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

Interim Condensed Consolidated Financial Statements and
Interim Consolidated Directors' Report for the
six-month period ended 30 June 2018

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

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

ALMIRALL, S.A. and Subsidiaries

(ALMIRALL GROUP)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2018

(Thousand Euro)

ASSETS	Note	30 June 2018	31 December 2017	EQUITY AND LIABILITIES	Note	30 June 2018	31 December 2017
		Not audited	Audited			Not audited	Audited
				Share capital	14	20,862	20,754
Goodwill	8	343,068	341,815	Share premium	14	229,953	219,890
Intangible assets	9	732,782	730,316	Legal reserve	14	4,151	4,151
Property, plant and equipment	10	121,781	128,317	Other reserves	14	872,569	1,209,391
Financial assets	11	201,380	191,959	Valuation adjustments and others		(36,171)	(20,547)
Deferred tax assets	21	265,735	268,675	Translation differences	14	12,453	4,002
NON-CURRENT ASSETS		**1,664,746**	**1,661,082**	Profit/(loss) for the year	6	51,988	(303,961)
				EQUITY		**1,155,805**	**1,133,680**
				Deferred income	15	114,475	130,368
				Financial liabilities	16	100,000	250,000
				Deferred tax liabilities	21	138,313	140,163
				Retirement benefit obligations	18	72,041	71,157
				Provisions	19	47,699	50,572
				Other non-current liabilities	17	73,177	52,098
Inventories	12	88,791	83,743	**NON-CURRENT LIABILITIES**		**545,705**	**694,358**
Trade and other receivables	13	92,890	90,360				
Current tax assets	21	45,475	57,054	Financial liabilities		132	72
Other current assets		4,877	3,980	Trade payables		154,701	140,604
Current financial investments	11	5,986	68,684	Current tax liabilities	21	17,430	12,639
Cash and cash equivalents		57,172	211,542	Other current liabilities	17	86,164	195,092
CURRENT ASSETS		**295,191**	**515,363**	**CURRENT LIABILITIES**		**258,427**	**348,407**
TOTAL ASSETS		**1,959,937**	**2,176,445**	**TOTAL LIABILITIES AND EQUITY**		**1,959,937**	**2,176,445**

The accompanying Notes 1 to 26 are an integral part of the interim condensed consolidated financial statements for the six-month period ended 30 June 2018.

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

ALMIRALL, S.A. and Subsidiaries

(ALMIRALL GROUP)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 AND 2017

(Thousand Euro)

	Note	2018	2017
		Not audited	Not audited
Revenue	20	367,430	328,479
Other Income	20	30,933	50,446
Operating income		**398,363**	**378,925**
Procurements	20	(82,611)	(87,942)
Employee costs		(92,585)	(103,881)
Amortization and depreciation charge	9 and 10	(40,033)	(53,637)
Net change in provisions	12 and 13	(8,439)	(2,691)
Other operating expenses		(109,133)	(125,805)
Net gains/(losses) on disposals of assets	20	(391)	(1)
Other ordinary gains/(losses)		(210)	(6,086)
Loss (Gain) on recognition (reversal) of impairment of property, plant and equipment, intangible assets and goodwill	8	-	(74,952)
Operating profit		**64,961**	**(76,070)**
Financial income	20	347	222
Financial expense	20	(2,005)	(20,529)
Exchange differences	20	(4,377)	13,290
Profit/(loss) on the measurement of financial instruments	20	333	(1,900)
Profit/(loss) on recognition (reversal) of impairment and result from disposals of financial instruments	11	-	(4,685)
Profit /(loss) before taxes		**59,259**	**(89,672)**
Income tax		(7,271)	16,553
Net profit (loss) for the period attributable to the Parent Company		**51,988**	**(73,119)**
Earnings/(loss) per share (euro):	6		
A) Basic		0.30	(0.42)
B) Diluted		0.30	(0.42)

The accompanying Notes 1 to 26 are an integral part of the interim condensed consolidated financial statements for the six-month period ended 30 June 2018.

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

ALMIRALL, S.A. and Subsidiaries

(ALMIRALL GROUP)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED

30 JUNE 2018 AND 2017

(Thousand Euro)

		Six-month period ended 30 June	
		2018	**2017**
	Note	**Not audited**	**Not audited**
Profit/(loss) for the period		**51,988**	**(73,119)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Retirement benefit obligations		(514)	-
Corporate income tax on items that will not be reclassified		144	-
Impairments on Financial instruments	11	(12,633)	-
Total items that will not be reclassified to profit or loss		**(13,003)**	-
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of financial assets available for sale net of tax effect	11	-	38
Other changes in value		79	(7)
Exchange differences on translation of foreign currency	14	8,451	(22,912)
Exchange differences taken to the income statement	14	-	(15,906)
Total items that may be reclassified subsequently to profit or loss		**8,530**	**(38,787)**
Other comprehensive income for the period, net of taxes		**(4,473)**	**(38,787)**
Total comprehensive income for the period		**47,515**	**(111,906)**
Attributable to:			
- Owners of the parent		47,515	(111,906)
- Non-controlling interests		-	-
Total comprehensive income attributable to owners of the parent company arising on:			
Continuing operations		47,515	(111,906)
Discontinued operations		-	-

The accompanying Notes 1 to 26 are an integral part of the interim condensed consolidated financial statements for the six-month period ended 30 June 2018.

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ALMIRALL, S.A. and Subsidiaries

(ALMIRALL GROUP)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 AND 2017

(Thousand Euro)

	NOTE	Share capital	Share premium	Legal reserve	Other reserves	Valuation adjustments recognized in equity	Exchange differences	Profit/(loss) attributable to parent company	Equity
Balance at 1 January 2017	**14**	**20,754**	**219,890**	**4,151**	**1,166,912**	**(19,878)**	**52,972**	**75,479**	**1,520,280**
Distribution of profit		-	-	-	75,479	-	-	(75,479)	-
Dividends		-	-	-	(33,000)	-	-	-	(33,000)
Total comprehensive income for the period		-	-	-	-	31	(38,818)	(73,119)	(111,906)
Balance at 30 June 2017 (Not audited)	**14**	**20,754**	**219,890**	**4,151**	**1,209,391**	**(19,847)**	**14,154**	**(73,119)**	**1,375,374**

	NOTE	Share capital	Share premium	Legal reserve	Other reserves	Valuation adjustments recognized in equity	Exchange differences	Profit/(loss) attributable to parent company	Equity
Balance at 1 January 2018	**14**	**20,754**	**219,890**	**4,151**	**1,209,391**	**(20,547)**	**4,002**	**(303,961)**	**1,133,680**
Changes in accounting policy (Note 3)		-	-	-	-	(2.700)	-	-	(2.700)
Net equity reexpressed at the beginnign of the year	**14**	**20,754**	**219,890**	**4,151**	**1,209,391**	**(23,247)**	**4,002**	**(303,961)**	**1,130,980**
Distribution of profit		-	-	-	(303,961)	-	-	303,961	-
Dividends		108	10,063	-	(32,861)	-	-	-	(22,690)
Total comprehensive income for the period		-	-	-	-	(12,924)	8,451	51,988	47,515
Balance at 30 June 2018 (Not audited)	**14**	**20,862**	**229,953**	**4,151**	**872,569**	**(36,171)**	**12,453**	**51,988**	**1,155,805**

The accompanying Notes 1 through 26 form an integral part of these interim condensed consolidated financial statements for the six-month period ended 30 June 2018

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

ALMIRALL, S.A. and Subsidiaries

(ALMIRALL GROUP)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2018 AND 2017

(Thousand Euro)

