note 25.

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

Litigation and/or claims in process-

The Group's business activities are carried on in a highly regulated industry (healthcare legislation, intellectual property, etc.) and, therefore, its business is at risk of potential lawsuits.

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

At the end of 2014 and 2013, a number of legal proceedings and claims had been initiated against the Group in the ordinary course of its business. The Company's legal advisers and directors consider that the provisions recognised are sufficient and that the outcome of litigation and claims will not have a material effect on the consolidated annual accounts for the years in which they are settled.

Provisions for product returns-

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

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

Provision for restructuring-

The Group recognises the restructuring costs when they have detailed plans to begin restructuring which extend to the following at least: the business activities involved, the main locations affected, the functions and approximate number of the employees who will receive an indemnity following the discontinuance of their services, the payments to be carried out, the possible dates on which the detailed plans will be implemented and a valid expectation has been created among those affected, either because the plans have been started up or they have been informed of their main characteristics.

m) Cost of retirement benefits (or post-employment benefits)

The Group companies Almirall, S.A.S. and Almirall Hermal, GmbH have retirement benefit obligations (or post-employment benefit obligations). The obligations of Almirall S.A.S. are not material with respect to the Group's consolidated annual accounts. The obligations assumed by Almirall Hermal GmbH are funded by two defined benefit plans, a defined contribution plan with employer contributions and two defined contribution plans with employee contributions.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that does not fulfil the definition of a defined contribution plan. Defined benefit plans generally lay down the amount of the benefit that will be received by an employee on retirement, normally on the basis of one or more factors such as age, years of service or remuneration.

The contingencies funded by the defined benefit plans are retirement and similar (death of spouse and death of parent), active life risks, death and disability for the employees hired prior to 30 June 2002 and consist of a pension calculated basically on the basis of the pensionable pay. The obligation assumed is covered by in-house provisions and there are no plan assets (see Note 19).

The liability recognised in the balance sheet in connection with defined benefit pension plans is the present value of the defined benefit obligations at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows at interest rates on high quality Government bonds denominated in the same currency in which the benefits will be paid and having similar maturities to those of the respective obligations. In those countries where there is no developed market for such bonds, the market rates on government bonds are used.

The amount of the obligations assumed was calculated as follows:

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

- Actuarial assumptions. In 2014 and 2013 the main assumptions used in the actuarial valuation of the aforementioned obligations were as follows:

2014	Almirall Hermal, GmbH	Almirall, S.A.S.
Mortality tables	Heubeck 2005G	2007-2009 Discount rate
Discount rate	2.10%	3.25%
Salary increase rate	2.25%	1.00%
Benefit increase rate	1.75%	0.00%
Turnover rate	3.00%	3.15%
Retirement age	62 and 63	65

2013	Almirall Hermal, GmbH	Almirall Sofotec, GmbH	Almirall, S.A.S.
Mortality tables	Heubeck 2005G	Heubeck 2005G	2007-2009 Discount rate
Discount rate	3.80%	3.50%	3.25%
Salary increase rate	2.25%	3.00%	1.00%
Benefit increase rate	1.75%	2.00%	0.00%
Turnover rate	3.00%	5.00%	3.15%
Retirement age	63	62 and 63	65

Actuarial gains and losses that arise from adjustments applied due to experience and changes in the actuarial assumptions used are charged and credited to equity in other comprehensive income in the period in which they arise.

Past service costs result from the changes to the benefits offered under a defined benefit plan. This may entail an improvement or curtailment of the benefits covered by the plan.

IAS 19 requires past service costs to be recognised directly in the income statement for the year in which the plan is amended. The entity recognises an expense when the change entails an improvement in the benefits (positive past service cost) and income when benefits are reduced (negative past service cost).

The effect of new benefits included in a defined benefit plan has an immediate impact on the income statement. Benefit costs which have not yet accrued in the vesting period cannot be deferred.

The discount rates used in the calculation are determined based on actuarial advisory services in accordance with the statistics published and experience in each territory.

Defined contribution plans cover similar contingencies to those under the defined benefit plans described above for all employees. Contributions are made to non-related entities such as insurance companies and the amount recognised as an expense in this respect in 2014 and 2013 totals EUR 3.7 million and EUR 3.8 million, respectively.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit costs when they vest.

n) Termination benefit costs

Termination benefits are payable when the Group decides to terminate an employment contract before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits when it has demonstrably undertaken to terminate current employees' employment in accordance with a formal detailed plan that cannot be withdrawn. When a redundancy offer is made to employees, the termination benefits are measured on the basis of the number of employees that are expected to take the offer up. Benefits not falling due within 12 months of the balance sheet date are discounted to present value.

o) Government grants

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

Government grants related to property, plant and equipment are treated as deferred income and are recognised in profit or loss over the expected useful lives of the assets concerned.

p) Recognition of income and expense

Income and expenses are recorded on an accruals basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred rather than the period in which the monetary or financial flow is actually received or disbursed.

Revenues are carried at the fair value of the consideration received or receivable and represent the amounts receivable on the assets sold, net of discounts, returns and VAT. Revenues are recognised when they can be reliably measured; it is probable that the company will receive future economic benefits and when certain conditions are met for each of the Group's activities described below. The Group bases its estimates for estimating the provision for returns on historical results, taking into account the type of customer, the type of transaction and the specific circumstances of each agreement.

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

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

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

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

The Group companies recognise the revenue received for the assignment of product licences, joint development, joint promotion and other similar transactions on the basis of the economic substance of the related agreements (See also Note 6-a). These agreements generally include multiple items and the revenue associated therewith must match the costs and the consideration to be paid by the Group. When assessing the accounting treatment for these transactions, the Group's directors consider the following matters:

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

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

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

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

q) Corporate income tax and deferred tax assets and liabilities

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

Almirall, S.A. files consolidated tax returns as provided for in Title VII, Chapter VII of Legislative Royal Decree 4/2004 of 5 March, approving the Corporate Income Tax Law. The companies composing the tax group for 2014 and 2013 are: Almirall, S.A., Laboratorios Almofarma, S.L., Laboratorio Temis Farma, S.L., Laboratorios Berenguer-Infale, S.L., Industrias Farmacéuticas Almirall, S.A., Laboratorio Omega Farmacéutica, S.L., Laboratorios Tecnobío, S.A., Laboratorios Miralfarma, S.L., Alprofarma, S.L., Pantofarma, S.L., Laboratorios Farmacéuticos Romofarm, S.L., Ranke Química, S.L. and Almirall Europa, S.A. and Almirall, S.A. which is the head of the tax group. Consequently, the consolidated income tax expense includes the benefits arising from the application of tax loss and tax credit carryforwards that would not have been recognised had the companies that make up the aforementioned tax group filed individual tax returns.

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

The current income tax expense is calculated on the basis of taxable profit for the year. The taxable profit differs from the net profit shown in the income statement because it excludes income or expenses that are taxable or deductible in other years and also excludes items that will never become taxable or deductible. The Group's current tax liability is calculated using tax rates that have been approved or almost approved by the date of the consolidated balance sheet. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised using the liability method for temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. However, deferred taxes are not recognised if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting profit (accounting loss) or taxable profit (tax loss).

Deferred tax assets for temporary differences and other deferred tax assets (tax loss carryforwards and tax credit carryforwards) are only recognised to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised. At each accounting close, deferred tax assets and liabilities are analysed to ensure that they remain valid. Any necessary adjustments arising out of the analyses are made accordingly.

r) Discontinued operations

A discontinued operation is a line of business or geographical area that is material and may be considered separate from the rest of the entity, and which has been disposed of or classified as held for sale. Its activities and cash flows can be clearly differentiated from the rest of the entity for operating and financial reporting purposes. The assets, liabilities, income and expenses of the discontinued operations and the non-current assets held for sale are presented separately in the consolidated balance sheet and income statement.

Accordingly, the Group only presents information on discontinued operations separately when they are material.

s) Borrowing costs

General and specific borrowing costs which are directly attributable to the acquisition, construction or production of qualifying assets, which are those assets that necessarily require a substantial period of time before they are ready for forecast use or sale, are added to the cost of such assets until the assets are substantially ready for their intended use or sale.

Financial income obtained on the short-term investment of specific loans is deducted from eligible borrowing costs for capitalisation until it is used by the qualifying assets.

Other borrowing costs are expensed currently in the income statement.

t) Foreign currency transactions

The Group's presentation currency is the Euro. All balances and transactions denominated in currencies other than the Euro are therefore foreign currency balances and transactions.

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

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

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

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

The balances in the annual accounts of consolidated companies whose functional currency is not the Euro are translated to Euro as follows:

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

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

- Equity items are translated at the historical exchange rates.

Adjustments to goodwill and to the fair value arising on the acquisition of a foreign operation are considered to be assets and liabilities of the foreign operation and are translated at the year-end exchange rate. Differences arising in the translation process are included under "Equity - Translation Differences" in the statement of other comprehensive income. Such translation differences are recognised as income or expense in the period in which the investment is made or sold.

u) Information on the environment

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

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

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

v) Earnings per share

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

Diluted earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been 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, where they have become outstanding during the period in question.

w) Consolidated statements of cash flows

The following expressions are used with the following meaning in the consolidated statements of cash flows:

- Cash flows: inflows and outflows of cash and cash equivalents, understood as short-term highly liquid investments with a low risk of shifts in value.

- Operating activities: the company's ordinary activities and other activities that cannot be classified as investment or finance activity.

- Investment activities: acquisition, sale or disposal of long-term assets and other investments not included in cash and equivalents.

- Financing activities: activities that, not forming part of the operating activities, result in changes in the size and composition of equity and liabilities.

For the purpose of calculating the consolidated statement of cash flows, "Cash and Cash Equivalents" is considered to include the Group's cash and short-term bank deposits that can be liquidated immediately at the Group's discretion without a penalty being applied and are recognised under "Current assets and other cash equivalents" in the accompanying consolidated balance sheet. The carrying amount of these assets approximates their fair value.

x) Share-based payment systems for listed shares

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

Under the Plan, the Parent company undertakes to grant the executives long-term cash-settled variable remuneration tied to the price of the Parent company's shares, following the fulfilment of certain requirements and conditions. Note 27 provides a detail of the liability calculated in accordance with IFRS 2 at 31 December 2014 and 2013.

y) Share capital

Ordinary shares are classified as equity. Preference shares that must be redeemed on a particular date are classified as liabilities.

The incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction in the income obtained, net of any tax.

When a Group entity acquires corporate shares (i.e. treasury shares), the consideration paid, including any directly attributable incremental cost (net of income tax), is deducted from the equity attributable to the aforementioned shareholders until they are settled, re-issued or disposed of. When these items are subsequently re-issued, all of the amounts received net of any directly attributable incremental cost of the transaction and the corresponding effects of any income tax are included in the equity attributable to the holders of these equity instruments and the Company.

6. Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the circumstances.

a) Revenue recognition

A portion of the revenue generated by the Group is obtained through the transfer of rights, the transfer to third parties of the use of product licences developed by Almirall Group and third-party access to products under development (generally through joint development). The agreements upon which these licensing or access arrangements are based are usually of a complex nature and include concepts such as:

- Non-refundable initial amounts.
- Receipts on attainment of certain milestones (development, business, etc.),
- Royalties
- Calculation of the future price of supplying the product in question to each of the parties.

A detailed analysis is required of each component of the agreements and of the agreements as a whole in order to accurately calculate how much of each item to recognise in profit or loss.

The detail of the agreements between Almirall Group and third parties up to 1 November 2014 was as follows:

Transactions with Forest Laboratories

I. Aclidinium Bromide (TudorzaTM PressairTM)

On 6 April 2006, the Group entered into an agreement with a third party (Forest Laboratories Holdings Ltd., a subsidiary of Forest Laboratories, Inc.) to jointly develop and eventually market and distribute a product to treat chronic obstructive pulmonary disease ("COPD"), the main active ingredient of which is aclidinium bromide. The agreement envisages aclidinium bromide monotherapy and formoterol and aclidinium bromide combination.

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

The aforementioned agreement established other obligations for the Group relating to the future supply of the product's active ingredient and the inhaler required to administer the final product and, therefore, the Group will receive compensation.

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

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

- The Group assumed substantial future obligations as a result of its part in the development of the product.

- Future payments dependent upon the achievement of development and sales milestones are established on an arm's length basis.

- The price for the future supply of the active ingredient and the inhaler, after considering both royalties and sales milestones, was established on an arm's length basis.

Deferred income was allocated to the income statement on a straight-line basis over the estimated duration of the development stage which concluded in 2011. The timing of this recognition did not differ significantly from the recognition that would have arisen on the basis of applying a criterion of proportionality to the development costs.

On 23 July 2012 Almirall, S.A. (the Parent company of Almirall Group) and Forest Laboratories Ind. announced that the Food and Drug Administration (FDA) had approved TudorzaTM PressairTM (aclidinium bromide, inhaler powder) for the long-term management of bronchospasms associated with chronic obstructive pulmonary disease (COPD), including chronic bronchitis and emphysema. In accordance with the aforementioned agreement, the Group received USD 40 million (EUR 33 million at the collection date) for having met this milestone. Sales of the product on the US market began at the end of 2012.

Mid-2013 the Group collected USD 15 million (EUR 11.5 million) from Forest Laboratories in connection with the Stage III development of aclidinium bromide and formoterol combination. The amount was collected under the current joint development and marketing agreement with Forest Laboratories.

II. LAS100977

On 15 December 2009, the Group entered into an agreement with a third party (Forest Laboratories Holdings Ltd., a subsidiary of Forest Laboratories, Inc.) to jointly develop and then jointly market and distribute a product (OD LABA 100977, an inhaled long-acting beta-agonist) to treat asthma and chronic obstructive pulmonary disease ("COPD"), which was at Stage III of its development at 31 December 2013.

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

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

Lastly, the Group held a joint promotion right on future products under development for the allocated markets and both parties will assume mutual payment obligations for future royalties.

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

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

- The Group assumed substantial future obligations as a result of its part in the development of the product.

- Future payments dependent upon the achievement of development and sales milestones are established on an arm's length basis.

- The price for the future supply of the active ingredient and the inhaler, after considering both royalties and sales milestones, was established on an arm's length basis.

Deferred income was recognised in the income statement on a straight-line basis over the development stage which the Group expects will conclude in 2015. The timing of this recognition was not considered to differ significantly from the recognition that would have arisen had a criterion of proportionality been applied to the estimated development costs up to that year.

In 2012 the Group and Forest Laboratories agreed to the early termination of the aforementioned agreement (releasing the Group from substantial future obligations). Accordingly, the amount not recognised at the termination date of the initially subscribed non-refundable portion totalling EUR 27 million was recognised in "Other Income" in the income statement. EUR 5.4 million had been recognised in 2012 up to the date of termination (see Notes 15 and 20).

