INTERIM REPORT FIRST HALF 2015

RECORDATI

Recordati, established in 1926,
is an international pharmaceutical group, listed on the Italian Stock Exchange
(Reuters RECI.MI, Bloomberg REC IM, ISIN IT 0003828271),
dedicated to the research, development,
manufacturing and marketing of pharmaceuticals
and pharmaceutical chemicals, with headquarters in Milan, Italy
and operations in the main European countries,
in Central and Eastern Europe, in Turkey,
in North Africa and in the United States of America.

MANAGEMENT REVIEW

HIGHLIGHTS

FIRST HALF 2015

REVENUE

€ (thousands)	First half 2015	%	First half 2014	%	Change 2015/2014	%
Total revenue	**539,060**	**100.0**	**507,621**	**100.0**	**31,439**	**6.2**
Italy	115,969	21.5	123,066	24.2	(7,097)	(5.8)
International	423,091	78.5	384,555	75.8	38,536	10.0

KEY CONSOLIDATED P&L DATA

€ (thousands)	First half 2015	%	First half 2014	%	Change 2015/2014	%
Revenue	539,060	100.0	507,621	100.0	31,439	6.2
EBITDA(1)	163,891	30.4	141,850	27.9	22,041	15.5
Operating income	145,225	26.9	121,796	24.0	23,429	19.2
Net income	103,243	19.2	83,045	16.4	20,198	24.3

(1) Earnings before interest, taxes, depreciation and amortization.

KEY CONSOLIDATED B/S DATA

€ (thousands)	30 June 2015	31 December 2014	Change 2015/2014	%
Net financial position(2)	(139,864)	(186,045)	46,181	(24.8)
Shareholders' equity	874,862	787,422	87,440	11.1

(2) Short-term financial investments, cash and cash equivalents, less bank overdrafts and loans which include the measurement at fair value of hedging derivatives (fair value hedge).

SECOND QUARTER 2015

REVENUE

€ (thousands)	Second quarter 2015	%	Second quarter 2014	%	Change 2015/2014	%
Total revenue	**263,314**	**100.0**	**247,259**	**100.0**	**16,055**	**6.5**
Italy	54,086	20.5	56,030	22.7	(1,944)	(3.5)
International	209,228	79.5	191,229	77.3	17,999	9.4

KEY CONSOLIDATED P&L DATA

€ (thousands)	Second quarter 2015	%	Second quarter 2014	%	Change 2015/2014	%
Revenue	263,314	100.0	247,259	100.0	16,055	6.5
EBITDA[1]	81,117	30.8	70,434	28.5	10,683	15.2
Operating income	71,754	27.3	59,609	24.1	12,145	20.4
Net income	51,275	19.5	40,279	16.3	10,996	27.3

(1) Earnings before interest, taxes, depreciation and amortization.

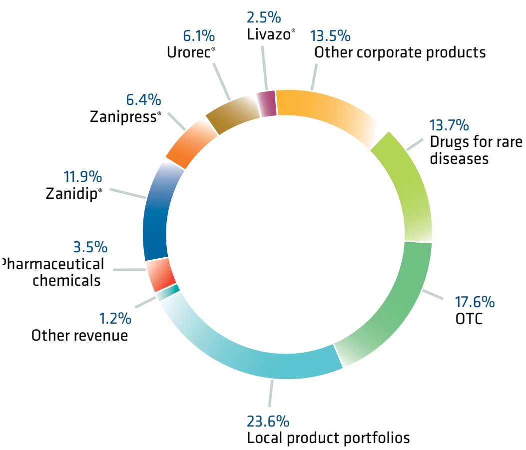
The first half 2015 results confirm continued revenue growth and further margin improvement. Consolidated revenue is € 539.1 million, up by 6.2% compared to the same period of the preceding year. International sales grow by 10.0%. EBITDA, at 30.4% of sales, is € 163.9 million, an increase of 15.5% over the first half of 2014. Operating income, at 26.9% of sales, is € 145.2 million, an increase of 19.2% while net income, at 19.2% of sales, is € 103.2 million, an increase of 24.3% over the first half of 2014.

Net financial position at 30 June 2015 records a net debt of € 139.9 million. Shareholders' equity increases to € 874.9 million.