	Note	**2018**	**2017**
		Not audited	
Cash flow			
Profit before tax		59,259	(89,672)
Amortization and depreciation charge	9 and 10	40,033	53,637
Impairment adjustments	8, 11, 12 and 13	-	82,327
Net change in current provisions		-	-
Net profit/(loss) on disposals of assets	20	391	1
Gain/(loss) on disposal of financial instruments		-	-
Financial income	20	(347)	(222)
Financial expense	20	2,005	20,529
Exchange differences	20	4,377	(13,290)
Change in the fair value of financial instruments		-	1,900
Net change in non-current provisions	19	(333)	(3,792)
Impacts of the Astrazeneca transaction:			
Entry of deferred income from the Astrazeneca transaction	15 and 20	(15,893)	(15,570)
Change in the fair value of the Astrazeneca financial asset	11 and 20	(29,310)	(27,261)
		60,182	**8,587**
Adjustments to changes in working capital			
Change in inventories	12	(5,048)	4,533
Changes in trade and other receivables		901	8,679
Changes in trade payables		14,384	(50,540)
Changes in other current assets		(5,030)	(1,064)
Changes in other current liabilities		(284)	(18,086)
Adjustments to changes in other non-current items:			
Other non-current assets and liabilities		(205)	162
		4,718	**(56,316)**
Cash inflows/(outflows) for taxes:		**4,938**	**(9,027)**
Net cash flows from operating activities (I)		**69,838**	**(56,756)**
Cash flows from investing activities			
- Interest received	20	71	222
Investments:			
Intangible assets	9 and 17	(93,936)	(38,722)
Property, plant and equipment	10	(4,504)	(5,604)
Financial assets		(80)	(1,943)
Business combinations	17	(17,500)	(7,500)
Disposals:			
Intangible assets and property, plant and equipment	9 and 10	309	192
Financial assets		1,751	-
Business unit	6	-	-
Net cash flows from investing activities (II)		**(113,889)**	**(53,355)**
Cash flows from financing activities:			
Interest paid	20	(327)	(15,489)
Equity instruments:			
Dividends paid		(22,690)	(33,000)
Financial Instruments:			
Bonds and other marketable securities	16	-	(324,164)
Bank borrowings repaid	16	(150,000)	150,000
Other		-	2,621
Net cash flows from financing activities (III)		**(173,017)**	**(220,032)**
Net change in cash and cash equivalents (I+II+III)		**(217,068)**	**(330,143)**
Cash and cash equivalents at the beginning of the period	**11**	**280,226**	**466,711**
Cash and cash equivalents at the end of the period	**11**	**63,158**	**136,568**

The accompanying Notes 1 to 26 are an integral part of the interim condensed consolidated financial statements for the six-month period ended 30 June 2018,

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

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018
(Thousand Euro)

1. General information

Almirall, S.A. is the parent company of a group of companies ("Almirall Group"), Its corporate purpose is basically acquisition, manufacture, storage, marketing and representation in the sale of pharmaceutical specialties and products and all manner of raw materials used to prepare the aforementioned pharmaceutical specialties and products.

The Parent's corporate purpose also includes:

a) The acquisition, manufacture, storage, marketing and representation 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, auxiliary items 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 kinds, 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 entities with or without a legal personality, residing in Spain or abroad, and engaging in activities that are identical or similar to those comprising 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 ("*Mercado continuo*"), Its registered office is at Ronda General Mitre, 151 in Barcelona (Spain).

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

2. Basis of presentation

a) Financial reporting legislation applicable to the Group:

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

These interim condensed consolidated financial statements are presented in accordance with IAS 34 on Interim Financial Reporting and have been prepared by the Directors of Almirall, S.A. on 27 July 2018, in accordance with the Article 12 of Royal Decree 1362/2007.

According to what is established in the IAS 34, interim financial information is prepared only with the intention of providing updates to the content of the latest consolidated annual accounts prepared by the Group, emphasizing any new activities, events and circumstances that have taken place during the six-month period and not duplicating the information previously published in the consolidated annual accounts for the year ended 31 December 2017. Accordingly, in order to adequately understand the information presented in these interim condensed consolidated financial statements, they must be read together with the Group's consolidated annual accounts for 2017 prepared under IFRS-EU.

b) Comparability

As indicated in Note 3, effective January 1, 2018, the Group has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers, without restating the comparative information. Consequently, such changes in accounting policies must be taken into account when comparing the financial statements included in these interim condensed consolidated financial statements with those corresponding to the comparative periods of June 30, 2017 and December 31, 2017. There have been no significant changes in the composition of the Group that could significantly affect the comparability of the balance sheet figures as of June 30, 2018 with those of December 31, 2017, as well as those of the interim consolidated profit and loss account of the 6-month period ended June 30, 2018 with those of the same period ended June 30, 2017.

3. Accounting policies

The policies, accounting methods and consolidation principles applied when preparing these interim condensed consolidated financial statements are the same as those applied to the consolidated annual accounts for 2017, except for the following standards and interpretations that entered into force during the first half of 2018:

Mandatory standards, amendments and interpretations for all years starting 1 January 2018

IFRS 4 (Amendment) "Application of IFRS 9" Financial instruments "with IFRS 4" Insurance contracts "- Amendments to IFRS 4", IFRS 9 "Financial instruments", IFRS 15 "Revenue from contracts with customers" , IFRS 15 (Amendment) "Clarifications of IFRS 15" Revenue from contracts with customers ", Annual Improvements of IFRS, Cycle 2014 - 2016, IFRS 2 (Amendment) "Classification and valuation of transactions with share-based payments" and IAS 40 (Amendment) "Transfers of investment properties".

These standards have been taken into account as of January 1, 2018, reflecting their impact on these interim condensed consolidated financial statements, which has not been significant except for:

IFRS 9 – "Financial instruments"

The Group has applied IFRS 9 retroactively, without restating the comparative information:

- Valuation of financial assets: depending on the business model, the Group measures its financial assets at amortised cost excluding investments in equity instruments and derivative financial instruments, which will be measured at fair value, No relevant impacts are derived from the valuation criteria used until December 31, 2017,

- Impairment of financial assets: the Group will move from applying the "incurred loss" model established in IAS 39 in the recognition of impairment of financial assets, to applying as of January 1, 2018 the "expected credit loss" model. The Group applies the simplified approach to recognize the expected credit loss mainly from Trade Debtors. The impact of the additional allocation required (charged to Other Net Equity Reserves) on the balances of financial assets

(Trade debtors) held on January 1, 2018 to apply the new "expected credit loss" model amounts to EUR 2.7 million.

- Valuation of investments in equity instruments: for the purposes of the first application of this standard, the Group has decided to recognize changes in the fair value of this type of investments within the Statement of Comprehensive Income, provided that they are not classified as held for trading or are the result of a contingent consideration resulting of a business combination according to IFRS 3 (see Note 11).

IFRS 15 – "Revenue from ordinary activities from contracts with customers"

With the first application of IFRS 15, the Group has decided to opt for the retroactive method with the accumulated effect of the first application recognized at 1 January 2018, without restating the comparative information.

The nature of the various impacts analyzed, which may have an effect on the application of this standard is detailed below as of January 1, 2018:

- Income from long-term contracts for licenses granted to the different "partners" with whom the Group works in the countries where it sells its products has been analyzed. The following types of income are systematically generated from these contracts, which, for the purpose of applying IFRS 15, are considered contracts with customers:

    - Sales, of either raw material or any products modified in a manufacturing process. As this component of the income is differentiated from the other components of the contracts and the price at which these transactions are carried out is a market price, the recording of this income from 1 January 2018 as a result of the new standard will generally be similar to the way in which it is currently being recorded under IAS 18.
    - Royalties receivable related to the sales of the "partners", which total EUR 1.5 million in the six-month period ended June 30 2018 (EUR 2.2 million in the same period of 2017), as stated in Note 20. They will continue to be recorded in accordance with the criteria followed under IAS 18 based on the sales made.
    - Receivables related to milestones for certain levels of sales of different "partners" totaling EUR 1.2 million in the six-month period ended June 30 2018 (EUR 3 million in the same period of 2017), as stated in Note 20. Generally, from our analysis, we have detected that the milestones which these receivables are related to have a contingent nature and they should be recorded as they have been recorded to date (at the date when the milestone is achieved and to remunerate the sales already made).

    Even though for the first of these points no impact on the application of this standard has been detected, for the following point referred to Royalties and income related to the achievement of milestones, the income from January 1, 2018 has been recognized in "Revenue" instead of "Other income" if the contracts signed with the "partners" fall under the scope of IFRS 15.

- Sales of licenses for development and subsequent commercialization (Astrazeneca): in the components of the sales contracts where certain rights were transferred for development and subsequent commercialization, and in which there is a significant continued involvement during the development period by Almirall, the part of the initial charge assigned to said component ("upfront payment") is deferred linearly to the consolidated profit and loss account during the foreseen period of development (foreseen until approximately 2021-2023), (See note 6a) of the consolidated annual accounts of 2017). To the extent that it is a sale of the rights to a license, an activity that the Group also carries out with other companies, which, besides involving a continuous involvement by Almirall during the period of development of the molecules. It will generate revenues from milestones and future royalties, like any other type of sale or collaboration that Almirall makes with other companies. We consider that this transaction is within the scope of IFRS 15. From the analysis of the framework of IFRS 15 the only identified impact is the classification of this in the consolidated profit and loss account as "Net Sales" instead of "Other income". The income recorded in the six-month period ended June 30, 2018 amounts to EUR 15.7 million (EUR 15.6 million in the same period of 2017) according to note 20.