Operations with Berlin Chemie AG

Aclidinium bromide

On 22 March 2012 the Group entered into an agreement with a third party (Berlin Chemie, AG part of the Menarini Group) to jointly market and distribute a product for the treatment of chronic obstructive pulmonary disease ("COPD"). Berlin Chemie, AG will have the marketing rights in most EU countries and in Russia, Turkey and other European countries. The agreement includes aclidinium bromide monotherapy and combination of aclidinium bromide and formoterol.

In addition to receiving a non-reimbursable amount of EUR 45 million, the Group has a collection right for certain amounts relating to the achievement of milestones related to certain regulatory and commercial events and sales-related royalties.

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

- The Group assumed substantial future obligations as a result of its part in the development of the product.

- Future payments dependent upon the achievement of development and sales milestones are established on an arm's length basis.

- The price for the future supply of the active ingredient and the inhaler, after considering both royalties and sales milestones, was established on an arm's length basis.

Deferred income was allocated to the income statement on a straight-line basis over the estimated development stage of formoterol and aclidinium bromide combination up to its submission for authorisation on the European market. The timing of this recognition was not considered to differ significantly from the recognition that would have arisen on the basis of applying a criterion of proportionality to the development costs up to the aforementioned milestone.

On 24 July 2012 Almirall announced that the European Medicines Agency (EMA) had approved aclidinium bromide for the treatment of COPD. Under the agreement entered into with Berlin Chemie the Group received EUR 30 million for the achievement of the above milestone. In late 2012 the product began to be sold on the European markets of reference (Germany, UK, etc.) (See Note 20).

The initial payment was recognised in full up to the submission for authorisation from the European Medicines Agency (EMA) in 4Q13.

The aforementioned agreements with Forest Laboratories and Berlin Chemie AG, together with other items and components of the respiratory franchise, were the subject of the transaction effectively closed with AstraZeneca UK Limited on 1 November 2014 under the terms below.

Transactions with AstraZeneca UK Limited

Almirall, S.A. has entered into an agreement with AstraZeneca UK Limited effective 1 November 2014. Under the agreement it has transferred the rights to part of its respiratory franchise. From 1 November 2014 onwards AstraZeneca will own the development, marketing rights to the Almirall respiratory business, including the rights to any income from alliances with third parties (including the aforementioned alliances, which were the subject of a novation in favour of AstraZeneca at the date of preparation of these consolidated annual accounts) and the pipeline in research into new therapies. The franchise includes Eklira (aclidinium): Duaklir (aclidinium and formoterol combination) and the LABA/MABA projects which received a positive opinion from the CHMP in the EU and is under development in the US. The associated inhaler technology (see Note 6-b), certain pre-clinical studies and Almirall Sofotec GmbH, an Almirall subsidiary engaged in the development of advanced inhalers, have also been transferred.

The overall transaction includes various components, the main content of which is as follows:

- Upon entering into the agreement, Almirall will receive a non-refundable initial payment (an upfront payment) of USD 900 million. Future payments of up to USD 1,220 million have been agreed for milestones for the development and launch of products and payments based on the achievement of certain volumes of sales. Royalties have also been agreed upon. EUR 704.6 million were received, of which EUR 679.2 million relate to an upfront payment and EUR 25.4 million to sales of moulds and other assets related to the business.
- AstraZeneca will take on a further 719 employees in total as a result of the overall agreement.
- It will assume the commercial and development obligations relating to aclidinium including the aclidinium and formoterol combination. Almirall will continue to manufacture the product for AstraZeneca under an exclusive production agreement for an initial period of seven years.
- AstraZeneca will assume the commercial and development obligations for LABA and MABA as monotherapies or combinations. Almirall will continue to play a significant role during the development stage. They will be developed by pooling assets. Payments will be made for reaching sales, release and development milestones as well as royalties.
- The sale of Almirall Sofotec includes all the assets and intellectual property related to the inhalation and inhaler device technology.
- Pre-clinical collaboration: Almirall will assume the development up to Stage I (inclusive). If at any point it decides to do so, AstraZeneca will continue the development from this point onwards. Should it decide to take over after this point, Almirall will receive any future payments for royalties and milestones.

Based on an analysis of the corresponding agreements and detachable elements of the overall transaction, the accounting treatment of each one has been established on the basis of its respective characteristics:

- Business sale (transfer of assets or rights, etc. together with the employees, which would form a business unit and not have any significant future commitments or obligations for Almirall): recognised at the fair value of the transaction (the portion of the initial payment allocated plus the corresponding fair value of the potential future payments from milestones, sales and royalties), derecognising the existing assets from the balance sheet for the purpose of the business. The profit (loss) of the business would be recognised under "Other Income" in the income statement for the year.
  The fair value of this transaction (EUR 654.7 million) was calculated by independent experts Ernst & Young. The fair value was calculated on the basis of discounted cash flows adjusted for the probable success of certain risks associated at different stages of the products. The discounted cash flow method estimates the future cash flows of the asset (translated from dollars to euros at the exchange rate based on the range agreed in the agreement) and the cash flows during the estimated marketing period, taking into account the maturity of the patent, adjusted for estimated probability of success. These probablised cash flows are discounted at a rate which reflects the current returns required by the market and the specific risks of the asset.

  The main assumptions and considerations used by the independent experts to value the sale of the business are as follows:

    - Estimated period of cash flows: up to 2035
    - Discount rate: based on the country where the cash flows are obtained (which for the main territories are between 9.5% to 12.9% for Europe and 15.5% for Mexico), giving an overall weighted average of approximately 12%.
    - Probability of success allocated: it decreases the further away in time the future milestones or sales are estimated and, accordingly, for projected milestones of more than four years relating to the product's release in new countries probability is less than 50%.

  The financial asset generated for recognition of the business sale is subsequently measured at fair value through profit or loss.

  For the purpose of sensitivity analyses of the independent expert's appraisal, the transaction was recognised on the basis of the most conservative range quantified by the appraiser and, accordingly, the next least conservative scenario quantified, which considers higher probabilities of success and higher volumes of future sales (increases of around 30%), would lead to an increase of around 20% on the overall value of the business.

In 2014 EUR 565.2 million was recognised on the business sale under "Other Income" (see Note 20), net of the derecognised assets related thereto (see Note 8) and the provisions for the obligations assumed in the agreement. This business sale corresponds in full to the sale of the business related to the marketing of aclidinium bromide. The financial asset generated on this asset is EUR 267.3 million at 31 December 2014. Of this amount EUR 169.2 million is at long term (see Note 11) and EUR 98.1 million at short term (see Note 13).

- Sales of licences for development and the subsequent marketing: of components in the agreements which transfer the rights for development and subsequent marketing, in which there is significant ongoing involvement over the development period by Almirall, the initial payment assigned to this component is recognised in profit or loss over the expected development period, recognising the income of the milestones in the development stage as they are achieved (which is the date from which they are expected to be collected). Once the product in question has been launched, an analysis is conducted of recognition of future royalties based on the date from which the amount thereof can be estimated reliably, taking into account the final level of future involvement of Almirall in their marketing processes The corresponding revenue is recognised in "Other Income" in the income statement for the year and the revenue that will be deferred over future years is recognised as "Deferred Income."

  The total amount recognised in the income statement for this item in 2014 amounted to EUR 5.5 million. At 31 December 2014 deferred income amounted to EUR 234 million (see Note 15).

- Sale of assets (tangible, intangible or financial): recognised at the fair value of the asset allocated in the agreement, derecognising the asset in question from the balance sheet and recognising the corresponding profit (loss) under "Net Gain (Loss) from Disposals of Assets" in the income statement. The amount recognised for this item in the income statement for 2013 amounted to EUR 15.3 million and corresponds mainly to the sale of the Sofotec subsidiary and the marketing rights of Genuair (see Note 20).

At the date of preparation of these consolidated annual accounts, the agreement between the parties is still ongoing so that AstraZeneca can continue to carry on all its operations autonomously without having to collaborate with Almirall (Transition Period).

b) Measurement of intangible assets

Acquisition of developments in progress

In previous years the Group obtained rights to market certain products at the development stage (see Note 9), which meet the criteria for capitalisation upon initial recognition under IFRS (see Note 5-b). These assets will be amortised on the basis of the respective useful lives of the related products from the date that they obtain regulatory approval. At the end of the reporting period, the Group assesses the recoverability of these assets through positive future cash flows based on the best estimates of the Group's technical and financial managers and, therefore, a discounted cash flow model that envisages a degree of uncertainty in the various possible scenarios must be taken into consideration. A change in the assumptions used to measure the estimated cash flows (changes in interest rates, regulatory amendments, final approval of forecast regulated prices competition from other products, etc.) could reduce the realisable value of the aforementioned assets (see Note 9).

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

The business activities of the Group take place in a highly regulated industry (healthcare legislation, intellectual property, etc.), exposing it to potential lawsuits as a result.

The claims and lawsuits to which the Group is exposed are generally complex and, therefore, there is a high degree of uncertainty as to whether there will be an outcome that is detrimental to the Group's interests and to the estimated potential future disbursements that the Group might have to pay. Consequently, it is necessary to use judgements and estimates with the assistance of the relevant legal advisers.

At 31 December 2014 and 31 December 2013, certain litigations and claims arising from the ordinary course of their operations were ongoing against the consolidated companies. The Group's legal advisers and directors consider that the outcome of these litigation and claims will not have a material effect on the consolidated annual accounts for future years (see Note 25).

d) Deferred tax assets

In calculating its deferred tax assets the Group establishes a deadline for their recovery based on best estimates. Accordingly, on the basis of estimates of the taxable profit of each of the Group companies, the Group has determined the expected period over which the deferred tax assets will be realised, also taking into account the timing of deduction of the tax credit and tax loss carryforwards by the legally established deadlines (see Note 21).

e) Impairment of goodwill

The calculation of potential impairment losses on goodwill requires judgements and estimates to be made on the recoverable amount. These judgements and estimates relate mainly to the calculation of the cash flows associated with the relevant cash generating units and to certain assumptions in relation to the interest rates used to discount the cash flows (see Notes 5-d and 8). Other assumptions used to analyse the recoverable amount of goodwill could give rise to other considerations in the impairment of goodwill.

7. Business combinations

In accordance with the agreement for the sale and purchase of shares dated 16 December 2013 (indicated in Note 3-b) effective 31 December 2013, the Group, through its subsidiary Almirall Inc., acquired 100% of the holding company Aqua Pharmaceutical Holdings Inc. which owns Aqua Pharmaceuticals Intermediate Holdings Inc. in full, which wholly owns Aqua Pharmaceuticals LLC (Aqua Pharmaceuticals).

In accordance with the aforementioned sale and purchase agreement of shares, the consideration for the transaction consisted of an initial cash payment of USD 307.6 million (EUR 223.2 million) made on 31 December 2013, an amount payable of USD 20 million (EUR 14.5 million) and a portion of the contingent consideration payable in the future that may amount to USD 75 million, mainly based on the attainment of certain gross margin levels by the acquired company for 2014 and 2015 and to a lesser extent the obtainment of certain regulatory milestones.

The method used to determine the fair value of the contingent consideration (calculated at USD 22.3 million /EUR 16.2 million at 31 December 2013) took into account the possible scenarios of the payments to be made in each, weighted by the probability of each scenario occurring for each future event considered, discounted at the same rate associated with the measurement of the business as a whole. In 2014 the regulatory milestones were attained and, accordingly, the Group paid a total of USD 12 million (EUR 9.1 million at the payment date) to the former shareholders of the acquired company. At 31 December 2014 the Group re-estimated the contingent payment for 2015 based on the real data for 2014 and the new estimate for 2015, recognising a liability for the contingent payment of USD 50.2 million (EUR 41.1 million at 31 December 2014) (see Note 17). The gain of EUR 29.5 million on this financial liability was recognised under "Gains (Losses) in Changes of Financial Instruments" in the income statement (see Note 20).

IFRS 3 provides a term of one year to complete and adjust the process for assigning value to business combinations and, therefore, the recognition in the consolidated annual accounts for the prior year was provisional. In 2014 there was no change in this recommendation and, accordingly, it is considered definitive.

8. Goodwill

The changes in "Goodwill" in the consolidated balance sheets in 2014 and 2013 were as follows:

	Thousands of Euros				
	Balance at 31 December 2012	Changes	Balance at 31 December 2013	Changes	Balance at 31 December 2014
Almirall, S.A.	35,407	-	35,407	-	35,407
Almirall Sofotec, GmbH	7,143	(793)	6,350	(6,350)	-
Almirall Hermal, GmbH	227,743	-	227,743	-	227,743
Aqua Pharmaceuticals, LLC	-	66,715	66,715	8,904	75,619
Total	**270,293**	**65,922**	**336,215**	**2,554**	**338,769**

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

The goodwill of Sofotec was earned when the subsidiary Almirall Sofotec, GmbH acquired assets of EUR 20 million (excluding VAT) relating to this business from a third party. It also took on some of the staff of the aforementioned third party related to this business. The market value of the production assets acquired amounted to EUR 8 million and, therefore, the difference between the market value and the amount paid is EUR 12 million. In prior years the Group had entered into an agreement with the aforementioned third party to carry out the aforementioned research and development activities and, therefore, the excess paid was considered to be an advance on the margin of the research and development activities that the Group would have necessarily had to perform to complete the processes carried out. The advance has been recognised in profit or loss on a straight-line basis over the estimated term of the pre-planned research and development activities. In 2014 the subsidiary was sold to AstraZeneca as part of the agreement in accordance with Note 6.

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 the identifiable assets and liabilities a difference between their fair value and their carrying amount in the annual accounts of the companies acquired. 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.

The goodwill of Aqua Pharmaceuticals was the difference between the acquisition value of the shares of this company and their underlying carrying amount at the acquisition date, after allocation to the identifiable assets and liabilities of the differences between their fair value and carrying amount in the company's annual accounts. The changes in 2014 are a result of the translation of this goodwill to the presentation currency of the consolidated statements. The effect amounted to EUR 8.9 million.

At 31 December 2014 (and at 31 December 2013), the recoverable amount of all goodwill tested for impairment has been estimated on the basis of calculations of value in use as described in Note 5-d. These calculations use five-year cash flow projections based on financial budgets approved by management. Cash flows for more than the five year period are extrapolated using the estimated growth rates indicated in Note 5-d. According to the estimates and projections available to the directors of the Parent, the projected results and discounted cash flows of the corresponding cash-generating unit adequately support the carrying amount of the goodwill.