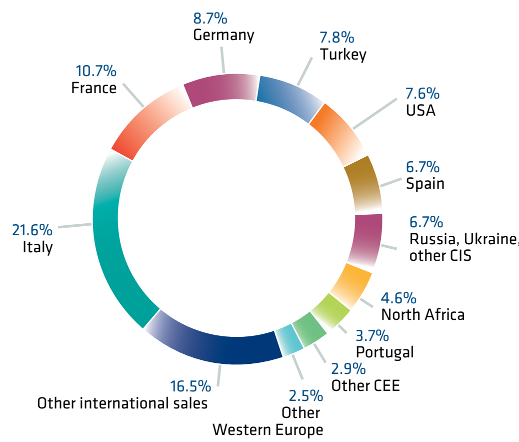
REVIEW OF OPERATIONS

Net consolidated revenue in the first half of 2015 is € 539.1 million, up 6.2% over the same period of the preceding year, with an increase in international sales of 10.0% to € 423.1 million, which represent 78.5% of total sales. Pharmaceutical sales are € 520.3 million, up by 6.2%. Pharmaceutical chemicals sales are € 18.8 million, up by 6.8%, and represent 3.5% of total revenues.

SALES BY BUSINESS



PHARMACEUTICAL SALES



The group's pharmaceutical business, which represents 96.5% of total revenue, is carried out in the main European markets, including Central and Eastern Europe, in Russia, in Turkey, in North Africa and in the United States of America through our own subsidiaries and in the rest of the world through licensing agreements with pharmaceutical companies of high standing. We have gradually extended our international presence through the acquisition of existing marketing organizations with the aim to add our proprietary products, and those obtained under multi-territorial licenses, to the local portfolios.

The performance of products sold directly in more than one market (corporate products) during the first half of 2015 is shown in the table below.

€ (thousands)	First half 2015	First half 2014	Change 2015/2014	%
Zanidip® (lercanidipine)	63,926	58,421	5,505	9.4
Zanipress® (lercanidipine+enalapril)	34,321	31,239	3,082	9.9
Urorec® (silodosin)	33,000	28,436	4,564	16.1
Livazo® (pitavastatin)	13,397	12,411	986	7.9
Other corporate products*	100,984	96,223	4,761	4.9
Drugs for rare diseases	73,933	60,299	13,634	22.6

** Include the OTC corporate products for an amount of € 28.0 million in 2015 and € 23.8 million in 2014.*

Zanidip® is a specialty containing lercanidipine, Recordati's original calcium channel blocker for the treatment of hypertension. Our lercanidipine based products are sold directly to the market by our own marketing organizations in Europe, including Central and Eastern Europe, in Russia, in Turkey and in North Africa. In the other markets they are sold by licensees, and in some of the above co-marketing agreements are in place.

€ (thousands)	First half 2015	First half 2014	Change 2015/2014	%
Direct sales	30,380	30,393	(13)	(0.0)
Sales to licensees	33,546	28,028	5,518	19.7
Total lercanidipine sales	**63,926**	**58,421**	**5,505**	**9.4**

Lercanidipine direct sales are substantially stable overall. Sales increase in Turkey and in Germany while they are down in France. Sales to licensees, which represent 52.5% of total lercanidipine sales, are up by 19.7% and grow significantly in Australia and in China.

Zanipress® is an original specialty also indicated for the treatment of hypertension developed by Recordati which consists of a fixed combination of lercanidipine with enalapril. To date this product is successfully marketed directly by Recordati and/or by its licensees in 25 countries.

€ (thousands)	First half 2015	First half 2014	Change 2015/2014	%
Direct sales	23,880	22,167	1,713	7.7
Sales to licensees	10,441	9,072	1,369	15.1
Total lercanidipine+enalapril sales	**34,321**	**31,239**	**3,082**	**9.9**

Direct sales of Zanipress® in the first half of 2015 are up by 7.7% mainly due to the performance of the product in Italy and in Turkey. Sales to licensees represent 30.4% of total Zanipress® sales and are up by 15.1%.