- Contracts with multiple components and guarantees related to the sale of aesthetic machines in ThermiGen, LLC. Initially, there is no impact regarding IAS 18 as the components and other income are different components of income and are valued at arm's length. The other income includes costs charged to the final customer such as shipment costs, costs for installing the machines and training, and extensions of guarantees, and for insignificant amounts considering the consolidated annual accounts as a whole.

Standards, amendments and interpretations that have not yet entered into force but which may be adopted early:

At the date these interim condensed consolidated financial statements were signed, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations listed below. Although the Group has not adopted them early:

IFRS 9 (Amendment) "Component of prepayment with negative compensation". The amendment will be effective for annual exercises beginning on January 1, 2019, although early application is allowed. The Group does not believe that this rule has a significant impact on the consolidated annual accounts when they come into force.

IFRS 16 – "Leases"

IFRS 16 will enter into force in 2019 and will replace IAS 17 and interpretations issued on it.

The Group has begun to analyze the impacts of IFRS 16 "Leases", which establishes that right-of-use assets and liabilities arising from operating lease contracts (excluding short-term lease agreements and those for assets of a low value). It will also change the criteria for recognizing the lease expense, which will be recognized as a depreciation/amortization cost of the asset and a financial expense for the revaluation of the lease liability.

The Group is obtaining relevant data on its operating lease contracts which mainly correspond to leases of offices and transport elements, in order to evaluate the corresponding impacts, although they are not estimated to be significant.

Standards, amendments and interpretations applied to existing standards that have not been adopted by the European Union at the date these interim condensed consolidated financial statements were prepared

At the date these interim condensed consolidated financial statements were prepared, the IASB and IFRS Interpretations Committee had published the following standards, amendments and interpretations that have not yet been adopted by the European Union.

IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or contribution of assets between an investor and its associates or joint ventures", IFRIC 22 "Anticipated transactions and considerations in foreign currency", IFRS 17 "Insurance contracts", IFRIC 23, "Uncertainty about the treatment of income tax", IAS 28 (Amendment) "Long-term interests in associates and joint ventures", Annual Improvements of IFRS, Cycle 2015 - 2017 and IAS 19 (Amendment) "Amendment, reduction or liquidation of the plan".

The Group has not considered the early application of the aforementioned standards and interpretations and, in any event, the Group is analyzing the effect that these new standards/amendments/interpretations may have on the Group's consolidated annual accounts in the event they are adopted by the European Union.

4. Estimates

Consolidated profit/(loss) and the calculation of consolidated equity are sensitive to accounting principles and policies, measurement criteria and estimates made by the parent company's Directors when preparing the interim condensed consolidated financial statements. The main accounting standards and policies and measurement criteria are indicated in Note 5 of the notes to the consolidated annual accounts for 2017. The same policies indicated in Note 6 to the notes to the consolidated annual accounts for the year ended 31 December 2017 have been applied to critical accounting estimates and judgments and there has been no change that gave rise to a material effect on these interim condensed consolidated financial statements.

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

- Useful life of intangible assets and property, plant and equipment (Notes 9 and 10).
- Evaluation of the recoverability of deferred tax assets (Note 21).
- Impairment losses affecting certain intangible assets and property, plant and equipment deriving from the failure to recover the carrying amount recognized for those assets (Notes 8, 9 and 10).
- The fair value of certain unlisted assets (Note 11).
- The evaluation of litigation, commitments and contingent assets and liabilities (Note 23).
- Estimate of the appropriate provisions for the obsolescence of inventories, the impairment of receivables and product returns.
- Estimate of provisions for restructuring.
- Calculation of the precise assumptions required to determine the actuarial liability relating to retirement benefit obligations, in coordination with an independent expert.
- Estimate of the liability relating to share-based payments to be settled in cash.
- Corporate income tax expense is recognized in interim periods based on the best estimate of the weighted average tax rate that the Group expects for the year, in accordance with IAS 34.

Despite the fact that the aforementioned estimates are made based on the best information available at the date of the analyzed facts, it is possible that future events could give rise to upward or downward adjustments at the end of 2018 or in coming years, which would be made prospectively in accordance with IAS 8 in order to recognize the impact of the change in the estimate on the consolidated income statement for the years in question.

During the six-month period ended 30 June 2018 there have been no significant changes in the estimates made at the end of 2017.

5. Financial risk management

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

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

6. Other disclosures

a) Contingent assets and liabilities

Information regarding contingent assets and liabilities is included in Note 25 of the notes to the Group's consolidated annual accounts for the year ended 31 December 2017 and in Note 23 of the notes to the accompanying interim condensed consolidated financial statements.

b) Seasonality of the Group's transactions

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

c) Materiality

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

d) Interim condensed consolidated cash flow statements.

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

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

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

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

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

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

e) Changes in the Group's structure

During the six-month period ended June 30, 2018, there has been no change in the Group's structure.

f) Dividends paid by the parent company

The dividends paid by the parent company during the first six months of 2018 and 2017 are as follows:

	First half of 2018			First half of 2017		
	% of nominal amount	**% of nominal amount**	**% of nominal amount**	**% of nominal amount**	**Euro per share**	**Amount (Thousand euro)**
Ordinary shares	158%	0,19	32,861	158%	0,19	33,000
Total dividends paid	**158%**	**0,19**	**32,861**	**158%**	**0,19**	**33,000**
Dividends charged against profit/(loss)	158%	0,19	32,861	158%	0,19	33,000

The dividend payment of 2018 has been instrumented as a scrip dividend in which the shareholders have been offered the right to choose between receiving new issued shares of Parent Company or the amount in cash equivalent to the dividend. The payment in cash has been chosen for 71.3% of the rights (which has meant a disbursement of EUR 22.7 million) and the remaining 28.7% has opted to receive new shares at the nominal unit value, that have been issued as capital increase (Note 14).

Basic earnings/(loss) per share

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

At 30 June 2018 and 31 December 2017, the basic earnings/(loss) per share does not differ from the diluted earnings/(loss).

Accordingly:

	First half of 2018	First half of 2017
Net profit for the year (thousand euro)	51,988	(73,119)
Weighted average number of outstanding shares (thousand shares)	173,031	173,031
Basic earnings per share (euro)	**0,30**	**(0,42)**

As described in Note 14, as a result of the capital increase released through which the flexible dividend program was implemented, on June 14, 2018 902,547 new shares of the Parent Company were created. During the 6-month period ended June 30, 2017, there were no changes in the number of shares outstanding.

According to what is established in IAS 33, these capital increases have resulted in the correction of the earnings per share corresponding to the first half of 2017 included in the interim consolidated financial statements for that period and have been taken into account in the calculation of the benefit for basic and diluted share for the first half of 2018.

7. Business combination

No business combinations are recognized for the six-month period ended 30 June 2018.

(Thousand Euro)

8. Goodwill

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2018 were as follows:

	Thousand euro			
	Balance at 31 December 2017	Exchange rate differences	Impairment	Balance at 30 June 2018
Almirall, S,A,	35,407	-	-	35,407
Almirall Hermal, GmbH	227,743	-	-	227,743
Aqua Pharmaceuticals, LLC	-	-	-	-
Poli Group (Note 7)	52,816	-	-	52,816
ThermiGen, LLC (Note 7)	25,849	1,253	-	27,102
Total	**341,815**	1,253	**-**	**343,068**

The goodwill of Almirall, S.A., the net value of which amounts to € 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 its merger into the parent company, after having allocated any unrealized gains arising from property, plant and equipment and financial assets.

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

The goodwill of Aqua Pharmaceuticals arose at the end of 2013 as a result of the difference between the acquisition cost of the shares of the company and the underlying carrying amount thereof at the acquisition date, having allocated any difference between their fair value and their carrying amount in the financial statements for the companies acquired to the identifiable assets and liabilities. At the end of 2017 this goodwill was totally impaired.