The goodwill is allocated to subsidiaries except for the goodwill of Almirall, S.A. which is allocated to the Parent company. For all goodwill tested for impairment, if the recoverable amount of all goodwill calculated on the basis of value in use is subject to a sensitivity analysis for a 5% decrease in estimated sales, the rate of growth would fall by 1% and the discount rate would increase by 1%, which would not make any significant additional impairment necessary.

9. Intangible assets

The detail of the intangible assets in the accompanying consolidated balance sheets at 31 December 2014 and 2013 and of the changes therein is as follows:

	Intellectual property	Development and licence expenditure	Computer applications	Advances and non-current assets in the course of construction	Total
Cost					
At 31 December 2012	669,180	91,393	39,788	3,644	804,005
Additions	4,210	28,973	5,792	10,118	49,093
Disposals	(21,480)	-	(410)	-	(21,890)
Transfers	52,947	(52,947)	3,797	(3,797)	-
Exchange gains (losses)	(254)	-	-	-	(254)
Business combinations	245,157	1,596	196	-	246,949
At 31 December 2013	**949,760**	**69,015**	**49,163**	**9,965**	**1,077,903**
Additions	6,877	19,553	2,870	-	29,300
Disposals	(27,698)	(69,971)	(56)	-	(97,725)
Transfers	-	-	7,878	(75)	7,803
Exchange gains (losses)	33,030	213	24	-	33,267
Exclusions from the scope of consolidation (Note 6)	-	-	(336)	-	(336)
At 31 December 2014	**961,969**	**18,810**	**59,543**	**9,890**	**1,050,213**
Accumulated amortisation					
At 31 December 2012	(369,738)	(695)	(26,545)	-	(396,978)
Amortisation charge	(39,306)	(1,284)	(5,758)	-	(46,348)
Disposals	13,670	-	155	-	13,825
Transfers	(882)	882	-	-	-
Exchange gains (losses)	219	-	-	-	219
Business combinations	-	-	(98)	-	(98)
At 31 December 2013	**(396,037)**	**(1,097)**	**(32,246)**	**-**	**(429,380)**
Amortisation charge	(54,158)	(251)	(7,801)	-	(62,210)
Disposals	6,304	552	44	-	6,900
Transfers	-	-	-	-	0
Exchange gains (losses)	(1,737)	-	(16)	-	(1,753)
Exclusions from the scope of consolidation	-	-	320	-	320
At 31 December 2014	**(445,628)**	**(796)**	**(39,699)**	**-**	**(486,123)**
Impairment losses					
At 31 December 2012	(39,650)	(9,170)	-	-	(48,820)
Impairment losses recognised in the year	(500)	(4,078)	-	-	(4,578)
At 31 December 2013	**(40,150)**	**(13,248)**	**-**	**-**	**(53,398)**
Impairment losses recognised in the year	(60,000)	(5,000)	(5,349)	-	(70,349)
Impairment losses reversed in the year	-	4,078	-	-	4,078
At 31 December 2014	**(100,150)**	**(14,170)**	**(5,349)**	**-**	**(119,669)**
Carrying amount					
Cost	949,760	69,015	49,163	9,965	1,077,903
Accumulated amortisation	(396,037)	(1,097)	(32,246)	-	(429,380)
Impairment losses	(40,150)	(13,248)	-	-	(53,398)
At 31 December 2013	**513,573**	**54,670**	**16,917**	**9,965**	**595,125**
Cost	961,969	18,810	59,543	9,890	1,050,213
Accumulated amortisation	(445,628)	(796)	(39,699)	-	(486,123)
Impairment losses	(100,150)	(14,170)	(5,349)	-	(119,669)
At 31 December 2014	**416,191**	**3,844**	**14,495**	**9,890**	**444,420**

The above intangible assets have finite useful lives and none of the assets have been pledged as security.

The detail of the main headings under "Intangible Assets" (Intellectual property and development expenditure) is, by carrying amount, as follows:

	2014	2013
Development costs acquired as a result of the takeover of Almirall Hermal, GmbH.	700	2,600
Development expenditure incurred in house	-	48,328
Development costs acquired as a result of the acquisition of control of Aqua Pharmaceuticals	1,890	1,596
Other acquired development costs	1,254	2,146
Licences and other marketing rights as a result of the acquisition of control of Almirall Hermal, GmbH.	44,995	55,039
Product technology as a result of the acquisition of control of Aqua Pharmaceuticals.	259,272	245,157
Other licences and other marketing rights.	111,924	213,377
Total intellectual property and development expenditure	**420,035**	**568,243**

At 31 December 2013 "Development Expenditure" included the capitalisation of an individual research project of a respiratory product and development expenditure for supplementary studies (or molecule combinations) as defined in Note -b. The amount capitalised in 2014 is EUR 14.5 million (EUR 19.5 million in 2013), and the consideration was recognised in "Other Income" in the consolidated income statement (see Note 20). At 1 November 2014 this asset had been transferred to AstraZeneca as part of the agreement described in Note 6. It was recognised as a decrease in "Other Income" (see Note 20).

The aggregate amount of the research and development expenditure recognised as an expense in the accompanying consolidated income statement for 2014 and 2013 was approximately EUR 100.6 million and EUR 126.7 million, respectively. These amounts include the depreciation of the assets associated with R&D activities and the amortisation of the expenses incurred by Group personnel and by third parties.

"Intellectual Property" includes mainly the following intangible assets:

- Licences and other marketing rights resulting from the takeover of Almirall Hermal, GmbH for EUR 45 million at 31 December 2014 (EUR 55 million at 31 December 2013).

- Marketing rights over various dermatological products acquired from Shire in 2007. This agreement entailed a payment of EUR 136 million. At 31 December 2014 the carrying amount totals EUR 30 million (EUR 41 million at 31 December 2013).

- Technology acquired from Aqua Pharmaceuticals in 2013. This technology was assigned to each product and is defined as a set of intangible assets which basically include product formulation and the value of trademarks or brand names and patents or sales licences and which are grouped together insofar as they are considered to be inter-related, they have no value on a stand-alone basis or they are expected to have the same useful life. The useful lives of the intangible assets acquired were estimated at 15 years. The changes in the year correspond to amortisation of EUR 17.1 million for 2014 and to the revaluation of EUR 31.2 million for its translation to the presentation currency of the consolidated annual accounts.

- Development and marketing rights over a respiratory product. The agreement gave rise to the disbursement of EUR 45 million on 22 July 2010. In 2014 this asset was impaired for EUR 30 million (see the observations on this impairment loss in this note).

- Intangible assets associated with intellectual property, know-how and patents related to inhalers (an inhaler device which is used to support the administration of one of the respiratory products approved in 2012) which were acquired in 2006 from a third party (Meda Pharma GmbH & Co KG.) for EUR 25 million. Based on the transaction with AstraZeneca, in 2014 this asset was transferred and the net gain on the sale was recognised under "Net Gains (Losses) on Disposals of Assets" in the consolidated income statement (see Note 20).

- Marketing rights in the pan European market for a product under development, which in 2009 led to the initial disbursement of USD 40 million (EUR 31.5 million at the payment date) and USD 20 million (EUR 17 million at the payment date) to Ironwood Pharmaceuticals, Inc. in 2010. On 10 November 2009, upon the fulfilment of certain milestones established in the agreement, the Group invested USD 15 million (EUR 10 million at the payment date) in Ironwood Pharmaceuticals, Inc. Based on the fair value of the shares received, the Group recognised the difference between this value and the consideration paid as an increase in the marketing rights of the acquired product under development for a total of EUR 4.4 million (see Note 11). The Group also committed to making a series of additional payments amounting to USD 20 million upon the attainment of certain milestones related to the marketing of the product. Such additional payments on the acquisition of the aforementioned selling and marketing rights have not been recognised as an increase in the value of the asset acquired given their contingent nature. Also, the Group considers that the discounted value of the future cash flows expected at the time when the additional payment obligations arise as a result of the achievement of the various milestones is higher than the total value of the payments made or to be made. Accordingly, the recognition of the additional payment obligations will entail the recognition of an increase in the acquisition cost of the intangible asset. In 2014 this asset was impaired for EUR 30 million (see the observations on this impairment loss in this note).

In 2014 the Group did not acquire any licences or marketing or selling rights that require disclosure. The disposals recognised correspond mainly to the sale of intangible assets related to the intellectual property, know-how and patents related to the inhaler ("Novolizer"). Its net effect was included in "Net Gains (Losses) on Disposals of Assets" in the consolidated income statement for 2014 (see Note 20). The development and marketing rights were derecognised as part of the agreement with AstraZeneca described in Note 6 of these consolidated annual accounts. The effect has been recognised as a reduction in "Other Income" in the consolidated income statement for 2014 (see Note 6).

In 2013 the Group did not acquire any licences or selling or marketing rights that require disclosure (other than those from the business combination). The disposals included in intellectual property corresponded mainly to the cancellation of a licence agreement of a product for respiratory therapy and the sale of the Hermal diagnostics division. The effect of these disposals was recognised in "Net Gains (Losses) on Disposals of Assets" in the consolidated income statement for 2013. The transfers of EUR 53 million between the development expenditure and selling and marketing licences corresponded mainly to the selling and marketing rights of an Ironwood-licensed product launched in 2013.

Impairment losses

The detail of the impairment losses on intangible assets in 2014 and 2013 included in "Impairment Losses" in the above table and of the changes therein is as follows:

	Thousands of Euros						
	Balance at 31 December 2012	Additions	Disposals	Balance at 31 December 2013	Additions	Disposals	Balance at 31 December 2014
Intellectual property	37,650	500	-	40,150	60,000	-	100,150
Development expenditure	11,170	4,078	-	13,248	5,000	(4,078)	14,170
Computer applications	-	-	-	-	5,349	-	5,349
Total impairment losses	**48,820**	**4,578**	**-**	**53,398**	**70,349**	**(4,078)**	**119,669**

For development expenses not subject to amortisation because regulatory approval for the related medication was not obtained and for intangible assets where there were possible indications of impairment, the recoverable amount has been estimated on the basis of value in use as described in Note 5-d. These calculations use cash flow projections based on detailed financial projections for a finite period of five years and 22 years as mentioned in Note 5-d.

The impairment losses recognised in 2014 correspond mainly to the total impairment of EUR 30 million on the development and marketing rights of certain gastrointestinal products as a result of changes in 2014 in the repayment prices approved on a European market of reference and their implications on other markets and the impairment of EUR 30 million recognised on the marketing rights of certain respiratory therapy products as a result of the Group's change in R&D strategy in this therapeutic area as a result of the transaction with AstraZeneca at the end of 2014 (see Note 6-a). As a result of the transaction with AstraZeneca, the Group has recognised an impairment loss on computer software that has been underused, mainly due to the transfer of staff to AstraZeneca.

In 2013 the Group recognised impairment losses of EUR 4.6 million, mainly on development and marketing rights in the European market for a specific gastrointestinal product, totalling EUR 4.1 million, and for dermatological products acquired from Shire in 2007 (EUR 0.5 million).

These impairment losses were recognised under "Impairment Losses on Property, Plant and Equipment, Intangible Assets and Goodwill" in the accompanying consolidated income statements for 2014 and 2013.

For the above intangible assets, if the recoverable amount, calculated on the basis of value in use, is subjected to a sensitivity analysis for a 5% decrease in estimated sales, the growth rate would fall by 1% or the discount rate would increase by 1%, and the additional impairment of the asset's carrying value would not be significant.

10. Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated balance sheets in 2014 and 2013 were as follows:

	Land and buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of property, plant and equipment	Advances and property, plant and equipment in the course of construction	Total
Cost						
At 31 December 2012	95,703	89,586	258,560	17,310	15,430	476,589
Additions	126	444	608	1,273	24,276	26,727
Disposals	-	(1,573)	(2,164)	(763)	(13)	(4,513)
Transfers	21	925	14,475	67	(15,488)	-
Exchange gains (losses)	(12)	(1)	(18)	(37)	-	(68)
Business combinations (Note 7)	-	-	278	-	-	278
At 31 December 2013	**95,838**	**89,381**	**271,739**	**17,850**	**24,205**	**499,013**
Additions	1,125	4,196	6,743	457	19,143	31,664
Disposals	(166)	(5,968)	(21,571)	(84)	(13,234)	(41,023)
Transfers	1,727	5,416	8,765	679	(24,390)	(7,803)
Exchange gains (losses)	25	(2)	57	17	0	97
Exclusions from the scope of consolidation (Note 6)	(164)	(20)	(14,241)	(566)	(24)	(15,015)
At 31 December 2014	**98,385**	**93,003**	**251,492**	**18,353**	**5,700**	**466,933**
Accumulated depreciation						
At 31 December 2012	(35,229)	(54,023)	(210,562)	(14,520)	-	(314,334)
Depreciation charge	(2,196)	(3,274)	(15,855)	(979)	-	(22,304)
Disposals	170	1,518	1,978	627	-	4,293
Transfers	-	-	-	-	-	-
Exchange gains (losses)	-	1	7	16	-	24
Business combinations (Note 7)	-	-	(168)	-	-	(168)
At 31 December 2013	**(37,255)**	**(55,778)**	**(224,600)**	**(14,856)**	**-**	**(332,489)**
Depreciation charge	(2,023)	(3,389)	(15,222)	(1,204)	-	(21,838)
Disposals	26	2,685	9,307	93	-	12,111
Transfers					-	0
Exchange gains (losses)	(9)	(2)	(32)	(90)	-	(133)
Exclusions from the scope of consolidation (Note 6)	115	-	10,803	429	-	11,347
At 31 December 2014	**(39,146)**	**(56,484)**	**(219,744)**	**(15,628)**	**-**	**(331,002)**
Impairment losses						
At 31 December 2012	(5,218)	-	-	-	-	(5,218)
Impairment losses	-	-	-	-	-	-
At 31 December 2013	**(5,218)**	-	-	-	-	**(5,218)**
Impairment losses reversed	1,414	-	-	-	-	1,414
At 31 December 2014	**(3,804)**	-	-	-	-	**(3,804)**
Carrying amount						
Cost	95,838	89,381	271,739	17,850	24,205	499,013
Accumulated depreciation	(37,255)	(55,778)	(224,600)	(14,856)	-	(332,489)
Impairment losses	(5,218)	-	-	-	-	(5,218)
At 31 December 2013	**53,365**	**33,603**	**47,139**	**2,994**	**24,205**	**161,306**
Cost	98,385	93,003	251,492	18,353	5,700	466,933
Accumulated depreciation	(39,146)	(56,484)	(219,744)	(15,628)	-	(331,002)
Impairment losses	(3,804)	-	-	-	-	(3,804)
At 31 December 2014	**55,435**	**36,519**	**31,748**	**2,725**	**5,700**	**132,127**

The additions in 2014 and 2013 were due mainly to improvements at the production centres at chemical and pharmaceutical plants and at the Group's research and development centres.