Urorec® (silodosin) is a specialty indicated for the treatment of symptoms associated with benign prostatic hyperplasia (BPH). Urorec® was initially launched in 2010. Currently the product has been successfully launched in 30 countries with sales of € 33.0 million in the first half of 2015, up 16.1% mainly due to the good performance of the product in Italy, Turkey and France. Urorec® was recently launched in Tunisia.

Sales of Livazo® (pitavastatin), a novel statin indicated for the reduction of elevated total and LDL cholesterol, in Spain, in Portugal, in Ukraine, in Greece and through a licensee in Switzerland are € 13.4 million during the first half of 2015, up by 7.9% due to the good performance of the product in Portugal, Spain and Greece.

In the first half of 2015 sales of other corporate products totaled € 101.0 million, up by 4.9% compared to the same period of the preceding year. These comprise both prescription and OTC products and are: Lomexin® (fenticonazole), Urispas® (flavoxate), Kentera® (oxybutynin transdermal patch), TransAct® LAT (flurbiprofen transdermal patch), Rupafin®/Wystamm® (rupatadine), Lopresor® (metoprolol), Procto-Glyvenol® (tribenoside), Tergynan® (fixed association of anti-infectives) as well as CitraFleet®, Casenlax®, Fleet enema and Fosfosoda®, gastroenterological products, Polydexa®, Isofra® and Otofa®, ENT anti-infective products, the Hexa line of products indicated for seasonal disorders of the upper respiratory tract, Abufene®, a product for menopausal symptoms, Muvagyn® a topical product for gynecological use and Virirec® (alprostadil), a topical product for erectile dysfunction recently launched in Spain.

Our specialties indicated for the treatment of rare and orphan diseases, marketed directly throughout Europe, in the Middle East and in the U.S.A., and through partners in other parts of the world, generated sales of € 73.9 million in the first half of 2015, up by 22.6% mainly due to the good performance of the U.S. business as well as to the positive foreign exchange effect following the revaluation of the U.S. dollar.

The pharmaceutical sales of the Recordati subsidiaries, which include the abovementioned product sales, are shown in the following table.

€ (thousands)	First half 2015	First half 2014	Change 2015/2014	%
Italy	112,679	119,692	(7,013)	(5.9)
France	55,502	55,260	242	0.4
Germany	45,324	40,537	4,787	11.8
Turkey	40,565	33,649	6,916	20.6
U.S.A.	39,766	27,659	12,107	43.8
Spain	34,821	33,778	1,043	3.1
Russia, other C.I.S. countries and Ukraine	34,649	39,315	(4,666)	(11.9)
North Africa	23,896	19,914	3,982	20.0
Portugal	19,057	18,018	1,039	5.8
Other C.E.E. countries	15,226	12,403	2,823	22.8
Other Western European countries	13,008	11,592	1,416	12.2
Other international sales	85,771	78,201	7,570	9.7
Total pharmaceutical revenue	**520,264**	**490,018**	**30,246**	**6.2**

Both years include sales as well as other income.

Sales in countries affected by strong currency exchange oscillations in 2014 and in 2015 are shown hereunder in their relative local currencies.

Local currency (thousands)	First half 2015	First half 2014	Change 2015/2014	%
Russia (RUB)	1,918,164	1,539,926	378,238	24.6
Turkey (TRY)	110,053	94,480	15,573	16.5
U.S.A. (USD)	44,370	37,871	6,499	17.2

Net revenues in Russia and in Turkey exclude sales of products for rare diseases.

Sales of pharmaceuticals in Italy are down by 5.9% compared to those of the same period of the preceding year due to the termination of the license for Entact® (escitalopram), an antidepressant, as from the month of June 2014. Urorec®, Zanipril®/Lercaprel® and Cardicor® (bisoprolol) are performing well and the treatments for rare diseases are growing significantly.

Pharmaceutical sales in France are up by 0.4%. Worth mentioning are the good performance of Urorec® and methadone as well as the introduction of CitraFleet®.

In Germany sales are up by 11.8% mainly thanks to the significant sales growth of Ortoton® (methocarbamol).

Sales in Turkey are up by 20.6% and include a positive currency exchange effect following the revaluation of the Turkish lira. In local currency sales of our Turkish subsidiary grow by 16.5% thanks mainly to the good performance of the corporate products Lercadip®, Urorec® and Zanipress® and of the local products Mictonorm® (propiverine), Kreval® (butamirate) and Cabral® (phenyramidol).