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

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

There have been no changes in the composition of the goodwill with respect to that described in the consolidated annual accounts for the year ended on December 31, 2017. The variation in the six-month period ended June 30, 2018 is due to the fluctuation of the exchange rate of the US dollar.

Impairment losses

No impairment losses have been recorded in the six-month period ended June 30, 2018.

As of June 30, 2018, there have been no significant changes in the key assumptions on which the Management has based its determination of the recoverable amount of the cash generating units, nor has there been any indication of impairment or change in the analysis of sensitivity as described in Note 5-d of notes to the consolidated accounts for the year ended December 31, 2017.

As of June 30, 2018, impairment tests have been updated for those cash generating units that presented some indicator of impairment as of December 31, 2017

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

Cash generating unit	**Sensitivity analysis**	**Impact on value (million euros)**
ThermiGen, LLC	- Decrease estimated volume of sales by 10% (*) - Increase / Decrease by 1 point in the growth rate - Increase / Decrease by one point in the discount rate	- (25) - None - None

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

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

9. Intangible assets

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2018 were as follows:

	Intellectual property	**Development expenditure**	**Computer software**	**Prepayments and assets under construction**	**Total**
Cost					
At 31 December 2017	**1,371,361**	**82,781**	**87,056**	**186,686**	**1,727,884**
Additions	25,613	448	22	-	26,083
Disposals	-	-	-	-	-
Transfers	8	-	2,277	(888)	1,397
Exchange differences	10,177	265	35	599	11,076
At 30 June 2018	**1,407,159**	**83,494**	**89,390**	**186,397**	**1,766,440**
Accumulated amortization and impairment losses					
At 31 December 2017	**(621,029)**	**(121)**	**(66,352)**	**-**	**(687,502)**
Allocation to amortization	(25,755)	(45)	(4,885)	-	(30,685)
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Exchange differences	(810)	(107)	(30)	-	(947)
At 30 June 2018	**(647,594)**	**(273)**	**(71,267)**	**-**	**(719,134)**
Impairment losses					
At 31 December 2017	(232,178)	(52,816)	(5,072)	(20,000)	(310,066)
Exchange differences	(4,458)	-	-	-	(4,458)
At 30 June 2018	**(236,636)**	**(52,816)**	**(5,072)**	**(20,000)**	**(314,524)**
Carrying amount					
Cost	1,407,159	83,494	89,390	186,397	1,766,440
Accumulated amortization	(647,594)	(273)	(71,267)	-	(719,134)
Impairment losses	(236,636)	(52,816)	(5,072)	(20,000)	(314,524)
At 30 June 2018	**522,929**	**30,405**	**13,051**	**166,397**	**732,782**

Most of the above intangible assets have finite useful lives and have been acquired individually from third parties or together with other assets as part of a business combination.

Following the Group's criteria when acquiring intangible assets with contingent payments subject to future events, they are accounted for using the accumulated cost model. As a result, the main addition during the 6-month period ended June 30, 2018 corresponds to the increase in the present value of future payments subject to different milestones re-estimated at June 30, 2018 based on the results occur during the period.

The aggregate amount of research and development expenses that have been recognized as expenditures in interim condensed consolidated income statement for the six-month period ended 30 June 2018 and 2017 totals € 38.2 million and € 48.2 million, respectively. Those amounts include the amortization of assets associated with development activities, the expenses accruing for the group´s personnel and expenditures made by third parties.

Impairment losses

During the six month period ended 30 June 2018 there have been no significant changes in the estimates made and described in Note 5-d of notes to the consolidated accounts for the year ended 31 December 2017. See sensitivity test done in Note 8.

As of June 30, 2018, impairment tests have been updated for those cash generating units that presented some indicator of impairment as of December 31, 2017.

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

Cash generating unit or intangible asset	**Sensitivity analysis**	**Impact on value (million euros)**
Aqua Pharmaceuticals, LLC	- Increase / Decrease estimated volume of sales by 10% (*) - Increase / Decrease by 5 points in the growth rate - Increase / Decrease by 1 point in the discount rate	+14 / (11) None None
Sun Pharma License	- Increase / Decrease estimated volume of sales by 5% (*) - Increase / decrease by 5 points the probability of success - Increase / Decrease by 1 point in the discount rate	+ 18 / (13) + 11 / (6) (13) / 19

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

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

(Thousand Euro)

10. Property, plant and equipment

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2018 were as follows:

	Land and buildings	Plant and machinery	Other fixtures, tools and furniture	Other property, plant and equipment	Prepayments and assets under construction	Total
Cost						
At 31 December 2017	**104,435**	**97,112**	**274,451**	**21,964**	**8,657**	**506,619**
Additions	22	407	1,426	95	2,554	4,504
Disposals	(1,088)	(252)	(630)	(60)	-	(2,030)
Transfers	591	258	4,563	507	(7,316)	(1,397)
Exchange differences	86	12	171	45	(1)	313
At 30 June 2018	**104,046**	**97,537**	**279,981**	**22,551**	**3,894**	**508,009**
At 31 December 2017	**(46,133)**	**(64,506)**	**(244,406)**	**(19,507)**	**-**	**(374,552)**
Depreciation charge	(1,282)	(1,614)	(5,433)	(1,019)	-	(9,348)
Disposals	415	252	615	49	-	1,331
Exchange differences	(46)	2	(90)	225	-	91
At 30 June 2018	(47,046)	(65,866)	(249,314)	(20,252)	-	(382,478)
Impairment losses						
At 31 December 2017	**(3,750)**	-	-	-	-	**(3,750)**
Impairment losses	-	-	-	-	-	-
At 30 June 2018	**(3,750)**	**-**	**-**	**-**	**-**	**(3,750)**
Carrying amount						
Cost	104,046	97,537	279,981	22,551	3,894	508,009
Accumulated depreciation	(47,046)	(65,866)	(249,314)	(20,252)	-	(382,478)
Impairment losses	(3,750)	-	-	-	-	(3,750)
At 30 June 2018	**53,250**	**31,671**	**30,667**	**2,299**	**3,894**	**121,781**

Additions during the six month period ended 30 June 2018 basically relate to improvements to the chemical and pharmaceutical production plants operated by the Group.

11. Financial assets

As of January 1, 2018, in accordance with IFRS9, the Group classifies its financial assets in the following valuation categories:

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

- those that are valued at amortized cost.

The classification of investments made by the Group in financial instruments is based on the following premise:

- 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 had no assets of this kind at 31 December 2017.

- 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; the above ownership interests acquired in AB-Biotics, S.A. and in Suneva Medical Inc, (that have been sold and impaired, respectively, in the period of 6 months ended June 30, 2018).

(Thousand Euro)

- Held-to-maturity financial assets: this category includes fixed-income investments mainly in Euro deposits, foreign currency deposits and repos.

- Financial assets at fair value through profit or loss: it includes the non-current and current receivables for recognition of the business sale to AstraZeneca described in Note 6 to the consolidated annual accounts for 2017.

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

Non-current

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2018 were as follows:

	Thousand Euro			
	Non-current securities portfolio	Non-current loans and other financial assets	Deposits and guarantees	Total
Balance at 31 December 2017	**13,172**	**172,220**	**6,567**	**191,959**
Additions or allocations	-	650	-	650
Disposals / Transfers	(539)	(6,181)	(1,186)	(7,906)
Impairment	(12,633)	29,310	-	16,677
Balance at 30 June 2018	**-**	**195,999**	**5,381**	**201,380**

The heading "Financial assets - Non-current securities portfolio" in the accompanying interim condensed consolidated balance sheet mainly includes:

- Disposal of the total of equity instruments representing 3.55% of share capital of the Spanish biotech company AB-Biotics, S.A., which is listed on the Alternative Stock Market (ASM), at 30 June 2018 and 31 December 2017. Such participation was valued at fair value (€ 539 thousand as of December 31, 2017), and it has been sold for an amount of EUR 1 million.

- Change in the fair value of the share capital through the subsidiary Almirall Inc,, in 6,137 shares of the company Suneva Medical Inc, representing 0.01% of its share capital (5.49% at December 31, 2017), for an acquisition cost of 15 million US dollars at the time of its acquisition. During the first semester of the 2018, the Group has valued the investment at fair value, considering the entry of new shareholders in June 2018, so that Almirall's share has been almost fully diluted, resulting in at a fair value close to zero, which resulted in a valuation adjustment for impairment amounting to € 8,338 thousand (equivalent to USD 10 million), In accordance with IFRS 9, such loss has been recorded against the Statement of Comprehensive Income.