In 2014 disposals relate mainly to the sale of certain property, plant and equipment (moulds and machinery) related to the respiratory franchise and disposals due to exclusions from the scope of consolidation of Almirall Sofotec GmbH which was transferred to AstraZeneca, as described in Note 6 of these consolidated annual accounts.

At 31 December 2014 the Group does not have any assets in use. At 31 December 2013, the Group had assets not in use of EUR 3.3 million relating to investments in specific physical assets required for a research and development project.

The transfers of property, plant and equipment in the course of construction made by the Group in the years ended 31 December 2014 and 2013 relate mainly to the transfer of investment projects at the production centres that came into service during these years.

The Group has not incurred any impairment losses on property, plant and equipment in 2014 and 2013. In 2014 a portion of the accumulated impairment loss was reversed due to the re-use of the related assets.

At 31 December 2014 and 31 December 2013 property, plant and equipment include EUR 22.7 million and EUR 22.1 million, respectively, relating to the carrying amount of property, plant and equipment owned by the Group entities located abroad.

The Group has a number of facilities held under operating leases (see Note 20).

The Group has formalised insurance policies to cover the possible risks to which certain property, plant and equipment are subject and the possible claims that may be filed in relation to the performance of its operations. These policies are understood to provide sufficient coverage of the risks to which such assets are subject.

The only commitments for the acquisition of assets are disclosed in Note 25.

None of the property, plant and equipment is held as security for a mortgage loan.

11. Non-current/current financial assets, other cash equivalents and other current assets

Non-current

The detail of the balance of the non-current financial assets in the consolidated balance sheets at 31 December 2014 and 2013 and of the changes therein in the years then ended is as follows:

	Thousands of Euros						
	Investments in Group companies and associates	Long-term equity instruments	Long-term loans	Deposits and guarantees given	Assets at fair value through profit or loss	Write-downs	Total
Balance at 31 December 2012	**156**	**7,765**	**32**	**1,028**	**-**	**(212)**	**8,769**
Additions or charge for the year	-	94	-	14,556	-	-	14,650
Disposals/Decrease in value	(51)	-	(32)	(18)	-	9	(92)
Balance at 31 December 2013	**105**	**7,859**	**-**	**15,566**	**-**	**(203)**	**23,327**
Additions or charge for the year	-	2,850	-		169,220	-	172,070
Disposals/Decrease in value	(53)	(1,385)	-	(14,800)	-	-	(16,238)
Balance at 31 December 2014	**52**	**9,324**	**-**	**766**	**169,220**	**(203)**	**179,159**

"Financial Assets - Long-term Investments" on the accompanying consolidated balance sheet include:

- Shareholding in Ironwood Pharmaceuticals Inc. of 681,819 shares representing 0.72% of the share capital. At 31 December 2014 their fair value (based on the quoted share price) amounts to EUR 8,591 thousand (EUR 5,741 thousand at 31 December 2013). These shares were acquired as a result of the agreement entered into with this company as described in Note 9.

- Shareholding of 325,580 shares in the Spanish biotechnology company AB-Biotics, S.A. listed on the Alternative Investment Market (AIM) at 31 December 2014 (465,115 shares at 31 December 2014). At 31 December 2014 the fair value amounts to EUR 733 thousand (EUR 1,081 thousand at 31 December 2013).

- In 2014, maturity of public debt securities of Autonomous Community agencies in the Canary Islands recognised for a total of EUR 1,038 thousand by the Group at 31 December 2013.

"Financial Assets - Deposits and Guarantees Given" in the accompanying consolidated balance sheet include a deposit of USD 20,000 thousand (EUR 14,510 thousand) for the purchase price payable for Aqua Pharmaceuticals shares at 31 December 2013. In 2014 this deposit was released as a result of the fulfilment of certain items envisaged in the share purchase agreement.

“Financial Assets - Financial Assets at Fair Value through Profit or Loss" in the accompanying consolidated balance sheet include EUR 169.2 million for the gain obtained on recognition of the sale of the business described in Note 6 which is expected to be collected at long term and is valued in subsequent years at fair value through profit or loss.

Current (financial assets and other cash equivalents)-

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

	Thousands of euros	
	31/12/2014	31/12/2013
Short-term investments	456,208	7,965
Short-term deposits	264	188
Short-term guarantees	35	203
Total	**456,507**	**8,356**

In accordance with IAS 7, for the purpose of preparing the statement of cash flows, the Group considers cash equivalents as the highly liquid short-term investments (see Note 5-s) that are readily convertible into given amounts of cash and are subject to an insignificant risk of changes in value. Accordingly, when preparing the statement of cash flows for the year all of the current financial assets were considered as cash equivalents since the bank deposits at short term can be liquidated immediately at the Group's discretion without incurring a penalty.

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

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

- Held-for-trading financial assets: the Group considers that this category includes financial assets adjusted through profit or loss and the financial derivatives that do not qualify for hedge accounting. The Group has no assets of this kind at the end of 2014 and 2013.

- Available-for-sale financial assets: these are considered to include the investments in fixed-income or equity funds since they do not form part of an investment portfolio with short-term profit-taking, nor have they been acquired for such purpose and also the above ownership interest acquired in Ironwood Pharmaceuticals, Inc. and in AB-Biotics, S.A.

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

- Financial assets at fair value through profit or loss: it includes the non-current receivable for recognition of the business sale described in Note 6.

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

	Thousands of Euros	
	31/12/2014	31/12/2013
Available-for-sale financial assets	9,324	6,822
Financial assets at fair value through profit or loss	169,220	-
Held-to-maturity financial assets	457,122	24,861
Total	**635,666**	**31,683**

The fair value of the applicable financial instruments is calculated on the basis of the following rules:

- Fixed-income securities: where these are unlisted or mature securities within no more than six months, fair value is calculated on the basis of acquisition cost plus the related accrued interest, calculated using the internal rate of return.

- Investment funds: holdings are calculated on the basis of the last unit redemption price published on the day of measurement.

- Ownership interests in other companies: The fair value of the ownership interest in Ironwood Pharmaceuticals, Inc. was obtained from the listed price of this company's shares on the US market at 31 December 2014 and 31 December 2013, and adjusted for the exchange rate at the end of the year. The fair value of the ownership interest in AB-Biotics, S.A. was obtained from the price of this company's shares on the national Alternative Investment Market at 31 December 2014 and 31 December 2013.

- Other financial assets: The fair value of "Financial Assets at Fair Value through Profit or Loss" was calculated on the basis of the appraisal of an independent expert using the discounted cash flow method adjusted for the probability of success of certain risk at different stages of the products. The discounted cash flow method estimates the future cash flows of the asset (translated from dollars to euros at the exchange rate based on the range agreed in the agreement) and the cash flows during the estimated marketing period, taking into account the maturity of the patent adjusted for estimated probability of success. These probablised cash flows are discounted at a rate which reflects the current returns required by the market and the specific risks of the asset. (Note 6).

There are no significant differences between the carrying value and fair value of these assets.

Also, the bank accounts included under "Cash" include basically interest earned at average annual rates of 0.60% and 0.87% in the years ended 31 December 2013 and 2012, respectively.

Finally, the Group companies and associates excluded from the scope of consolidation because they are dormant and/or insignificant and the information thereon for the years ended 31 December 2014 and 2013 are as follows:

	2014	**2013**	
Name	Almirall Europa, S.A.	Almirall Europa, S.A.	Neogenius Pharma A.I.E.
Management	Spain	Spain	Spain
Activity	Dormant	Dormant	Dormant
% of interest held	100%	100%	32%
Carrying amount of interest (Group)			
Cost	52	61	44
Write-down	-	-	-

In 2014 the Group company Neogenius Pharma, A.I.E. was wound up as stated in Note 3.b.

12. Inventories

The detail of "Inventories" at 31 December 2014 and 31 December 2013 is as follows:

	Thousands of Euros	
	31/12/2014	31/12/2013
Raw materials and packaging	34,522	38,025
Work in progress	13,274	17,419
Goods held for resale and finished products	54,945	56,471
Write-downs of inventories (Note 20)	(21,722)	(14,173)
Total	**81,019**	**97,742**

The changes in the write-offs of goods held for resale is included in Note 20.

None of the inventories have been pledged as security.

There are no commitments to purchase inventories involving significant amounts at 31 December 2014 and 31 December 2013.

13. Trade and other receivables

The detail of "Trade and Other Receivables" at 31 December 2014 and 31 December 2013 is as follows:

	Thousands of Euros	
	31/12/2014	31/12/2013
Trade receivables for sales and services	111,193	94,622
Other receivables	101,545	7,671
Write-downs of accounts receivable (Note 20)	(5,497)	(2,825)
Total receivables	**207,241**	**99,468**

At the end of 31 December 2014 "Other Receivables" includes EUR 98,001 thousand for the financial asset corresponding to the fair value of short-term receivables from AstraZeneca as described in Note 6 of these consolidated annual accounts.

At 31 December 2014 and 31 December 2013 the overdue balances written down amount to EUR 5,497 thousand and EUR 2,825 thousand, respectively.

The Group's large customer base means that there is no credit risk concentration with respect to trade receivables.

At 31 December 2014 the percentage of receivables from public authorities related to the hospital business as a percentage of the total trade receivable balance stands at 6% (6% at 31 December 2013).

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 changes in the write downs of receivables are included in Note 20.

The balance receivables are stated at their nominal value and they are not significantly different from their fair value.

The trade receivable balance denominated in foreign currency amounts to EUR 25,742 thousand at the end of 2014 and EUR 32,168 thousand at the end of 2013. In view of the associated amounts and maturities the exchange rate fluctuations that may arise are not considered significant.

14. Equity

Share capital-

At 31 December 2014 the Parent's share capital consists of 172,951,120 shares with a par value of €0.12 each, fully subscribed and paid in (172,951,120 shares with a par value of €0.12 each at 31 December 2013).

At 31 December 2014 and 2013, all the Parent's shares were listed on the Spanish stock exchanges. The articles of association do not lay down any restrictions on their transferability. Also, pre-emption rights and purchase and sale options have been granted to the ultimate shareholders of the Parent in respect of the shares of one of the aforementioned shareholders in accordance with the agreement entered into on 28 May 2007.

During 2013 a capital increase of EUR 291 thousand was recognised as a result of the flexible dividend payments.

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 31 December 2014 and 31 December 2013, are as follows:

Name or company name of direct holder of the ownership interest	2014 % of ownership of the Almirall Group	2013 % of ownership in Almirall Group
Grupo Plafin, S.A.	41.30%	46.33%
Todasa, S.A.	25.34%	25.34%
Wellington Management Company, LLP	4.37%	4.96%
Total	**71.01%**	**76.63%**

At 31 December 2014 and 31 December 2013, the Parent 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.

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 31 December 2014 and 31 December 2013 amounted to EUR 30,539 thousand.

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.

EUR 4,093 thousand disclosed under this heading at 31 December 2014 relates to the balance of the legal reserve of the Parent company (EUR 4,093 thousand at 31 December 2013).

Share premium-

The Spanish Companies Law expressly permits the share premium account balance to be used to increase capital and it does not provide any specific restrictions on the availability of the balance.

In 2007, as a result of various transactions in the framework of the admission to listing of all the Parent's shares on the Spanish stock exchanges, the share premium balance increased by EUR 105,800 thousand.

The balance under this heading amounts to EUR 219,890 thousand at 31 December 2014 (EUR 219,890 thousand at 31 December 2013).

Canary Islands investment reserve-

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 31 December 2014 and 31 December 2013 the balance of this reserve included in "Other Reserves of the Parent Company" is EUR 3,485 thousand.

Revaluation reserve-

Pursuant to corporate and commercial legislation, the Parent revalued its non-current assets in 1996. This balance, net of any tax incurred, may be used to offset prior years' losses and the loss for the current year or any losses that might arise and any capital increases, From 1 January 2007 (once 10 years have elapsed from the date of the balance sheet in which the revaluation was recognised) it may be appropriated to unrestricted reserves provided the monetary gain has been realised. The capital gain will be deemed to have been realised in an amount equal to the depreciation or amortisation that has been charged or when the revalued assets have been transferred or written off.

Should the balance in this account be used for any purpose other than those defined by Royal Decree-Law 7/1996, the balance will be taxable.

The unrestricted balance of the Parent company's "Revaluation Reserve" at 31 December 2014 amounts to EUR 2,539 thousand (EUR 2,539 thousand at 31 December 2013).

Other reserves-

The detail is as follows:

	Thousands of Euros	
	31/12/2014	31/12/2013
Reserves of profit not distributed	608,492	649,120
Canary Islands investment reserves	3,485	3,485
Redeemed capital reserve	30,539	30,539
Revaluation reserve	2,539	2,539
Merger reserve	4,588	4,588
Other reserves	5,072	(1,839)
Total other reserves	**654,715**	**688,432**

Translation differences-

This heading in the accompanying consolidated balance sheet includes the net amount of the exchange differences arising in the translation to the Group's presentation currency of the assets and liabilities of the companies that operate in a different functional currency.

The detail of "Translation Differences" by company in 2014 and 2013 is as follows:

	Thousands of Euros	
	31/12/2014	31/12/2013
Almirall Limited (UK)	42	(348)
Almirall, A.G.	1,363	1,598
Almirall SP, Z.O.O.	(95)	(43)
Almirall, S.A. de C.V. subgroup	(5,392)	(5,524)
Almirall Aps	(2)	(1)
Almirall Limited (Canada)	(76)	(110)
Almirall Inc. (US)	9,726	(251)
Aqua Pharmaceuticals (US)	1,378	-
Total translation differences	**6,947**	**(4,680)**

15. Deferred income

At 31 December 2014 and 31 December 2013, the detail of "Deferred Income" is as follows:

	Thousands of Euros
Balance at 31 December 2012	**24,981**
Recognised in profit or loss (Note 20)	(24,029)
Balance at 31 December 2013	**952**
Additions of AstraZeneca transactions (Note 6)	239,421
Other additions	1,343
Recognised in profit or loss (Note 20)	(6,460)
Balance at 31 December 2014	**235,256**

The main component of the balances at 31 December 2014 and 31 December 2013 set out above consist of amounts of the initially non-reimbursable collections described in Note 6-a not recognised in profit or loss, totalling EUR 233.9 million and EUR 0.9 million, respectively.

In 2014 the amounts received not yet recognised in profit or loss are: initial collections from agreements for transfers of AZ rights, EUR 219.6 million, and from pre-clinical studies, EUR 19.8 million, described in Note 6 to the consolidated annual accounts. At 31 December 2014 "Other Income" included EUR 5.5 million for new agreements in 2014, and EUR 0.9 million for prior year's agreements that had not been recognised in profit or loss at the end of 2013.