The group's pharmaceutical business in the U.S.A. is dedicated mainly to the marketing of products for the treatment of rare diseases. Sales in the first half of 2015 are € 39.8 million, up by 43.8%, and include a positive currency exchange effect following the strengthening of the U.S. dollar. Sales in local currency grow by 17.2%. The main products are Panhematin® (haemin for injection) for the amelioration of recurrent attacks of acute intermittent porphyria, Cosmegen® (dactinomycin for injection) used mainly in the treatment of three rare cancers and Carbaglu® (carglumic acid), indicated for the treatment of acute hyperammonaemia associated with NAGS deficiency.

In Spain sales are € 34.8 million, up by 3.1% mainly due to the performance of Livazo® and Urorec® and to the launch of Virirec® (alprostadil), a new topical treatment for erectile dysfunction. Sales of treatments for rare diseases are growing significantly.

Revenue generated in Russia, Ukraine and in the countries within the Commonwealth of Independent States (C.I.S.) is € 34.6 million, down by 11.9% compared to the same period of the preceding year mainly due to a negative currency exchange effect of € 11.5 million. Sales in Russia, in local currency, are RUB 1,918.2 million, up by 24.6% over the same period of the preceding year thanks to the growth of all products including the corporate products Procto-Glyvenol® and Urorec® and taking into account the low level of sales generated in the first half of 2014 following the reorganization of the distribution channel. Sales generated in Ukraine and in the C.I.S. countries, mainly Belarus, are € 4.4 million.

Sales in North Africa are € 23.9 million, up by 20.0%, and comprise both the export sales generated by Bouchara Recordati in these territories, in particular in Algeria, and sales generated by Opalia Pharma, the Tunisian pharmaceutical company acquired during the fourth quarter of 2013. Opalia Pharma sales in the first half of 2015 are € 11.9 million and include sales of products previously handled by Bouchara Recordati through local distribution agreements in Tunisia.

Sales in Portugal are up by 5.8% thanks mainly to the good performance of corporate products Livazo® and Urorec®.

Sales in other Central and Eastern European countries include the sales of Recordati subsidiaries in Poland, the Czech Republic, Slovakia and Romania, in addition to sales generated by Orphan Europe in this area. In the first half of 2015 they are up by 22.8% mainly due to the good performance of our Polish subsidiary.

Sales in other countries in Western Europe, up by 12.2%, comprise sales of products for the treatment of rare diseases in these countries and sales generated by Recordati Pharmaceuticals (U.K.), Recordati Ireland and Recordati Hellas Pharmaceuticals in their respective local markets. The increase in sales is to be attributed mainly to the good performance of the Greek subsidiary, in part thanks to the launch of Livazo® during 2014, as well as of the segment dedicated to treatments for rare diseases.

Other international sales grow by 9.7% and comprise the sales to, and other revenues from, our licensees for our corporate products, Bouchara Recordati's and Casen Recordati's export sales and Orphan Europe's exports worldwide excluding the U.S.A..

FINANCIAL REVIEW

INCOME STATEMENT

The following table shows the profit and loss accounts, including their expression as a percent of sales and change versus the first half of 2014:

€ (thousands)	First half 2015	% of revenue	First half 2014	% of revenue	Change 2015/2014	%
Revenue	**539,060**	**100.0**	**507,621**	**100.0**	**31,439**	**6.2**
Cost of sales	(172,289)	(32.0)	(171,038)	(33.7)	(1,251)	0.7
Gross profit	**366,771**	**68.0**	**336,583**	**66.3**	**30,188**	**9.0**
Selling expenses	(152,503)	(28.3)	(145,558)	(28.7)	(6,945)	4.8
R&D expenses	(37,911)	(7.0)	(40,698)	(8.0)	2,787	(6.8)
G&A expenses	(29,582)	(5.5)	(28,065)	(5.5)	(1,517)	5.4
Other income (expense), net	(1,550)	(0.3)	(466)	(0.1)	(1,084)	232.6
Operating income	**145,225**	**26.9**	**121,796**	**24.0**	**23,429**	**19.2**
Financial income (expense), net	(8,203)	(1.5)	(8,772)	(1.7)	569	(6.5)
Pretax income	**137,022**	**25.4**	**113,024**	**22.3**	**23,998**	**21.2**
Provision for income taxes	(33,779)	(6.3)	(29,979)	(5.9)	(3,800)	12.7
Net income	**103,243**	**19.2**	**83,045**	**16.4**	**20,198**	**24.3**
Attributable to:						
Equity holders of the parent	103,236	19.2	83,042	16.4	20,194	24.3
Minority interests	7	0.0	3	0.0	4	133.3