- Change in the fair value of the participation in the company Dermelle LLC, which was generated on April 23, 2017 as a result of the conversion of a loan held by the subsidiary Almirall Inc with that entity, representing 9% of its share capital. Given the inability of the Group to have access to the updated financial data of said entity and based on an assessment obtained from an independent third party, the Group has determined that its fair value is close to zero and has proceeded to impairment by the totality of the investment, In accordance with IFRS 9, the loss has been recorded against the Statement of Comprehensive Income, amounting to €4,295 thousand (equivalent to USD5.2 million).

(Thousand Euro)

The heading “Financial assets- Non-current loans and other financial assets” mainly includes € 196,037 thousand (€ 172,865 thousand at 31 December 2017) as the financial asset consisting of the fair value of future non-current payments receivable by AstraZeneca in accordance with the matters described in Note 6 of the consolidated annual accounts for 2017. Movements during the first six months of 2018 are mainly due to the recognition of changes in the fair value of the asset, which represented an increase of € 29,310 thousand in that asset, and the decrease deriving from the transfer to current items, based on collection timing expectations, of certain receivable milestones whose fair value at 30 June 2018 is € 6,181 thousand (Note 13).

The fair value of this financial asset as of June 30, 2018 was made using the same method used by the independent expert in the initial valuation, with an amount of € 6.2 million recorded in the short term and the rest being registered in the long term amounting to € 196 million. The variation in the value of this financial asset during the 6-month period ended June 30, 2018 is due to the increase of the probability related to a milestone that will be collected in 2019 totalling € 13.4 million, the Euro/US dollar exchange rate difference totalling € 1.0 million, the financial revaluation which has resulted in an income totalling € 10.1 million, and the re-estimation of projected flows and probabilities assigned to the different future events totalling € 18.2 million. As a result, the total amount of € 29.3 million of change of fair value is recognised in "Other revenue" caption in the consolidated income statement for the six-month period ended 30 June 2018 (Note 20).

Current financial investments

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

	Thousand euro	
	30/06/2018	**31/12/2017**
Current investments	1,003	51,000
Current deposits	4,519	17,556
Current guarantees	131	128
Financial derivatives	333	-
Total	**5,986**	**68,684**

When preparing the cash flow statement, and in accordance with the provisions of IAS 7, the Group considers cash equivalents to be all highly liquid current investments that can easily be converted into certain amounts of cash, and are subject to little risk of changes in value (see Note 5-i of the consolidated annual accounts year ended 31 December 2017). When preparing the condensed consolidated cash flow statement for the period, the Group included all of the current financial investments as cash equivalents given that current bank deposits may be immediately obtained at the Group’s discretion without any penalty whatsoever.

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

(Thousand Euro)

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

	Thousand euro	
	30/06/2018	**31/12/2017**
Loans and other receivables	5,343	5,922
Financial assets valued at at fair value through changes in profit and loss (see Note 16)	333	-
Financial assets at fair value through changes in profit or loss (*)	196,037	172,865
Activos financieros valorados al valor razonable con cambios en other results	-	13,173
Held-to-maturity financial assets	5,653	68,684
Total	**207,366**	**260,644**

(*) Includes only the non-current part of the fair value of the future payments receivable from AstraZeneca at 30 June 2018 and 31 December 2017.

In accordance with the hierarchy levels established by IFRS 13 and indicated in Note 30 to the consolidated annual accounts for the year ended 31 December 2017, the financial assets for which fair value is estimated our Level 1 (interests in the share capital of other listed companies) and Level 3 (financial assets at fair value profit or loss).

12. Inventories

The breakdown of “Inventories” at 30 June 2018 and 31 December 2017 is as follows:

	Thousand euro	
	30/06/2018	**31/12/2017**
Raw materials and preparatory materials	33,427	26,301
Semi-finished products	14,438	13,250
Goods purchased for resale and finished products	56,200	54,567
Advances to suppliers	68	903
Impairment	(15,342)	(11,278)
Total	**88,791**	**83,743**

No inventories are pledged as guarantees. There are no significant commitments to purchase inventories at 30 June 2018 and 31 December 2017.

(Thousand Euro)

13. Trade and other receivables

The breakdown of this heading at 30 June 2018 and 31 December 2017 is as follows:

	Thousand euro	
	30/06/2018	**31/12/2017**
Trade receivables for sales and services rendered	105,129	100,983
Other receivables	8,140	5,884
Provision for impairment losses on receivable accounts	(20,379)	(16,507)
Total receivables	**92,890**	**90,360**

At 30 June 2018 "Other Receivables" mainly included € 6,2 million corresponding to the fair value of current receivables from AstraZeneca as described in Note 6-a of the consolidated annual accounts for the year ended 31 December 2017 (See Note 11).

At 30 June 2018 and 31 December 2017 the overdue balances written down amount € 17,279 thousand and € 16,507 thousand, respectively. Additionally, as a result of the first application of the "expected loss" model (simplified approach) in accordance with IFRS 9 (Note 3), the Group has recognized a provision for impairment on the balances of financial assets (Trade receivables) of € 3,100 thousand as of June 30, 2018.

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

At 30 June 2018 the percentage of receivables from public authorities related to the hospital business as a percentage of the total trade receivable balance for sales and services stands at 4% (4% at 31 December 2017).

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

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

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

14. Equity

Share capital

At 30 June 2018 the parent company's share capital consists of 173,853,667 shares with a par value of € 0.12 each, fully subscribed and paid up (172,951,120 shares a par value as at 31 December 2017).

On June 14, 2018, 902,547 new shares of the Parent Company, from the scrip dividend, are admitted to trading on the stock exchanges of Barcelona, Madrid, Bilbao and Valencia. These shares are representative of the holders of 28.70% of the free allocation rights that chose to receive new shares instead of cash. As a consequence, the share capital of the Parent Company after the capital increase was increased by 108,305,64 euros, reaching 30 June 2018 to 20,862,440,04 euros (represented by 173,853,667 shares).

(Thousand Euro)

The shareholders with significant direct or indirect ownership interests in the share capital of Almirall, S.A. of over 3% of the share capital which are known to the Parent company, in accordance with the information contained in the official records of the Spanish National Securities Market Commission (CNMV) at 30 June 2018 and 31 December 2017, are as follows:

Name of direct holder of the ownership interest	**% interest 30/06/2018**	**% interest 31/12/2017**
Grupo Plafin, S,A,	41.1%	41.3%
Todasa, S,A,	25.2%	25.3%
Scopia Capital	4.0%	4.0%
Total	**70.3%**	**70.6%**

At 30 June 2018 and 31 December 2017, the parent Company is unaware of other ownership interests over 3% in the parent’s share capital or any voting rights held at the Parent company under 3% that permit significant influence to be exercised.

Share premium

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

During 2007 and as a result of several operations within the framework of the listing of all of the parent´s shares on Spanish stock markets, there was an increase in the share premium account amounting to € 105.8 million.

As a result of the increase in capital due to the flexible dividend, this reserve has increased by the difference between the nominal value of the shares and the equivalent value to the dividend, which amounts to € 10,063 thousand.

The balance of this reserve at 30 June 2018 was € 229,953 thousand (€ 219,890 thousand at 31 December 2017).

Legal reserve

The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Except for the purpose just mentioned, and as long as it does not exceed 20% of capital, the legal reserve may only be used to offset losses, provided that other available reserves are insufficient for this purpose.

The € 4,151 thousand disclosed under this heading at 30 June 2018 relates to the balance of the legal reserve of the parent company (same amount at 31 December 2017).

(Thousand Euro)

Other reserves

The breakdown of this heading is as follows:

	Thousand euro	
	30/06/2018	**31/12/2017**
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	831,416	1,168,238
Total other reserves	**872,567**	**1,209,391**

Canary Islands investment reserves

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

At 30 June 2018 and 31 December 2017 the balance of this reserve included in "Other Reserves" is € 3,485 thousand.

Redeemed capital reserves

The Spanish Companies Act stipulates that it is only possible to apply this reserve when the same requirements for share capital reductions are met.

The amount recognized by the parent in this reserve at 30 June 2018 and 31 December 2017 is € 30,539 thousand and it is included under “Other reserves”.