During 2013 no additional amounts receivable were collected. Therefore, changes in deferred income relate solely to the allocation of initial non-refundable collections as indicated in Note 6-a amounting to EUR 24 million.

The Group also has collection rights over certain amounts for the attainment of milestones in connection with certain regulatory and commercial events (see Note 25).

16. Financial liabilities

On 19 December 2013 the Group entered into a loan agreement amounting to USD 350 million (EUR 254 million) to finance the acquisition in Note 7. The initial maturity of this loan was 16 December 2014 pursuant to the "Extended Maturity Date" clause in the loan agreement. The Group had the unilateral option of postponing the maturity of the loan until 16 July 2015 and, accordingly, it was recognised under "Non-current Liabilities - Bank Borrowings" at 31 December 2013. The loan bears interest at LIBOR plus a spread of 3%-5% based on the maturity date of the tranches of the loan.

In March 2014 the Group issued non-convertible senior bonds for an aggregate nominal amount of up to EUR 325 thousand maturing in 2021 Obligations bear interest at a fixed annual rate of 4.625% payable on a half-yearly basis. As a result of this issuance, the Group is subject to a series of covenants including the fulfilment of "ratio debt" which sets the maximum level of debt permitted for the Parent and the limitation of asset sales that will not permit the sale of assets unless a significant part of this sale is used to repay the debt or to purchase new assets within twelve months.

A portion of the cash inflow of this issuance was used to repay the loan of USD 350 million (EUR 254 million) which was entered into at the end of 2013 as mentioned above.

At the date of preparation of these consolidated annual accounts, the directors consider that all of the aforementioned obligations have been fulfilled.

At 31 December 2014 the total interest payable is EUR 14,658 thousand, of which EUR 2,225 thousand relate to interest incurred on the loan and EUR 12,433 thousand on the interest incurred on non-convertible bonds. The accrued interest payable amounts to EUR 3,809 thousand at 31 December 2014.

The following subsidiaries act as guarantors for the total principal of the non-convertible bonds issued: Ranke Química, S.A., Industrias Farmacéuticas Almirall, S.A., Almirall S.p.A. (Italy), Almirall Hermal GmbH and Aqua Pharmaceuticals LLC.

The Company also entered into an agreement for a credit line of EUR 75 million in July 2012. The interest rate for this loan is Euribor plus a spread on an arm's length basis. The spread is subject to change in the future based on certain financial ratios.

The detail of the bank borrowings and other financial liabilities at 31 December 2014 is as follows:

	Limit	Amount drawn down	Current	Non-current		
				2016	Subsequent years	Total
Loan	N/A	-	-	-	-	-
Credit lines	75,000	-	-	-	-	-
Obligations (*)	N/A	316,109	-	-	316,109	316,109
Accrued interest payable		3,809	3,809	-	-	-
Total at 31 December 2014	**75,000**	**319,828**	**3,809**	**-**	**316,109**	**316,109**

(*) The balance is based on the nominal balance of the non-convertible bonds issued for EUR 325,000 less the related issuance costs.

The detail of the bank borrowings and other financial liabilities at 31 December 2013 is as follows:

	Limit	Amount drawn down	Current	Non-current		
				2015	2016	Total
Loan	N/A	253,936	-	253,936	-	253,936
Credit lines	125,000	27,486	27,486	-	-	-
Total at 31 December 2013	**125,000**	**281,422**	**27,486**	**253,936**	**-**	**253,936**

The bank borrowings bore average interest of 4.625% and 1.74%, respectively, during the years ended 31 December 2014 and 31 December 2013.

17. Other liabilities

The detail at 31 December 2014 and 2013 is as follows:

	Thousands of Euros					
	Current	Non-current				
		2016	2017	2018	Remainder	Total
Research-related loans	10,569	1,849	1,849	2,437	9,748	15,883
Payables for purchases of non-current assets	6,015	-	-	-	-	-
Wages and salaries payable (Note 20)	62,528	3,248	2,639	1,491	-	7,378
Advances and guarantees received	-	-	-	-	-	-
Other liabilities	26,723	28,524	16,858	-	-	45,382
Total at 31 December 2014	**105,835**	**33,621**	**21,346**	**3,928**	**9,748**	**68,643**

	Thousands of euros					
	Current	Non-current				
		2015	2016	2017	Subsequent years	Total
Research-related loans	2,288	1,850	1,850	1,850	7,748	13,298
Payables for purchases of non-current assets	15,159	1,084	1,186	1,061	511	3,842
Wages and salaries payable (Note 20)	112,589	-	-	-	-	-
Advances and guarantees received	152	-	-	-	-	-
Other liabilities	24,186	11,898	-	-	-	11,898
Total at 31 December 2013	**154,374**	**13,359**	**2,670**	**2,742**	**8,259**	**29,043**

The research-related loans relate to the interest-free loans granted by the Ministry of Science and Technology to promote research. They are presented in accordance with Note 5-i. 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 2015 and 2025.

Payables for non-current asset purchases in 2014 and 2013 relate mainly to the outstanding payments for the acquisition of goods, products and marketing licences made in the year and in prior years.

At 31 December 2013 the balance of "Wages and Salaries Payable" includes EUR 80,326 thousand relating to the employee restructuring plan reported prior to the end of 2013 (see Note 20 - Restructuring costs). At 31 December 2014 "Wages and Salaries Payable" was reduced due to the materialisation of payments related to the restructuring plan for 2013.

At 31 December 2014 "Other Payables" mainly includes EUR 41.1 million relating to the part of the contingent consideration payable for the acquisition of Aqua Pharmaceuticals (see Note 7). At 31 December 2014 as a result of the AstraZeneca transaction described in Note 6, the Group recognised other non-current payables of EUR 16.8 million for costs payable by the Group. Their effect was recognised as a reduction in the aforementioned transaction under "Other Income" (see Note 20).

There are no differences between the fair value of the liabilities and the amount recognised.

18. Provisions

The changes in 2014 and 2013 in "Provisions" in the accompanying consolidated balance sheets were as follows:

	2014			2013		
	Provision for returns	Other provisions	Total	Provision for returns	Other provisions	Total
Balance at 1 January	**10,846**	**3,927**	**14,773**	**12,397**	**3,257**	**15,654**
Additions or charge for the year	2,795	8,679	11,474	-	670	670
Disposals or transfers	-	-	-	(1,551)	-	(1,551)
Balance at 31 December	**13,641**	**12,606**	**26,247**	**10,846**	**3,927**	**14,773**

Provisions for returns-

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

Other provisions-

"Other Provisions" relates to the estimate made by the Group of the future payments required by it to settle other liabilities arising as a result of the nature of its business. The main changes in 2014 relate to the classification of a portion of the non-current costs payable on the restructuring plan in 2013.

19. Retirement benefit obligations

The changes in "Retirement Benefit Obligations" in the accompanying consolidated balance sheets in 2014 and 2013 are as follows:

	Thousands of Euros
Balance at 31 December 2012	**52,206**
Additions	271
Derecognitions	(107)
Balance at 31 December 2013	**52,370**
Additions	19,845
Derecognitions	(1,589)
Exclusions from the scope of consolidation	(3,938)
Balance at 31 December 2014	**66,688**

In 2014 the retirement benefit obligations corresponding to the subsidiaries Almirall Hermal, GmbH and Almirall, S.A.S. (as well as Almirall Sofotec, GmbH in 2013) and related to non-financed plans (there are no plan assets).

The changes in the defined benefit obligations are as follows:

	2014	2013
At 1 January	**52,370**	**52,206**
Current service costs	895	903
Borrowing costs	1,757	1,762
Contributions of plan participants	-	(59)
Actuarial gains/(losses)	17,450	(1,085)
Benefits paid	(1,462)	(1,357)
Exclusions from the scope of consolidation	(3,938)	-
Other changes	(384)	-
At 31 December	**66,688**	**52,370**

The actuarial losses recognised relate mainly to the effect of the decrease in the discount rate used in the actuarial calculations in 2014.

The amounts recognised in the income statements are as follows:

	2014	2013
Current service costs	895	903
Borrowing costs	1,757	1,762
Total (included under staff costs)	**2,652**	**2,665**

The sensitivity to changes in the main assumptions (weighted as follows) would not have a significant effect on the total pension liability.

	Changes in assumptions
Discount rate	Increase/Decrease of 0.5%
Inflation rate	Increase/Decrease of 0.5%
Salary increase rate	Increase/Decrease of 0.5%
Mortality rates	Increase after one year

Such variations in the assumptions are reasonable in light of those indicated in actuarial reports. Additionally, the Group has assessed that the assumptions are reasonable for the Group companies affected (Almirall Hermal, GmbH and Almirall, S.A.S,).

20. Income and expense

Revenue-

The detail, by business line, of revenue in 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	2013
Sales through own network	674,697	576,180
Sales through licensees	97,564	98,743
Corporate management and revenue not allocated to other segments	14,135	17,968
Total	**786,396**	**692,891**

The detail of revenue, by geographical area, in 2014 and 2013 is as follows:

	Thousands of Euros	
	2014	2013
Spain	245,057	263,387
Europe and the Middle East	315,619	303,147
America, Asia and Africa	211,585	108,390
Corporate management and revenue not allocated to other segments	14,135	17,968
Total	**786,396**	**692,891**

Other income-

	2014	2013
Income from marketing and joint development agreements (obtainment of milestones)	5,250	33,972
Income from marketing agreements (deferred income recognised in profit or loss) (Note 15)	6,460	23,928
Income from joint development agreements (shareholder contributions to R&D activities)	1,773	12,990
Income from recognition of internally generated intangible assets (Note 9)	14,556	28,973
Joint promotion agreements and collaboration in product promotion	9,705	25,764
Royalty income	8,383	3,920
Income from AstraZeneca agreement (Note 6)	565,250	-
Re-invoicing of services rendered to AstraZeneca (Note 6)	2,203	-
Other	7,469	3,044
Total	**621,049**	**132,592**

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

Income under marketing and joint development agreements (obtainment of milestones) included the amounts received on the attainment of milestones related to marketing and development agreements. In 2014 EUR 5.3 million relate to authorisation of the respiratory franchise prices in certain markets in Europe. In 2013 income from the collection of USD 15 million (EUR 11.5 million) from Forest Laboratories in connection with Stage III of the development of aclidinium bromide and formoterol combination. The amount was collected under the current joint development and marketing agreement with Forest Laboratories. It also included income of EUR 20.6 million on the attainment of several milestones deriving from the agreement entered into with Berlin Chemie (Note 6-a) on the obtainment of the reimbursement price in several European countries and the submission of the application for authorisation from the European Medicines Agency (EMA) for the fixed-dose aclidinium bromide combination.

During 2014 and 2013 "Revenue from Joint Development Agreements" (shareholder contributions to R&D activity) includes EUR 1.7 million and EUR 13 million, respectively, related to the development costs previously borne by the Group passed on to a third party for certain products, as described in Note 6-a.

In 2014 the Group recognised revenue on the sale of the business related to the marketing of aclidinium bromide (the initial payment allocated plus the fair value of the future payments received from milestones, sales and royalties), derecognising the existing assets in the balance sheet in relation to this business. (Note 6)

Supplies-

The detail of "Supplies" is as follows:

	Thousands of Euros	
	31/12/2014	31/12/2013
Purchases	162,262	165,919
Changes in inventories of raw materials and other consumables	3,503	10,926
Changes in inventories of goods held for resale, finished products and work in progress	5,672	(1,817)
Total	**171,437**	**175,028**

Staff costs

The detail of “Staff Costs” is as follows:

	Thousands of Euros	
	2014	2013
Wages and salaries	188,119	177,321
Social Security payable by the Company	35,582	36,640
Termination benefit costs	17,310	1,047
Other employee benefit costs	15,202	17,132
Total	**256,213**	**232,140**

The average number of employees of the Group by category and gender during the year is as follows:

	2014			2013		
	Male	Female	Total	Male	Female	Total
Senior management	50	6	56	47	7	54
Middle management	248	136	384	264	149	413
Technical personnel	782	915	1,697	918	978	1896
Administrative personnel	189	313	503	219	386	605
Other	3	1	4	1	-	1
Total	**1,272**	**1,371**	**2,644**	**1,449**	**1,520**	**2,969**

At the end of 2013 the headcount did not differ significantly from the average headcount. At the end of 2014 the headcount is as follows:

	2014		
	Men	Women	Total
Senior management	44	4	48
Middle management	184	119	303
Technical personnel	521	666	1,187
Administrative personnel	177	274	451
Other	3	1	4
Total	**929**	**1,064**	**1,993**

At 31 December 2014 and 2013, 324 and 460 Group employees, respectively, were engaged in research and development activities.

As a result of the agreement described in Note 6 of these consolidated annual accounts, a total of 719 employees were transferred to AstraZeneca.

Restructuring costs-

In 2013 the Group announced a restructuring at European level in order to optimise the potential of its new and existing product portfolios. In the last few years pharmaceutical markets in Europe and particularly, in Spain, have been affected by the decisions made by healthcare authorities on economic grounds, which have a negative effect on growth in these markets and on the introduction and penetration of new products. Accordingly, in 2013 the Group designed several detailed restructuring studies, identifying the businesses involved, the location, function and number of employees affected (approximately 370 Group employees), having produced a valid expectation among the affected parties prior to 31 December 2013. The cost of these restructuring scenarios amounted to EUR 80,326 thousand, which based on Note 5-l, has been accrued for under "Wages and Salaries Payable" (see Note 17).