Revenue for the period is € 539.1 million, an increase of € 31.4 million compared to the first half of 2014. For a detailed analysis please refer to the preceding “Review of Operations”.

Gross profit is € 366.8 million with a margin of 68.0% on sales, a significant increase over that of the same period of the preceding year due to the higher proportion of higher margin product sales to total product sales.

Selling expenses increase less than sales and are therefore down as a percent of revenue compared to the same period of the preceding year thanks to the increased efficiency of the group’s commercial organizations. R&D expenses are € 37.9 million, down by 6.8% compared to those recorded in the first half of 2014 due to the interruption of expenses related to the phase III clinical trial ERNEST involving the product NX-1207 for benign prostatic hyperplasia under license from Nymox. G&A expenses are up by 5.4% remaining stable as percent of sales.

Other expenses net of other income are € 1.6 million and include an accrual of € 0.6 million for re-organization costs as well as € 0.4 million pay-back due to AIFA (the Italian medicines agency) in substitution for the 5% price reduction on selected products.

Net financial charges are € 8.2 million, a decrease of € 0.6 million compared to the same period of the preceding year due mainly to the reduction of interest charges related to medium/long-term loans.

The effective tax rate during the period is 24.7%, an improvement compared to that of the same period of the preceding year.

Net income at 19.2% of sales is € 103.2 million, an increase of 24.3% over the same period of the preceding year.

NET FINANCIAL POSITION

The net financial position is set out in the following table:

€ (thousands)	30 June 2015	31 December 2014	Change 2015/2014	%
Cash and short-term financial investments	186,754	136,990	49,764	36.3
Bank overdrafts and short-term loans	(9,963)	(8,552)	(1,411)	16.5
Loans – due within one year	(29,883)	(28,281)	(1,602)	5.7
Net liquid assets	146,908	100,157	46,751	46.7
Loans – due after one year	(286,772)	(286,202)	(570)	0.2
Net financial position	**(139,864)**	**(186,045)**	**46,181**	**(24.8)**

At 30 June 2015 the net financial position shows a net debt of € 139.9 million compared to net debt of € 186.0 million at 31 December 2014. During the second quarter dividends were paid for a total amount of € 49.2 million.

RELATED PARTY TRANSACTIONS

Tax liabilities shown in the consolidated balance sheet at 30 June 2015 include those payable to the controlling company Fimei S.p.A. for an amount of € 4.6 million. This amount refers to tax liabilities computed by the parent Recordati S.p.A. based on estimated taxable income and transferred to the controlling company consequent to the participation in a tax consolidation grouping under tax laws in Italy.

Except for the above, to our knowledge, no transactions or contracts have been entered into with related parties that can be considered significant, in value or conditions, or which could in any way materially affect the accounts.

SECOND QUARTER 2015 REVIEW

The following table shows the profit and loss accounts, including their expression as a percent of sales and change versus the second quarter of 2014:

€ (thousands)	Second quarter 2015	% of revenue	Second quarter 2014	% of revenue	Change 2015/2014	%
Revenue	**263,314**	**100.0**	**247,259**	**100.0**	**16,055**	**6.5**
Cost of sales	(83,996)	(31.9)	(84,043)	(34.0)	47	(0.1)
Gross profit	**179,318**	**68.1**	**163,216**	**66.0**	**16,102**	**9.9**
Selling expenses	(74,525)	(28.3)	(70,049)	(28.3)	(4,476)	6.4
R&D expenses	(18,019)	(6.8)	(19,912)	(8.1)	1,893	(9.5)
G&A expenses	(14,231)	(5.4)	(13,603)	(5.5)	(628)	4.6
Other income (expense), net	(789)	(0.3)	(43)	0.0	(746)	n.s.
Operating income	**71,754**	**27.3**	**59,609**	**24.1**	**12,145**	**20.4**
Financial income (expense), net	(4,475)	(1.7)	(4,685)	(1.9)	210	(4.5)
Pretax income	**67,279**	**25.6**	**54,924**	**22.2**	**12,355**	**22.5**
Provision for income taxes	(16,004)	(6.1)	(14,645)	(5.9)	(1,359)	9.3
Net income	**51,275**	**19.5**	**40,279**	**16.3**	**10,996**	**27.3**
Attributable to:						
Equity holders of the parent	51,272	19.5	40,278	16.3	10,994	27.3
Minority interests	3	0.0	1	0.0	2	200.0