Revaluation reserve

Pursuant to corporate and commercial legislation, the parent restated 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 recognized) it may be appropriated to unrestricted reserves provided the monetary gain has been realized. The capital gain will be deemed to have been realized in an amount equal to the depreciation or amortization 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 balance of the parent company's "Revaluation Reserve" at 30 June 2018 and 31 December 2017 is included under “Other reserves” and amounts to € 2,539 thousand and is available.

(Thousand Euro)

Exchange differences

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

The breakdown of the balance of this caption at 30 June 2018 and 31 December 2017 is as follows:

	Thousand euro	
	30/06/2018	**31/12/2017**
Almirall, S,A,	-	68
Almirall Limited (UK)	(1,193)	(1,196)
Almirall, A,G,	-	(7)
Almirall SP, Z,O,O,	(121)	(52)
Almirall Aps	2	2
Almirall Limited (Canada)	(880)	(880)
Almirall Inc (USA) / Aqua Pharmaceuticals (USA)	24,527	18,905
Almirall Aesthetics Inc	(6,228)	(9,121)
Sub-group ThermiGen	1,146	2,128
Sub-group Poli	(4,800)	(5,845)
Total exchange differences	**12,453**	**4,002**

Movements in the six month period ended 30 June 2018 were as follows:

	Thousand euro
Balance at 31 December 2017	**4,002**
Variation due to Exchange differences	8,451
Balance at 30 June 2018	**12,453**

15. Deferred income

Movements recorded under this interim condensed consolidated balance sheet heading during the six month period ended 30 June 2018 are as follows:

	Thousand euro
Balance at 31 December 2017	**130,368**
Taken to profit and loss	(15,893)
Balance at 30 June 2018	**114,475**

During the first six months of 2018, the Group has not signed any agreements which give rise any deferred income in addition to the deferred income described in Note 6 of the consolidated annual accounts for the year ended 31 December 2017.

The main component of the balances at 30 June 2018 and 31 December 2017 set out above consist of amounts of the initially non-reimbursable collections described in Note 6-a to the consolidated annual accounts for 2017. The initial collections for the AstraZeneca rights transfer agreements yet to be taken to the income statement at 30 June 2018 are valued at €114.5 million (€130.4 million at 31 December 2017). Deferred income is taken to the income statement on a straight-line basis over the estimated development phase will take, At 30 June 2018, and in accordance with IFRS15 as detailed in Note 3, the “Revenues” caption in the income statement includes € 15,893 thousand relating to the allocation of the deferred income for the established development plan (€ 15,570 thousand registered under “Other income” in the same period in 2017).

(Thousand Euro)

16. Financial liabilities

During 2017, the parent company obtained a revolving line of credit for a maximum of €250 million, a term of 4 years and accruing an average interest rate of less than 1%. The group, except for the breach of any covenant, has no obligation to repay the balance, which at 30 June 2018 amounts to EUR 100 million (EUR 250 million at 31 December 2017) up to the expiration of the policy, and so is therefore classified as a long-term liability. This line of credit agreement requires the Group to comply with a series of covenants, including the fulfilment of a certain "net financial debt / EBITDA ratio”.

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

Additionally, the parties agree to exchange the difference between the exercise price and the fair value of the shares with a certain limit (Almirall assumes the fair value risk of the securities).

Until the expiration date, the settlement is settled by cash differences.

As a result, under the heading "Assets for derivative financial instruments" (Note 11), is has been recognized the fair value of the derivative related to the difference between the fair value of the underlying asset (948,931 shares, corresponding to 0.5% of the share capital of the Parent Company) and the acquisition cost thereof for Banco Santander, which as of June 30, 2018 amounts to €333 thousand. This derivative is recorded with changes in value in the profit and loss account (Note 20).

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

The breakdown of this heading at 30 June 2018 and 31 December 2017 is as follows:

	Limit	Drawn down	Current	Non-current		
				2020/2021	Remainder	Total
Credit facilities	250,000	100,000	-	-	100,000	100,000
Total at 30 June 2018	**250,000**	**100,000**	**-**	**-**	**100,000**	**100,000**

	Limit	Drawn down	Current	Non-current		
				2018	Remainder	Total
Credit facilities	250,000	250,000	-	-	250,000	-
Total at 31 December 2017	**250,000**	**250,000**	**-**	**-**	**250,000**	**-**

(Thousand Euro)

17. Other liabilities

The breakdown of this heading at 30 June 2018 and 31 December 2017 is as follows:

	Thousand euro				
	Current	Non-current			
		2020/2021	2022/2023	Remainder	Total
Research related loans	3,067	2,491	2,504	6,543	11,538
Payables on purchases of assets	47,692	48,819	3,829	1,463	54,111
Wages and salaries payable	22,913	246	707	2,286	3,239
Prepayments and guarantees received	650	-	-	-	-
Other liabilities	11,842	-	4,289	-	4,289
Total at 30 June 2018	**86,164**	**51,556**	**11,329**	**10,292**	**73,177**

	Thousand euro					
	Current	Non-current				
		2019	2020	2021	Other	Total
Research related loans	1,943	2,296	2,446	2,499	5,410	12,561
Payables on purchases of assets	132,755	27,329	3,600	1,400	-	32,329
Wages and salaries payable	29,029	1,301	515	1,133	-	2,948
Prepayments and guarantees received	1,891	-	-	-	-	-
Other payables	29,474	-	-	4,169	-	4,169
Total at 31 December 2017	**195,092**	**30,926**	**6,561**	**9,201**	**5,410**	**52,098**

The research-related loans involve the interest-free loans granted by the Ministry of Science and Technology to promote research. They are presented in accordance with Note 5-i to the consolidated annual accounts for the year ended 31 December 2017. 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 2018 and 2025.

Payables for asset purchases at 30 June 2018 and 31 December 2017 relate mainly to the outstanding payments for the acquisition of goods, products and marketing licenses made in the year and in prior years. The balance at 30 June 2018 includes the current and non-current part which is reimbursable for the agreement reached with Sun Pharma totaling € 46.2 million and € 21.4 million, respectively (€ 56.4 million and € 24.3 million, respectively, at 31 December 2017), which corresponds to the balancing entry in euro of the present value at 30 June 2018 of the future outstanding payments totaling USD 102 million for the purchase of the license concerned. It also includes current and non-current payables for the agreement with AstraZeneca totalling € 32.7 million, which correspond to the counter value in euros of the current value at June 30, 2018 of the future payables for the purchase of this license (see Note 9 to the consolidated annual accounts for the year ended 31 December 2017) and the current part of the payable for the agreement reached with Athenex.

The balance of Wages and salaries payable at June 30, 2018 and December 31, 2017 includes, mainly, the outstanding balances with the personnel corresponding to the accrued parts of the extra payments, as well as the bonuses for the Group,, At 30 June 2018 and 31 December 2017, as a result of the AstraZeneca transaction described in Note 6 to the consolidated annual accounts for the year ended 31 December 2017, the Group recognized an amount of € 11.8 million (same amount as of December 31, 2017) for research, launching and sales costs payable by the Group, In addition, as of December 31, 2017 there was also included the contingent payment to be done with respect to the purchase of Poli Group related to the compliance of certain level of the net sales, which amounted € 17.5 million and has been paid on June 5, 2018.

(Thousand Euro)

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

18. Retirement benefit obligations

Retirement benefit obligations mainly relate to the subsidiaries Almirall Hermal GmbH, Almirall AG and Polichem, S.A.. There has been no significant qualitative change in the retirement benefit liabilities at 30 June 2018 compared to those existing at 31 December 2017.

19. Provisions

The composition and movements recorded under this heading of the interim condensed consolidated balance sheet during the six month period ended 30 June 2018 were as follows:

	Thousand euro
	Total
Balance at 31 December 2017	**50,572**
Additions or allocations	182
Reversals	(2,032)
Transfers	(1,023)
Balance at 30 June 2018	**47,699**

There have been no significant variations with respect to December 31, 2017.

(Thousand Euro)

20. Income and expense

Revenue

The following table presents revenue for the six month periods ended 30 June 2018 and 2017, by commercial model:

	Thousand euro	
	2018	**2017**
Sales through own network	295,038	274,333
Sales through licensees	58,048	42,807
Corporate management and revenue not allocated to other segments	14,344	11,339
Total	**367,430**	**328,479**

The "Revenue" caption includes the effect of the application of IFRS 15 effective January 1, 2018, the impact of which amounts to € 18,374 thousand, as detailed in Note 3 (as of June 30, 2017, this effect amounted to € 20,792 thousand and was classified under "Other income").