Other operating expenses-

The detail of “Other Operating Expenses” is as follows:

	Thousands of Euros	
	2014	2013
Rentals and royalties	33,320	29,351
Repair and upkeep expenses	16,222	17,035
Independent professional services	74,643	100,343
Transport	20,861	12,609
Insurance premiums	2,562	2,500
Banking and similar services	238	469
Utilities	5,731	6,004
Other services	162,658	159,177
Taxes other than income tax	4,075	3,775
Total	**320,311**	**331,263**

Operating leases-

The rental costs incurred in 2014 and 2013 were as follows:

	Thousands of Euros	
	2014	2013
Operating leases recognised in profit (loss) for the year	17,540	17,923

At the consolidated balance sheet date, the maturity of the Group's future minimum lease payment obligations under irrevocable operating leases was as follows:

	Thousands of Euros	
	2014	2013
Within one year	6,235	10,691
2 to 5 years	8,188	26,150

The assets related to lease obligations and the average term of the lease agreements are as follows:

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

Net change in allowances, provisions and write-downs-

The detail of “Net Change in Allowances, Provisions and Write-downs” in the accompanying consolidated income statements and of the changes in the short-term provisions is as follows:

	Thousands of Euros	
	2014	2013
Change in provision for bad debts	2,672	758
Change in write-downs of inventories	7,549	2,344
Change in non-current provisions, allowances or write-downs	(305)	(1,239)
Total	**9,916**	**1,863**

	Thousands of Euros		
	Provision for bad debts (Note 13)	Write-downs of inventories (Note 12)	Total
Balance at 31 December 2012	**2,067**	**11,829**	**13,896**
Change in provisions, allowances and write-downs			
Addition (Charge) for the year	1,388	24,198	25,586
Amounts used	(630)	(21,854)	(22,484)
Balance at 31 December 2013	**2,825**	**14,173**	**16,998**
Change in provisions, allowances and write-downs			
Charge for the year	3,602	31,932	35,534
Amounts used	(930)	(24,383)	(25,313)
Balance at 31 December 2014	**5,497**	**21,722**	**27,219**

Net gains on asset disposals-

The detail of the net gains (losses) on disposals of non-current asset in 2014 and 2013 is as follows:

	Thousands of Euros			
	2014		2013	
	Income	Expense	Income	Expense
On disposal or derecognition of intangible assets	2,183	(837)	-	(6,522)
On disposal or derecognition of property, plant and equipment	917	(154)	783	(87)
On disposal or derecognition of financial assets	13,247	(1,223)	-	(12)
	15,147	**(1,013)**	**783**	**(6,621)**
Profit (Loss) on disposals of assets	**14,134**		**(5,838)**	

The amounted included under "Net Gain (Loss) on Disposals of Assets" in 2014 relates mainly to the amount resulting on the sale of marketing rights of Genuair of EUR 2.1 million and to the net effect of EUR 13.2 million for the sale of the subsidiary Almirall Sofotec GmbH, in line with the agreement described in Note 6 of these consolidated annual accounts. In 2013 the amount recognised related to the cancellation of a marketing licence agreement for EUR 5.3 million.

Finance income and expense-

The detail of net finance income (expense) in 2014 and 2013 is as follows:

	Thousands of Euros			
	2014		2013	
	Income	Expense	Income	Expense
Profit (Loss) on changes in financial instruments	-	(30,314)	48	-
Other income (expense) on marketable securities	303	(15,267)	128	(1,309)
Other income and similar interest	463	(122)	330	(204)
Finance and similar costs	-	(3,890)	-	(3,814)
Exchange gains (losses)	25,089	(4,037)	3,859	(4,414)
	25,855	**(53,630)**	**4,317**	**(9,742)**
Financial profit (loss)	**(27,775)**		**(5,425)**	

"Gains (Losses) for Changes in Financial Instruments" includes basically the effect of the re-estimate of the contingent consideration payable on the acquisition of Aqua Pharmaceuticals in 2013 (see Note 7).

Transactions denominated in foreign currency-

The detail of the transactions carried out in foreign currency is:

	Amount in Euros (thousands)			
	Expense		**Income**	
	2014	**2013**	**2014**	**2013**
Australian Dollar	6	4	-	-
Canadian Dollar	10,757	5,487	5,046	110
Swiss Franc	2,166	4,478	6,498	5,258
Czech Koruna	67	80	1,211	851
Danish Krone	5,210	22	1,356	1,185
Pound Sterling	36,039	38,224	39,163	34,961
Hungarian Forint	20	43	402	397
Japanese Yen	7,076	3,559	7,084	10,958
Lithuanian Litas	-	-	-	-
Latvian Lats	-	1	-	-
Mexican Peso	17,326	134	18,242	22,767
Norwegian Krone	1,558	-	1,867	1,880
Polish Zloty	2,423	120	4,890	4,882
Chinese Yuan Renminbi	-	-	-	-
Swedish Krona	2,665	41	5,266	4,866
US dollar	71,893	33,540	128,602	16,362
South-African Rand	-	24	-	-

Auditors' remuneration-

In 2014 and 2013 the fees for audit and other services provided by the Group's auditor, PricewaterhouseCoopers Auditores, S.L. or by other companies in the PwC network for tax advisory services, other attestation services and other services provided to the Group were as follows (in thousands of euros):

Description	Services provided by the auditor and by related companies	
	2014	2013
Audit services	802	550
Other attestation services	322	31
Total audit and related services	**1,124**	**581**
Other services	355	351
Total other professional services	**355**	**351**

21. Tax situation

Consolidated Tax Group -

Almirall, S.A. files consolidated tax returns (group 77/98) as provided for in Title VII, Chapter VII of Legislative Royal Decree 4/2004 of 5 March, approving the Corporation Tax Law. The companies composing the tax group for 2014 and 2013 were: Almirall, S.A., Laboratorios Almofarma, S.L., Pantofarma, S.L., Laboratorio Temis Farma, S.L., Laboratorios Berenguer-Infale, S.L., Industrias Farmacéuticas Almirall, S.L., Laboratorio Omega Farmacéutica, S.L., Laboratorios Tecnobío, S.A., Laboratorios Miralfarma, S.L., Alprofarma, S.A., Laboratorios Farmacéuticos Romofarm, S.L., Ranke Química, S.A. and Almirall Europa, S.A., with Almirall, S.A. as the Parent. Consequently, Almirall, S.A. has a legal obligation for the preparation, payment and submission of the income tax return.

Income tax is calculated on the basis of accounting profit, determined by application of the applicable financial reporting framework, which does not necessarily coincide with the taxable profit.

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

Years open for review by the tax authorities-

The Parent and the companies in the Spanish tax group headed by it have 2010 to 2014 open for review by the tax authorities for income tax and 2011 to 2014 for the other taxes applicable to them.

No further reviews were started by the tax authorities in 2014. In 2013 a partial tax inspection commenced of the years 2010 and 2011 in relation to personal income tax. This inspection was concluded in 2014 without any significant effects.

A process of arbitration at one of the Group's foreign subsidiaries, Almirall, S.A.S. (France) is still ongoing in relation to 2003 and 2004. The effect is not significant. In 2010 the tax returns filed by the investee in relation to various taxes paid from 2006 to 2009 were also subject to review, for which tax assessments amounting to EUR 3.6 million were issued (tax payable plus late-payment interest). Although a provision has been made for this amount on a prudent basis, they are currently under appeal.

No further reviews were started by the tax authorities in 2014. In 2013 an inspection of Almirall AG (Switzerland) commenced for the years 2010 and 2011 in connection with the main taxes applicable under the regional system. No significant amounts have arisen as a result.

The Group's foreign companies have the years corresponding to the applicable taxes open for inspection in each of the local jurisdictions.

The Group considers that the probability of any effective payment to the tax authorities arising from the above reviews or any other significant issues are remote.

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

Tax receivables and payables-

The detail of the current tax receivables and payables at 31 December 2014 and 2013 is as follows:

	Thousands of Euros	
	31/12/2014	31/12/2013
VAT refundable	9,388	14,008
Social security refundable	7	14
Income tax refundable	44,741	23,016
Other receivables	4,275	1,066
Total balances receivable	**58,411**	**38,104**
Tax payable	270	174
VAT payable	8,534	4,512
Personal income tax withholdings	5,977	4,864
Social security payable	5,341	5,861
Income tax payable	13,265	2,427
Total balances payable	**33,387**	**17,839**

"Income Tax Refundable" includes mainly the tax refundable of EUR 41 million for 2014 relating to the consolidated Spanish tax group led by the Parent Almirall, S.A. In 2014, tax for 2013 was refunded.

Income tax recognised-

The detail of the income tax recognised in the consolidated income statement and in equity in 2014 and 2013 is as follows:

	Thousands of Euros Expense (income)	
	2014	2013
Income tax:		
- Recognised in the income statement	33,548	(56,012)
- Recognised in equity	(5,776)	310
Total	**27,772**	**(55,702)**

Reconciliation of the accounting profit to the taxable profit-

The reconciliation of the income tax expense payable at the standard rate of tax in force in Spain to the income tax expense recognised is as follows:

	Thousands of Euros	
	2014	**2013**
Consolidated profit (loss) before tax (continuing operations)	481,976	(89,729)
Permanent differences:		
- Of individual companies		
Increase	61,276	41,336
Decrease	(371,472)	(55,598)
- Consolidation adjustments		
Increase	24,739	21,769
Decrease	(1,249)	(804)
Adjusted accounting profit (loss)	195,269	(83,026)
Tax rate	30%	30%
Gross tax payable (refundable)	**58,581**	**(24,908)**
Tax credits:		
Tax credit used in the year and other consolidation adjustments	(26,121)	30,048
Income tax paid abroad	1,494	259
Adjustment of deferred tax assets and liabilities	2,225	3,913
Underlying tax expense payable (refundable)	**36,179**	**(50,784)**
Effect of different tax rates between countries	(1,891)	(3,713)
Other changes	(740)	(1,515)
Income tax expense (revenue)	**33,548**	**(56,012)**

The reduced taxable profit resulting from permanent differences of the companies in 2014 and 2013 is a result basically of the reduction of the taxable profit relating to proceeds from the transfer of intangible assets (in 2014 the biggest amount arose mainly from the exemption of part of the proceeds obtained from the AstraZeneca transaction) and the different recognition for accounting purposes of certain expenses arising in these years. The reduced permanent differences includes the distribution of dividends by subsidiaries that are exempt from paying tax.

The detail of the tax incentives recognised in 2014 and 2013 and the amounts not yet recognised at 31 December 2014 and 31 December 2013 is as follows:

Nature	Year earned	Thousands of Euros			
		2014		2013	
		Offset	Available for offset	Offset	Available for offset
Research and development	2006	16,980		-	16,980
	2007	10,187	32,265	-	42,452
	2008	-	34,841	-	34,841
	2009	-	26,883	-	26,883
	2010	-	34,628	-	34,628
	2011	-	35,845	-	35,844
	2012	-	32,841	-	32,842
	2013	-	28,923	-	28,660
	2014	-	23,387	-	-
		27,168	**249,612**	**-**	**253,130**
Innovations in technology	2012	-	965	-	965
	2013	-	1,320	-	
	2014	-	-	-	
		-	**2,285**	**-**	**965**
International double taxation	2012	66	-	-	66
	2013	48	-	-	48
	2014	1,473	-	-	
		1,587	**-**	**-**	**115**
Re-investment of extraordinary income	2012	-	55	-	55
	2013	-	2	-	2
	2014	-	10	-	
		-	**67**	**-**	**57**
Donations	2012	468	-	-	468
	2013	318	-	-	318
	2014	354	-	-	
		1,139	**-**	**-**	**785**
	Total	**29,894**	**251,964**	**-**	**255,052**

The deadline for recognition of tax credit carryforwards is 18 years from the date earned. These tax assets may only be recognised in relation to 50% of the tax payable in accordance with current legislation.

The above deferred tax assets were recognised in the balance sheet the Parent company's directors consider that it is probable that these assets will be recovered in full within 10 years in line with their best estimates of future profit. The basis of the estimated future profit underpinning this analysis was as follows:

- Projections of estimated profit of the consolidated Spanish tax group over the next five years (extrapolated up to 10 years) based on the product portfolio and current group structure following the AstraZeneca transaction (see Note 6). This projection took into account sustained increases in future profit, the result mainly of expected growth in sales of the products in the Group's portfolio as well as significant synergies which are expected as a result of the restructuring of the Group.

- Estimated additional effects expected in profit or loss over the coming years as a result of the expected future investments/acquisitions at short and medium term. Estimated target returns and the probability of achieving them were also considered.

Deferred taxes-

A detail of deferred tax assets and liabilities is as follows:

	2014	**2013**
Deferred tax assets	338,660	322,150
Deferred tax liabilities	(126,699)	(135,229)
Deferred tax assets (net)	**211,961**	**186,920**

The gross changes in the deferred taxes are as follows:

	2014	**2013**
At 1 January	186,920	179,562
Credit to profit or loss	30,817	68,526
Tax (charged) refunded directly to equity	(5,776)	310
At 31 December	**211,961**	**186,920**

In accordance with current tax legislation in the countries in which the consolidated entities are located, in 2014 and 2013 certain temporary differences have arisen which should be taken into account when quantifying the corresponding income tax expense. The detail of deferred taxes recognised in both years is as follows:

	Thousands of Euros			
	2014		2013	
	Accumulated differences in taxable profit (tax loss)	Accumulated effect on tax payable	Accumulated differences in the taxable profit (tax loss)	Accumulated effect on tax payable
Deferred tax assets:				
Amortisation and depreciation of non-current assets	111,365	30,600	36,073	10,824
Write-offs	134,453	37,314	112,676	33,935
Retirement benefit obligations	35,656	10,260	18,897	5,438
Measurement of inventories	14,821	4,853	11,136	3,563
Measurement of financial derivatives at fair value	-	-	-	-
Other	1,336	343	26,104	6,704
	297,631	83,370	204,886	60,464
Tax assets:				
Tax loss carryforwards	17,579	3,327	22,111	6,633
Tax credit carryforwards	-	251,964	-	255,052
Total deferred tax assets and tax relief:	**315,209**	**338,660**	**226,997**	**322,149**
Deferred tax liabilities:				
Accelerated amortisation/depreciation (Royal Decree 27/84, Royal Decree 2/85, Royal Decree 3/93)	**46,989**	**12,017**	50,048	15,003
Assets held under finance leases	**6,681**	**1,670**	7,184	2,003
Capitalisation in intangible assets	**10,962**	**3,289**	12,739	3,822
Gains recognised in assets	**233,059**	**68,237**	251,941	74,796
Amortisation of goodwill	**86,711**	**24,895**	67,634	20,400
Tax effect of reversal of write-offs to investments (subsidiaries)	**57,803**	**17,741**	45,593	14,078
Other	**(3,747)**	**(1,150)**	17,761	5,127
Deferred tax liabilities	**438,458**	**126,699**	**452,899**	**135,229**

The increase in deferred tax assets basically relates to the different tax treatment afforded to the charges to depreciation and amortisation and any impairment of goodwill and certain intellectual property and to the different accounting and tax treatment of retirement benefit obligations as well as the tax effect of the provisions.

The decrease in deferred tax liabilities relates mainly to the changes to the deferred tax relating to the assets acquired from Aqua Pharmaceuticals and the difference between the tax base of the assets included in the acquisition of Almirall Hermal, GmbH and the fair value attributable to them not yet realised.

22. Business and geographical segments

Segmentation criteria

Set out below is a description of the main criteria used to separate the Group's segment reporting in the consolidated annual accounts for the years ended 31 December 2014 and 2013.