The following table presents revenue for the six month periods ended 30 June 2018 and 2017, by geographic area:

	Thousand euro	
	2018	**2017**
Spain	129,461	104,249
Europe and Middle East	154,213	150,488
America, Asia and Africa	53,954	62,403
Corporate management and revenue not allocated to other segments	29,802	11,339
Total	**367,430**	**328,479**

Other income

The following table presents the composition of other income for the six month period ended 30 June 2018 and 2017:

	2018	**2017**
Income from development and/or marketing agreements (deferred income recognized in profit or loss) (Note 15)	-	15,570
Income from the AstraZeneca agreement (Note 11)	29,310	27,261
Re-invoicing of services rendered to AstraZeneca	246	1,628
Other	1,377	5,987
Total	**30,933**	**50,446**

As of June 30, 2018, the heading "Other income" has decreased due to the effect of the application of IFRS 15 with effect January 1, 2018, whose impact in the amount of € 18,374 thousand (Note 3) has been reclassified to the "Revenue" caption.

(Thousand Euro)

Procurements

This heading is analyzed below:

	Thousand euro	
	2018	**2017**
Purchases	92,558	85,059
Changes in inventories of finished goods and work in progress	(2,821)	1,935
Variation in inventories of raw materials and other consumables	(7,126)	948
Total	**82,611**	**87,942**

Personnel

The average number of Group employees, by professional category and gender was as follows at 30 June 2018 and 2017:

	2018			2017		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Senior management	37	10	47	62	16	78
Middle management	155	128	283	155	115	270
Technical personnel	478	566	1,044	542	645	1,187
Administrative personnel	151	265	416	124	250	374
Other	-	1	1	4	1	5
Total	**821**	**970**	**1,791**	**887**	**1,027**	**1,914**

The average number of employees at 30 June 2018 with a 33% or higher disability is 11 people (2 technical employees, 9 administrative employees) and 10 people (4 technical employees, 6 administrative employees and one under the category Other) at 31 December 2017.

The employees structure at 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018			31 December 2017		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Board member	1	-	1	1	-	1
Senior management	35	10	45	39	11	50
Middle management	153	126	279	160	119	279
Technical personnel	473	556	1,029	490	627	1,117
Administrative personnel	155	265	420	142	243	385
Other	-	1	1	-	1	1
Total	**817**	**958**	**1,775**	**832**	**1,001**	**1,833**

(Thousand Euro)

Net gains (losses) on disposals of assets

The detail of the net gain (loss) on disposals of non-current assets during the six month period ended 30 June 2018 and 2017 is as follows:

	Thousand euro			
	2018		2017	
	Profits	Losses	Profits	Losses
On the disposal or derecognition of intangible assets	-	-	-	-
On the disposal or derecognition of property, plant and equipment	-	(391)	-	(1)
	-	**(391)**	**-**	**(1)**
Net gain (loss) on asset disposals	**(391)**		**(1)**	

Financial income and expenses

The detail of net financial income/(expense) and exchange differences during the six month period ended 30 June 2018 and 2017 is as follows:

	Thousand euro			
	2018		2017	
	Income	Expense	Income	Expense
Income from other marketable securities	346	-	197	-
Other income and similar items	-	-	25	-
Financial and similar expenses	-	(2,005)	-	(20,529)
Exchange differences	-	(4,377)	13,290	-
Variation in fair value of financial derivatives (Note 16)	333	-	-	(1,900)
	680	**(6,382)**	**13,512**	**(22,429)**
Financial income/(expense)	**(5,702)**		**(9,817)**	

The heading “Financial expenses” included the cost of the penalty for the early redemption of the non-convertible bonds, (issued in 2014). The conditions of those bonds allowed early redemption by the Group with penalty costs that vary based on the gap between the early redemption date and the maturity date set out in the initial agreement and, therefore, the redemption of the bonds on 4 April 2017 had an impact on “Financial expense” in the amount of € 17.6 million, including the interest accrued in 2017 on the bonds up until their redemption, the cost of issuing the financing that had yet to be taken to the income statement at that date and the penalty costs deriving from the early redemption.

The benefit recorded under the heading "Variation in the fair value of financial derivatives" corresponds to the change in the fair value of the Equity swap explained in Notes 11 and 16.

(Thousand Euro)

21. Tax situation

Balances maintained with public entities,

Amounts receivable from and payable to public entities at 30 June 2018 and 31 December 2017 are as follows:

	Thousand euro	
	30/06/2018	**31/12/2017**
VAT refundable	12,527	8,061
Corporate income tax refundable	32,926	47,238
Other receivables	22	1,755
Total receivables	**45,475**	**57,054**
VAT payable	7,419	1,909
Personal income tax withholdings payable	3,793	3,137
Social security payable	3,275	3,412
Corporate income tax payable	2,943	4,181
Total payables	**17,430**	**12,639**

In July 2016, the tax authorities notified Almirall, S.A., in its capacity as representative of the tax group, the initiation of a review of the Corporate Income Tax (tax consolidation regime) for 2011, 2012 and 2013 and Value Added Tax, Withholdings and advance tax payments on income from capital, Withholdings and advance tax payments on employment/professional income, Withholdings and advance tax payments on lease income and Withholdings and advance tax payments on non-residents for the period June 2012 to December 2013.

Consequently, the Parent Company and the Spanish tax group companies of which the Parent Company of the Group is headquartered, are open to inspection for the years 2011 to 2017 for the Corporate Tax, from June 2012 to December 2017 for the Tax on the Value Added, Withholdings and income on account of movable capital, Withholdings and income on account of work / professional income, Withholdings and income on account real estate leases and Withholdings and income on account non-resident taxation and from the years 2014 to 2017 for the rest of taxes that are applicable to you.

During the 6-month period ended June 30, 2018 the following reviews have been started by the tax authorities with the foreign companies of the group indicated, which at the date of preparation of these annual accounts are still ongoing:

- Almirall Aesthetics and related parties (including Thermigen LLC), General inspection related to taxes for 2016.

- Almirall AG (Switzerland), Federal inspection related to taxes for 2013, 2014, 2015 and 2016.

- Almirall de Mexico SA de CV, company sold to Grünenthal in 2016. General inspection related to taxes for 2013.

Additionally, during 2017 and 2016 the following reviews were started by the tax authorities with the foreign companies of the group indicated, which at the date of preparation of these annual accounts are still ongoing:

- Almirall Inc and related parties (US), Federal inspection related to taxes for 2015.

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

The directors do not expect the indicated tax reviews to give rise to any liabilities that could significantly affect these interim condensed consolidated financial statements at 30 June 2018.

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

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

The income tax included in the income statement in the first 6 months of 2018, corresponds mainly to the tax impact on the improvement in the Group's margins. The income tax included in the income statement in the first 6 months of 2017, corresponds mainly to the tax impact on the negative carried forward balances from the US business.

Deferred taxes

In relation to the recoverability of assets through deferred taxes (mainly from the Spanish tax group), there has been no significant variation on the estimation of future results in the analysis of recovery described in note 21 of the annual report for the consolidated annual accounts as at 31 December 2017.

22. Business segments

Basis of segmentation

The segmentation principles used when preparing these interim consolidated financial statements for Almirall Group are consistent with those used when preparing the consolidated annual accounts for the year ended 31 December 2017. Those annual accounts provide details of bases and methodology used to prepare segment financial information.