Business segments:

The business lines described below were established based on the organisational structure of the Group. They form the basis of primary segment reporting.

a) Sales through own network.

b) Sales through licensees

c) Research and development activities

d) Therapeutic dermatological products in the US.

e) Corporate management and results not allocated to other segments

The operating segments reported in these accompanying notes are those whose income, profit (loss) and/or assets exceed 10% of the corresponding figure for the Group. Therefore, “Corporate Management and Results not Allocated to Other Segments" includes income and expense not directly related which are allocated to lines of business and relate mainly to the Group's corporate assets and production centres.

In 2013, as a result of the acquisition of Aqua Pharmaceuticals Inc. a new segment was included (dermatological products in the US), which was mainly formed of this company.

Basis and methodology of segment reporting by business-

The segment information reported below is based on the reports prepared by Group management and is generated through information based on the Group's consolidated accounting information.

For the purposes of calculating information by segment in the consolidated income statement, the consolidated balances of each segment have been taken into account, following the allocation of the pertinent consolidation adjustments to each segment. The allocation of consolidation adjustments has been taken into account for the purposes of segment reporting in the consolidated balance sheets.

Segment revenues, including Revenue" and "Other Income" relate to those directly attributable to the segment.

The revenues received by the Group as a result of the agreements indicated in Note 6 have been assigned on the basis of the business segment directly related to the territories or activity associated with those agreements, irrespective of whether they relate to amounts received for milestones or initial disbursements recognised on a deferred basis in the income statement, mainly in the own network sales and licensee segments.

Revenue recognised on the R&D segment relates to the capitalisation of development expenses and expenses re-invoiced to third parties for that activity.

The expenses of each segment are determined on the basis of the expenses deriving from its operating activities and which are directly attributable to it, including "Procurements", "Staff costs", "Amortisation and Depreciation Charge" and "Other Operating Costs." The amounts recognised as "Procurements" in each of the segments include, in addition to the acquisition cost of materials, the costs allocated to them by the Group in the manufacturing process (such as staff costs and amortisation and depreciation, among others). These costs are included in the "Corporate Management and Results not assigned to other Segments" segment. Therefore, they are eliminated from the profit or loss of the Group companies for consolidation purposes.

The expenses taken into account in each of the segments, as described above, do not include amortisation or depreciation, restructuring costs, impairment losses or general administrative expenses relating to general services that are not directly allocated to each business segment and, therefore, they have not been distributed.

The Group does not disclose finance income in the consolidated annual accounts or finance expense and the income tax expense by segment as this information is not used by the Board of Directors to make the Group's management decisions. Information on significant customers is not used as none of them individually accounts for more than 10% of the Group's revenue.

Tangible assets (property, plant and equipment, inventories, etc.) were assigned to segments on the basis of the end use of each segment, irrespective of their geographical location.

Intangible assets (goodwill, intangible assets, etc.) were allocated on the basis of the cash generating unit, ensuring the recovery of the value of those assets. Goodwill was allocated as follows:

- Almirall, S.A.: allocated to the "Corporate Management and Results not allocated to Other Segments" segment given its structural nature in the Group's current make-up and the fact that it cannot be assigned to any segment in particular, as detailed in Note 8.
- Almirall Sofotec, GmbH: allocated to the "Research and Development" segment since this company was one of the Group's R&D centres. However, due to the AstraZeneca transaction described in Note 6, it was excluded on consolidation of the Group and, consequently, derecognised in 2014.
- Almirall Hermal, GmbH: allocated to the "Own Network Marketing" segment since the main cash generating unit with respect to the aforementioned goodwill is this segment.
- Aqua Pharmaceuticals: allocated to the "Dermatology in the US" segment since the main cash generating unit with respect to the aforementioned goodwill is this segment (Note 7).

The Group has no criteria in place for distributing equity or liabilities by segment and therefore there is no detail of that information. In addition, certain balance sheet items, including current and non-current financial assets held by the Group, cash and cash equivalents and other less significant items, are considered to be linked to the "Corporate Management and Results not allocated to Other Segments" segment.

Segment reporting-

Segment reporting by business-

Income statement for the year ended 31 December 2014 by segment

	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	564,210	97,563	-	110,758	13,865	-	786,396
Procurements	(187,211)	(30,438)	-	(5,171)	(4,003)	55,386	(171,437)
Gross margin	**376,999**	**67,125**	**-**	**105,587**	**9,862**	**55,386**	**614,959**
Other income	19,177	17,016	16,999	-	567,857	-	621,049
Amortisation/depreciation	(106,489)	-	(33,822)	(18,384)	(97,518)	-	(256,213)
Amortisation/depreciation	(28,471)	-	(9,578)	(16,588)	(30,072)	-	(84,709)
Net change in provisions, allowances and write-offs	-	-	-	(975)	(8,941)	-	(9,916)
Other operating costs	(135,596)	(2,802)	(57,244)	(36,194)	(88,475)	-	(320,311)
Profit from operations	**125,620**	**81,339**	**(83,645)**	**33,446**	**352,713**	**55,386**	**564,859**
Gains (Losses) on sales of non-current assets/other	-	-	-	-	14,103	-	14,103
Impairment losses	(30,000)	-	(35,000)	-	(4,210)	-	(69,210)
Financial profit (loss)	-	-	-	-	(27,775)	-	(27,775)
Profit (loss) before tax	**95,620**	**81,339**	**(118,645)**	**33,446**	**334,831**	**55,386**	**481,977**
Income tax	-	-	-	(10,100)	(23,448)	-	(33,548)
Net results attributable to Parent company	**95,620**	**81,339**	**(118,645)**	**23,346**	**311,383**	**55,386**	**448,429**

Assets at 31 December 2014 by segment

ASSETS	**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	-	-	75,619	35,407	338,769
Intangible assets	133,601	-	15,566	261,230	34,023	444,420
Property, plant and equipment	983	-	34,237	160	96,747	132,127
Financial assets	227	-	-	-	178,932	179,159
Deferred tax assets	4,489	-	-	5,407	328,764	338,660
NON-CURRENT ASSETS	**367,043**	**-**	**49,803**	**342,416**	**673,873**	**1,433,135**
Inventories	39,575	10,086	-	5,558	25,800	81,019
Trade and other receivables	48,821	114,067	365	33,267	10,721	207,241
Current tax assets	8,134	-	-	-	50,277	58,411
Current financial assets	-			62	456,445	456,507
Cash and cash equivalents	-			35,015	262,912	297,927
Other current assets	1,485	-	-	2,952	1,724	6,161
CURRENT ASSETS	**98,015**	**124,153**	**365**	**76,854**	**807,879**	**1,107,266**
TOTAL ASSETS	**465,058**	**124,153**	**50,168**	**419,270**	**1,481,752**	**2,540,401**

The goodwill allocated to Almirall Hermal GmbH is detailed in Note 8 to these consolidated annual accounts The goodwill is allocated to the sales through own network segment since acquisition of this company includes production and marketing activity.

The detail of non-current assets located abroad is included in Note 10.

Additions to non-current assets by segment in the year ended 31 December 2014

	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
Total additions to non-current assets	7,114	-	5,393	69	37,760	50,336

Income statement by segment for the year ended 31 December 2013

	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	576,180	98,743	-	-	17,968	-	692,891
Procurements	(190,593)	(24,462)	-	-	(15,353)	55,380	(175,028)
Gross margin	**385,587**	**74,281**	**-**	**-**	**2,615**	**55,380**	**517,863**
Other income	71,961	16,872	41,963	-	1,796	-	132,592
Staff costs	(122,699)	3	(37,474)	-	(71,970)	-	(232,140)
Amortisation and depreciation charge	(34,551)	-	(10,499)	-	(24,395)	-	(69,445)
Net change in provisions, allowances and write-offs	-	-	-	-	(1,863)	-	(1,863)
Other operating costs	(153,945)	6,767	(78,694)	-	(105,391)	-	(331,263)
Profit from operations	**146,353**	**97,923**	**(84,704)**	**-**	**(199,208)**	**55,380**	**15,744**
Gains (Losses) on sales of non-current assets/other	(5,306)	-	-	-	(9,886)	-	(15,192)
Restructuring costs	(77,616)	-	(2,710)	-	-	-	(80,326)
Impairment losses	(500)	-	-	-	(4,078)	-	(4,578)
Financial profit (loss)	-	-	-	-	(5,377)	-	(5,377)
Profit (Loss) before tax	**62,931**	**97,923**	**(87,414)**	**-**	**(218,549)**	**55,380**	**(89,729)**
Income tax	-	-	-	-	56,012	-	56,012
Net profit (loss) attributable to the Parent company	**62,931**	**97,923**	**(87,414)**	**-**	**(162,537)**	**55,380**	**(33,717)**

Assets at 31 December 2013 by segment:

ASSETS	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	-	6,350	66,715	35,407	336,215
Intangible assets	194,884	-	118,936	246,851	34,454	595,125
Property, plant and equipment	1,226	-	40,297	110	119,673	161,306
Financial assets	238	-	-	-	23,089	23,327
Deferred tax assets	1,724	-	-	3,510	316,915	322,149
NON-CURRENT ASSETS	**425,815**	**-**	**165,583**	**317,186**	**529,538**	**1,438,122**
Inventories	39,048	18,147	-	3,773	36,774	97,742
Trade and other receivables	55,601	11,506	2,950	19,759	9,652	99,468
Current tax assets	6,185	-	-	2,837	29,082	38,104
Current financial assets	-	-	-	55	8,302	8,356
Cash and cash equivalents	-	-	-	5,954	74,901	80,855
Other current assets	2,865	-	-	722	6,487	10,074
CURRENT ASSETS	**103,699**	**29,653**	**2,950**	**33,100**	**165,198**	**334,599**
TOTAL ASSETS	**529,514**	**29,653**	**168,533**	**350,286**	**694,736**	**1,772,721**

The goodwill allocated to Almirall Hermal GmbH is detailed in Note 8 to these consolidated annual accounts. This goodwill was allocated to the corporate management segment since the acquisition of this company included production and marketing business that could not be separated in terms of goodwill.

Non-current assets located abroad are detailed in Note 10.

Additions to non-current asset by segment in the year ended 31 December 2013

	Sales through own network	Sales through licensees	Research and development activities	Dermatology in the US	Corporate management and results not allocated to other segments	Total
Total additions to non-current assets	1,703	-	29,294	313,676	59,329	404,002

Revenue by therapeutic area-

Set out below is a detail of the contribution to revenue of the Group's main therapeutic areas in 2014 and 2013:

	Thousands of Euros	
	2014	**2013**
Respiratory	211,654	210,991
Gastrointestinal and Metabolism	130,066	143,757
Dermatology	254,544	134,780
CNS	77,924	80,817
Osteomuscular	44,794	43,541
Cardiovascular	35,035	43,163
Urology	16,896	17,077
Other specialist therapies	15,482	18,765
Total	**786,396**	**692,891**

Revenue, by geographical area, in 2014 and 2013 is detailed in Note 20.

23. Dividends paid by the Parent company:

The dividends paid by the Parent company in 2014 and 2013, which related to the dividends approved out of profit earned in 2013 and 2012, respectively, are as follows:

	2014			2013		
	% of nominal amount	**Earnings per share (Euros)**	**Amount (Thousands of Euros)**	**% of nominal amount**	**Earnings per share (Euros)**	**Amount (Thousands of Euros)**
Ordinary shares	-	-	-	129%	0.15	26,739
Total dividend paid	**-**	**-**	**-**	**129%**	**0.15**	**26,739**
Dividends	-	-	-	129%	0.15	26,739

The Parent company did not pay out a dividend in 2014. The dividend paid in 2013 was arranged as a flexible dividend, offering shareholders the power to choose between receiving newly-issued Parent company shares or a cash dividend. Three percent of shareholders opted for a cash payment while the remaining 97% opted to receive the new shares at par value per unit issued as a result of the capital increase.

24. Earnings per share

Basic earnings per share

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

Accordingly:

	2014	**2013**
Net profit (loss) for the year (thousands of euros)	448,429	(33,717)
Weighted average number of shares outstanding (Thousands of shares)	172,951	172,984
Basic earnings per share (euros)	**2.59**	**(0.20)**

In 2014 there were no changes in the shares outstanding. During 2013 there was a bonus share issue within the context of the flexible dividend programme.

25. Commitments acquired, contingent liabilities and contingent assets

a) Commitments acquired

At 31 December 2014 and 2013 the Group had contingent payment obligations for the acquisition of product licences and intellectual property as indicated in Note 9 and as a result of the business combination indicated in Note 7.

As a result of the research and development activities carried out by the Group, firm agreements for approximately EUR 1.6 million and EUR 12 million were entered into at 31 December 2014 and 2013 in relation to the performance of the above research and development activities which would be paid in future years.

There are no commitments to purchase property, plant and equipment for significant amounts at 31 December 2014 and 2013.

The Group's lease obligations are detailed in Note 20.

b) Contingent liabilities

There were no other contingent liabilities at the date of authorisation for issue of these consolidated annual accounts that might result in significant cash outlays other than those discussed in Notes 7 and 21.

c) Contingent assets

As a result of the agreement with AstraZeneca described in Note 6-a, the Group has is entitled to receive a payment upon reaching certain product development and release milestones and upon obtaining certain sales targets of up to USD 1,220 million (see Note 6-a description and recognition).

26. Related-party transactions

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

Balances and transactions with other related parties

In 2014 and 2013 the Group companies performed the following related-party transactions. The balances in this respect at 31 December 2014 and 2013 were as follows:

			Thousands of Euros	
Related party	Transaction	Year	Transactions - Income (Expense)	Balance receivable (payable)
Grupo Corporativo Landon, S.L.	Leases	2014	(2,476)	-
		2013	(2,336)	-
Grupo Corporativo Landon, S.L.	Re-invoicing of projects	2014	602	175
		2013	244	56

The Group's headquarters are rented from Grupo Corporativo Landon, S.L. under a lease which runs out in 2017.

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

27. 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 annual accounts.

In 2014 and 2013 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, compensation, incentive plans and social security contributions) totalled EUR 7,928 thousand and EUR 2,105 thousand, respectively.

The above amounts include remuneration paid and payable to the Group's executives. For incentive and loyalty plans that cover more than one year and SEUS plans (see Note 5-w) the remuneration earned amounted to EUR 560 thousand and EUR 627 thousand in 2014 and 2013, respectively. The ending balance of the provision for these plans amounts to EUR 2,093 thousand in 2014 (EUR 1,622 thousand in 2013).

At 31 December 2014 and 2013, the Group did not have any other pension obligations to executives.

In 2014 and 2013 the amount earned by the current and former members of the Parent company's Board of Directors for all types of remuneration (salaries, bonuses, per diems, remuneration in kind, life insurance plans, indemnities, incentive plans and social security contributions) amounted to EUR 3,915 thousand and EUR 4,831 thousand, respectively. The life insurance policies amount to EUR 9.5 thousand (EUR 8.1 thousand in 2013).

The amount indicated above includes the remuneration paid and payable by the Parent company's Board of Directors for multi-year incentive and loyalty plans, and SEUS plans amounting to EUR 689 thousand and EUR 1,450 thousand in 2014 and 2013, respectively. The ending balance of the provision for these plans amounts to EUR 4,417 thousand in 2014 (EUR 4,376 thousand in 2013).

At 31 December 2014 and 2013, there were no other pension 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 share options in the year and they have not exercised any options and do not have any options which have not yet been exercised.

28. Directors: other disclosures

The directors have a duty not to become involved in situations that constitute a conflict of the Parent company's interest. Accordingly, in 2014 the directors on the Board met all the obligations foreseen in Article 228 of the consolidated Spanish Companies Law. The directors and any related parties thereto were not involved in any situations that constituted a conflict of interest envisaged in Article 229 of this law except where the relevant authorisation was obtained.

29. Information on the environment

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

The Almirall Group’s property, plant and equipment include certain environmentally friendly assets (smoke abatement, underfloor drainage, etc.). The carrying amount of the assets is approximately EUR 0.3 million and EUR 1.8 million at 31 December 2014 and 2013, respectively.

The income statement for 2014 and 2013 includes expenses related to protection of the environment amounting to EUR 1.2 million and EUR 1.2 million, respectively.

The Parent’s directors consider that the measures adopted adequately cover all the possible requirements and, therefore, there are no environmental risks or contingencies. Grants or income have not been received in connection with these activities.

30. Exposure to risk and capital management

The Group's business is exposed to certain financial risk: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management program is focused on the uncertainty of the financial markets and it seeks to minimise the potential adverse effect on its financial profitability. The Group uses derivatives to hedge certain risks.

Risk management is carried out by the Group’s Treasury Department, which identifies, assesses and hedges financial risks in accordance with the policies approved by the Board of Directors. The Board provides written policies for overall risk management and written policies covering specific areas such as foreign currency risk, interest rate risk, liquidity risk, use of derivatives and non-derivatives and investment of surplus liquidity.

Interest rate risk

At the beginning of 2014 the Group's Parent company issued high-yield bonds at a fixed rate of interest of 4.625% and, therefore, it is not exposed to any fluctuations in interest rates. The credit rating is Ba2/BB.

At the end of 2013 the bridge loan was taken out for USD 350 million to purchase Aqua Pharmaceutical LLC. It was repaid using the income earned on bonds as stated in Notes 7 and 17 to the consolidated annual accounts.

In 2014 it arranged credit lines with a maximum draw down amount of EUR 75 million. No interest rate hedges have been taken out on this amount

Foreign currency risk

The Group is exposed to foreign currency risk on certain transactions arising from its ordinary business. The risk relates mainly to revenue received in US dollars for sales of finished goods, payments in US dollars for clinical trials, raw material purchases and royalty payments in yen and collections and payments made in local currency by the subsidiaries in Mexico, the UK, Poland, Canada, Denmark and the US.

In the case of collections the risk represents 17.53% of revenue and other income, and in the case of payments 27.2% of procurements and other operating costs.

The Group analyses foreseeable collections and payments in foreign currency and the performance and trend thereof on a quarterly basis. In 2014 the Group reduced its exposure to foreign currency risk on higher-volume commercial transactions by arranging foreign currency hedges to hedge payments in yen for purchases of raw materials and to hedge cash inflows in USD, mainly in respect of collections. Similarly, cash surpluses in foreign currency have been sold in order to avoid exposure to the volatility of the currency market and its resulting effect on the income statement.

The Group's Parent company has taken out an intercompany loan with Almirall, Inc. (subsidiary). A foreign currency hedge was not arranged in respect of this loan because the US dollar exchange rate was not expected to disadvantage the Group and the hedge would have resulted in an outflow of cash equal to the new amount.

Liquidity risk

The Group calculates its cash requirements using two fundamental forecasting systems that differ in terms of time scale.

On the one hand, a one-year monthly cash budget based on the projected annual accounts for the current year. On the other, a shorter-term cash budget (at three months), which is updated monthly on the basis of the invoices registered, shipping notes confirmed or orders processed.

Cash surpluses are generally invested in very short-term financial assets.

The funds received for the AstraZeneca transaction have been invested in financial assets diversified across six financial institutions all of which scored highly in the stress tests performed by the European Banking Authority last year.

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

Lastly, medium- and long-term liquidity planning and management is based on the Group’s five-year Strategic Plan.

Fair value measurement

Disclosure of measurement of assets and liabilities at fair value should use the hierarchy defined in IFRS 7:

Level 1 Level 1 Quoted price (unadjusted) in active markets for identical assets and liabilities.

Level 2 Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data.

The detail of the Group's assets and liabilities at fair value using the levels above at 31 December 2014 and 2013 is as follows (in thousands of euros):

2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Available-for-sale financial assets	9,324	-	-	9,324
Financial assets at fair value through profit or loss (*)	-	-	267,320	267,320
Total assets	**9,324**	**-**	**267,320**	**276,644**
Liabilities	-	-	(41,283)	(41,283)
Total liabilities	**-**	**-**	**(41,283)**	**(41,283)**

(*) including the non-current and current amounts arising on the AstraZeneca transaction (see Note 6).

2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Available-for-sale financial assets	6,822	-	-	6,822
Intangible assets		-	246,753	246,753
Inventories		-	3,773	3,773
Total assets	**6,822**	**-**	**250,526**	**257,348**
Liabilities	-	-	(16,179)	(16,179)
Total liabilities	**-**	**-**	**(16,179)**	**(16,179)**

Credit risk:

The Group manages the credit risk of its accounts receivable on a case-by-case basis. For preventative purposes, there are credit limits on sales to wholesalers, pharmacies and local licensees. In view of the relatively reduced weight of hospital sales, collection management is performed directly after the transaction once the receivable has become due.

Allowances are recognised for the total amounts that cannot be collected once all the relevant collection management efforts have been made. The amounts recognised in this connection in 2014 and 2013 were EUR 5,497 thousand and EUR 2,825 thousand, respectively.

The Group mitigates the credit risk relating to financial assets by investing mainly in very short-term floating-rate instruments (promissory notes) at banks with a high credit rating.

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

Capital management

The Group manages its capital to guarantee the continuity of the activities of the Group companies while maximising shareholders' returns through an optimum debt-equity ratio.

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

At 31 December 2014 and 2013 the leverage ratios were as follows (in thousands of euros):

	31 December 2014	31 December 2013
Financial liabilities	319,918	281,422
Retirement benefit obligations	66,688	52,370
Cash and cash equivalents	(754,434)	(89,211)
Net debt	**(367,841)**	**244,581**
Equity	1,340,910	888,334
Share capital	20,754	20,754
Leverage ratio(1)	**(27%)**	**28%**

(1) On the basis of the calculation used by the Group to determine the leverage ratio (not including "Other Financial Liabilities" included in Note 17)

31. Information on delays in payments to suppliers

The supplier payment periods in force at the Spanish companies in the Groupcomply with the boundaries established in Law 15/2010, of 5 July, on amendments to Law 3/2004 to combat non-payment in commercial transactions. The aforementioned law envisages a maximum payment period of 85 days for 2010 and 2011, 75 days for 2012 and 60 days from 1 January 2013 onwards.

The detail of payments made on commercial transactions in the year that are outstanding at the end of the year with respect to the maximum terms allowed by Law 15/2010 is as follows:

	Payments made and amounts payable at the end of the reporting period			
	2014		**2013**	
	Thousands of Euros	**%**	**Thousands of Euros**	%
Payments in the year within maximum legal term	664,769	99%	681,348	96%
Remainder	8,216	1%	28,744	4%
Total payments in the year	672,985	100%	710,093	100%
Average payment period exceeded (days)	**83**		**90**	
Balance payable at year end in excess of legally-permitted period	**16,763**		**762**	

This balance relates to the suppliers of the Spanish companies in the Group. Specifically trade payables for goods and services received. The average payment period for these companies was 87.4 days in 2014.

32. Events after the reporting period

The Group received USD 150 million associated with the framework agreement entered into with AstraZeneca relating to the first sale of aclidinium and formoterol combination.

No other events occurred after the reporting period that need to be disclosed.

APPENDIX: INFORMATION ON GROUP COMPANIES

	Thousands of Euros						
Name	Laboratorios Miralfarma, S.L.	Laboratorio Omega Farmacéutica, S.L.	Laboratorios Farmacéuticos Romofarm, S.L.	Laboratorios Almofarma S.L.	Laboratorios Temis Farma, S.L.	Alprofarma, S.L.	Laboratorios Tecnobio, S.A.
Management	Spain	Spain	Spain	Spain	Spain	Spain	Spain
Activity	Intermediary services	Intermediary services	Intermediary services	Intermediary services	Intermediary services	Intermediary services	Intermediary services
31 December 2014							
% interest held							
- Directly	100%	100%	100%	100%	100%	100%	100%
- Indirectly	-	-	-	-	-	-	-
% voting rights	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	120	120	60	120	120	60	61
Reserves	1,992	2,341	1,982	1,010	2,067	64	1,365
Net profit (loss) for the year	4	353	75	27	108	(2)	68
31 December 2013							
% interest held							
- Directly	100%	100%	100%	100%	100%	100%	100%
- Indirectly	-	-	-	-	-	-	-
% voting rights	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	120	120	60	120	120	60	61
Reserves	1,988	2,183	1,826	950	1,913	59	1,426
Net profit (loss) for the year	3	158	156	59	155	5	154

Note: All information on the companies has been obtained from their separate annual accounts. Therefore it does not reflect the effect that would apply from consolidating the investments.
Excluding unconsolidated dormant companies.

	Thousands of Euros						
Name	Laboratorios Berenguer-Infale, S.L.	Pantofarma, S.L.	Industrias Farmacéuticas Almirall, S.L.	Ranke Química, S.L.	Almirall Internacional, B.V.	Almirall, N.V.	Almirall - Productos Farmacêuticos, Lda.
Management	Spain	Spain	Spain	Spain	Netherlands	Belgium	Portugal
Activity	Intermediary services	Intermediary services	Manufacturer of specialities	Manufacture of raw materials	International holding company	Pharmaceutical laboratory	Pharmaceutical laboratory
31 December 2014							
% interest held							
- Directly	100%	100%	100%	100%	100%	0.01%	-
- Indirectly	-	-	-	-	-	99.99%	100%
% voting rights	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	120	360	1,200	1,200	52,602	1,203	1,257
Reserves	1,199	766	55,569	21,109	53,577	1,526	(2,577)
Net profit (loss) for the year	95	89	2,341	1,435	12,198	137	(72)
31 December 2013							
% interest held							
- Directly	100%	100%	100%	100%	100%	0.01%	-
- Indirectly	-	-	-	-	-	99.99%	100%
% voting rights	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Share capital	120	360	1,200	1,200	52,502	1,203	1,500
Reserves	1025	675	53,107	19,733	43,845	1,332	588
Net profit (loss) for the year	134	91	2,463	1,365	9,757	193	352

Note: All information on the companies has been obtained from their separate annual accounts. Therefore it does not reflect the effect that would apply from consolidating the investments.
Excluding unconsolidated dormant companies.

APPENDIX: INFORMATION ON GROUP COMPANIES

	Thousands of Euros						
Name Management	Almirall, B.V. Netherlands	Almirall, S.A. de C.V. subgroup (*) Mexico	Almirall Limited UK	Almirall, S.A.S. subgroup (***) (**) France	Almirall SP, Z.O.O. Poland	Almirall GmbH Austria	Almirall, AG Switzerland
Activity	Intermediary services	Pharmaceutical laboratory	Pharmaceutical laboratory	Pharmaceutical laboratory	Marketing of pharmaceutical specialities	Pharmaceutical laboratory	Licence management and marketing of raw materials.
31 December 2014							
% interest held							
- Directly	-	0.74%	-	-	-	100%	100%
- Indirectly	100%	99.26%	100%	100%	100%	-	-
% voting rights	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Capital	4,000	6,740	563	12,527	14	36	652
Reserves	680	(1,639)	3,953	10,023	1,265	2,473	681
Net profit (loss) for the year	487	150	1,782	1,268	76	386	1,274
31 December 2013							
% interest held							
- Directly	-	0.74%	-	-	-	100%	100%
- Indirectly	100%	99.26%	100%	100%	100%	-	-
% voting rights	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Capital	4,000	24,125	563	13,783	14	36	652
Reserves	540	2,334	3,373	6,256	1,200	2,117	254
Net profit/(loss) for the year	140	2,202	551	1,189	67	356	8,648

Note: All information on the companies has been obtained from their separate annual accounts. Therefore it does not reflect the effect that would apply from the consolidation of the investments.
Dormant companies not included in the consolidation are not included.

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

	Thousands of Euros						
Name	Almirall SpA	Almirall Sofotec, GmbH (***)	Almirall Hermal, GmbH	Almirall Aps	Almirall Limited	Almirall Inc.	Subgroup (****) Aqua
Management	Italy	Germany	Germany	Denmark	Canada	USA	Pharmaceuticals
Activity	Pharmaceutical laboratory	R&D centre	Pharmaceutical laboratory	Pharmaceutical laboratory	Pharmaceutical laboratory	International holding company	Pharmaceutical laboratory
31 December 2014							
% interest held							
- Directly	-	-	100%	100%	100%	100%	-
- Indirectly	100%	-	-	-	-	-	100%
% voting rights	100%	-	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	-	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Capital	8,640	-	25	17	516	(4,622)	39,192
Reserves	34,813	-	65,789	1,610	75	100,946	(35,936)
Net profit (loss) for the year	6,239	-	12,523	264	1,305	(34,917)	24,759
31 December 2013							
% interest held							
- Directly	-	100%	100%	100%	100%	100%	-
- Indirectly	100%	-	-	-	-	-	100%
% voting rights	100%	100%	100%	100%	100%	100%	100%
Consolidation method	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation	Full consolidation
Capital	8,640	25	25	17	516	101,574	39,182
Reserves	27,262	29,046	52,173	709	-	-	(35,937)
Net profit (loss) for the year	6,515	1,288	5,304	900	125	(4,813)	-

Note: All information on the companies has been obtained from their separate annual accounts. Therefore it does not reflect the effect that would apply from the consolidation of the investments. Dormant companies not included in the consolidation are not included.
(***) This company is not an investee at the end of 2014.
(****) Includes the holding companies Aqua Pharmaceutical Holdings Inc., Aqua Pharmaceuticals Intermediate Holdings Inc. and Aqua Pharmaceuticals LLC.