(Thousand Euro)

Financial information by business segment

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

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

Segmented income statement for the six month period ended 30 June 2017:

	Sales through own network	Sales through licensee's	Research and development activities	Dermatology USA	Corporate management and results not allocated to other segments	Adjustments and reclassifications	Total
Revenue	235,135	41,273	-	37,914	14,157	-	328,479
Procurements	(71,433)	(19,172)	-	(9,430)	(14,063)	26,156	(87,942)
Gross Margin	**163,702**	**22,101**	**-**	**28,484**	**94**	**26,156**	**240,537**
Other income	235	18,818	1,053	1,449	28,891	-	50,446
Personnel expenses	(27,597)	(874)	(12,799)	(27,682)	(34,930)	-	(103,881)
Amortization/Depreciation	(16,963)	(5,697)	(4,159)	(15,219)	(11,600)	-	(53,637)
Net change in provisions	-	-	-	(4,832)	2,142	-	(2,691)
Other operating costs	(37,009)	(1,944)	(31,217)	(30,224)	(25,410)	-	(125,805)
Profit on disposal of fixed assets	-	-	-	-	-	-	-
Restructuring	-	-	-	-	-	-	-
Operating profit/(loss)	**82,368**	**32,404**	**(47,122)**	**(48,024)**	**(40,813)**	**26,156**	**4,969**
Result from disposal of assets	-	-	-	-	(6,087)	-	(6,087)
Impairments	-	-	-	(74,953)	(4,684)	-	(79,637)
Financial income/(expense)	-	-	-	(17,630)	8,713	-	(8,917)
Profit/(loss) before taxes	**82,368**	**32,404**	**(47,122)**	**(140,607)**	**(42,871)**	**26,156**	**(89,672)**
Corporate income tax	-	-	-	21,486	(4,933)	-	16,553
Net income attributable to the parent company	**82,368**	**32,404**	**(47,122)**	**(119,121)**	**(47,804)**	**26,156**	**(73,119)**

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

Almirall, S.A. and Subsidiaries (ALMIRALL Group)
Notes to the Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2018
(Thousand Euro)

Asset side of the segmented interim condensed consolidated balance sheet at 30 June 2018:

ASSETS	Sales through own network	Sales through licensees	Research and development activities	Dermatology USA	Corporate management and results not allocated to other segments	Total
Goodwill	235,143	45,416	-	27,102	35,407	343,068
Intangible assets	161,172	243,060	3	112,469	216,078	732,782
Property, plant and equipment	575	-	34,689	2,361	84,156	121,781
Financial assets	167	16	-	408	200,789	201,380
Deferred tax assets	4,038	8,971	-	663	252,063	265,735
NON-CURRENT ASSETS	**401,095**	**297,463**	**34,692**	**143,003**	**788,493**	**1,664,746**
Inventories	43,581	3,503	-	13,475	28,232	88,791
Trade and other receivables	42,717	30,228	244	12,949	6,752	92,890
Current tax assets	3,167	667	-	14,092	27,549	45,475
Current financial investments	-	-	-	-	5,986	5,986
Cash and other liquid assets	-	395	-	13,068	43,709	57,172
Other current assets	735	392	-	992	2,758	4,877
CURRENT ASSETS	**90,200**	**35,186**	**244**	**54,576**	**114,986**	**295,191**
TOTAL ASSETS	**491,295**	**332,648**	**34,936**	**197,578**	**903,479**	**1,959,937**

Additions of non-current assets by segment during the six month period ended 30 June 2018:

	Thousand euro					
	Sales through own network	**Sales through licensees**	**Research and development activities**	**Dermatology USA**	**Corporate management and results not allocated to other segments**	**Total**
Total additions of non-current assets	24,745	-	1,433	-	4,409	**30,587**

(Thousand Euro)

Asset side of the segmented interim condensed consolidated balance sheet at 31 December 2017:

ASSETS	Sales through own network	Sales through licensees	Research and development activities	Dermatology USA	Corporate management and results not allocated to other segments	Total
Goodwill	235,143	45,416	-	25,752	35,504	341,815
Intangible assets	147,615	251,206	4	115,701	215,790	730,316
Property, plant and equipment	643	-	36,268	4,296	87,110	128,317
Financial assets	173	16		1,130	190,640	191,959
Deferred tax assets	4,131	8,737		630	255,177	268,675
NON-CURRENT ASSETS	**387,705**	**305,375**	**36,272**	**147,509**	**784,221**	**1,661,083**
Inventories	33,868	2,845	-	21,280	25,750	83,743
Trade and other receivables	33,130	30,195	2,000	22,132	2,903	90,360
Current tax assets	7,980	395	-	10,927	37,752	57,054
Current financial investments	299	361	-	1,808	1,512	3,980
Cash and other liquid assets	89	-	-	-	68,595	68,684
Other current assets	-	1,644	-	17,318	192,580	211,542
CURRENT ASSETS	**75,366**	**35,440**	**2,000**	**73,465**	**329,092**	**515,363**
TOTAL ASSETS	**463,071**	**340,815**	**38,272**	**220,974**	**1,113,313**	**2,176,445**

Additions of non-current assets by segment during the six month period ended 30 June 2017:

	Thousand euro					
	Sales through own network	**Sales through licensees**	**Research and development activities**	**Dermatology USA**	**Corporate management and results not allocated to other segments**	**Total**
Total additions of non-current assets	59,603	8	4,168	7,500	45,055	**116,334**

23. Commitments acquired, contingent liabilities and contingent assets

a) Commitments acquired

As a result of the research and development activities carried out by the Group, firm agreements for € 7.9 million and € 0.6 million were entered into at 30 June 2018 and 31 December 2017, respectively, which would be paid in future years.

The rest of the commitments are maintained in accordance with the matters mentioned in notes to the consolidated annual accounts for 2017, and there have been no significant changes.

b) Contingent liabilities

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

(Thousand Euro)

c) Contingent assets

As a result of the operation with AstraZeneca described in Note 6-a to the consolidated annual accounts for 2017, the Group is entitled to receive payment of certain amounts for milestones related to certain regulatory and commercial events.

24. Related-party transactions

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

Balances and transactions with other related parties

During the six month periods ended 30 June 2018 and 2017 the group companies have carried out the following transactions with related parties and recorded the following balances at 30 June 2018 and 31 December 2017.

				Thousand euro	
Company	**Related party**	**Description**	**Year**	**Transactions - Income/(Expense)**	**Debtor/(Creditor) Balance**
Almirall, S.A.	Grupo Corporativo Landon, S.L.	Leases	2018	(1,420)	-
			2017	(1,346)	-
Almirall, S.A.	Grupo Corporativo Landon, S.L.	Reinvoicing of works	2018	42	42
			2017	62	32

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

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

25. Remuneration of the Board of Directors and Executives

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

During the six month periods ended 30 June 2018 and 2017, the amounts earned by executives who are not members of the parent's Board of Directors for all items (salaries, bonuses, per diems, remuneration in kind, indemnities, incentive plans and social security contributions) totaled €2,309 thousand and €2,549 thousand, respectively.

The remuneration accrued, paid and payable by the parent during the six month period ended 30 June 2018 and 2017 to the parent’s executives that do not pertain to the Board of Directors for multi-year incentive and loyalty plans and the SEUS Plan (see Note 5-x to the consolidated annual accounts for 2017) amounted to €459 thousand and €347 thousand, respectively. At the close of the six month period ended 30 June 2018 the balance of the provision for these plans amounts to €1,568 thousand (€1,424 thousand at 31 December 2017).

There are no pension commitments to Directors at 30 June 2018 and 2017.

During the six month periods ended 30 June 2018 and 2017, the amounts earned by current and past members of the Board of Directors for all items (salaries, bonuses, per diems, remuneration in kind, indemnities, incentive plans and social security contributions) totaled €1,056 thousand and €1,425 thousand, respectively, Life insurance has accrued in the amount of €7 thousand (€2,6 thousand in the same period in 2017).

During the six month periods ended 30 June 2018 and 2017, the compensation accrued, paid and payable to the parent company´s Board of Directors for multi-year incentive and loyalty plans totaled €520 thousand and €180 thousand, respectively. The accumulated ending balance at 30 June 2018 was €1,309 thousand (€1,528 thousand at 31 December 2017).

At 30 June 2018 and 2017, there were no pension or life insurance obligations to the current and former members of the Board of Directors of the Parent company.

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

During the six month period ended 30 June 2018 civil liability insurance premiums totaling €50 thousand (€47.9 thousand in 2017) that covers potential damages that may be caused by the members of the Board of Directors and senior management during the exercising of their duties.

26. Events after the reporting period

In relation to the tax inspection initiated in July 2016 by the Spanish Tax Authorities described in Note 21, on July 27, 2018 the final minutes have been received, which have been signed in accordance. These minutes do not imply any significant impact on these interim consolidated financial statements.

Additionally, on July 27, 2018 the Group received a positive opinion from the Committee for Medicinal Products for Human Use (CHMP, for its acronym in English) for the regulatory approval of tildrakizumab (license acquired from Sun Pharma, as described in the Note 17) by the European Medicines Agency (EMA).

Finally, readings of top-line results of two phase III trials of KX2-391 (license for a product under development acquired to Athenex) demonstrated the achievement of the primary endpoint in terms of efficacy. The Group has the commercialization rights for this product in the United States and Europe.