Net revenue is € 263.3 million, up by 6.5% over the second quarter 2014. Pharmaceutical sales are € 253.3 million, up by 6.2%. Pharmaceutical chemical sales are € 10.1 million, up by 14.0%.

Gross profit is € 179.3 million with a margin of 68.1% on sales, a significant increase over that of the same period of the preceding year due to the higher proportion of higher margin product sales to total product sales.

Selling expenses increase in line with sales growth. R&D expenses are down by 9.5% compared to those recorded in the second quarter of 2014 due to the interruption of expenses related to the phase III clinical trial ERNEST involving the product NX-1207 for benign prostatic hyperplasia under license from Nymox. G&A expenses increase by 4.6%, slightly down as percent of sales.

Other expenses net of other income are € 0.8 million and include an accrual of € 0.6 million for re-organization costs as well as € 0.2 million pay-back due to AIFA (the Italian medicines agency) in substitution for the 5% price reduction on selected products.

Net financial charges are € 4.5 million, a decrease of € 0.2 million compared to the second quarter 2014 due mainly to the reduction of interest charges related to medium/long-term loans.

Net income at 19.5% of sales is € 51.3 million, an increase of 27.3% over the same period of the preceding year.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

The group's business performance during July was in line with the first half and consequently targets for the full year 2015 were reviewed upwards of those announced on 12 February 2015. Expectations are now to achieve sales of around € 1,040 million, operating income of around € 270 million and net income of around € 190 million.

Milan, 29 July 2015

Giovanni Recordati
Chairman and Chief Executive Officer

CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2015

The consolidated condensed financial statements are presented in accordance with the International Accounting Standards (IAS) and the International Financial reporting Standards (IFRS) issued or revised by the International Accounting Standards Board (IASB) and adopted by the European Union, and were prepared in accordance with the IAS 34 requirements for interim reporting.

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2015

INCOME STATEMENT

€ (thousands)	First half 2015	First half 2014
Revenue	**539,060**	**507,621**
Cost of sales	(172,289)	(171,038)
Gross profit	**366,771**	**336,583**
Selling expenses	(152,503)	(145,558)
R&D expenses	(37,911)	(40,698)
G&A expenses	(29,582)	(28,065)
Other income (expense), net	(1,550)	(466)
Operating income	**145,225**	**121,796**
Financial income (expense), net	(8,203)	(8,772)
Pretax income	**137,022**	**113,024**
Provision for income taxes	(33,779)	(29,979)
Net income	**103,243**	**83,045**
Attributable to:		
Equity holders of the parent	103,236	83,042
Minority interests	7	3
Earnings per share		
Basic	€ 0.504	€ 0.409
Diluted	€ 0.494	€ 0.393

Earnings per share (EPS) are based on average shares outstanding during each year, 204,754,003 in 2015 and 202,930.868 in 2014, net of average treasury stock which amounted to 4,371,153 shares in 2015 and to 6,194,288 shares in 2014.
Diluted earnings per share is calculated taking into account stock options granted to employees.

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 30 JUNE 2015

ASSETS

€ (thousands)	30 June 2015	31 December 2014
Non-current assets		
Property, plant and equipment	101,819	92,273
Intangible assets	263,390	266,018
Goodwill	462,574	463,474
Other investments	36,173	17,079
Other non-current assets	3,848	4,743
Deferred tax assets	34,389	33,021
Total non-current assets	**902,193**	**876,608**
Current assets		
Inventories	145,194	141,223
Trade receivables	207,607	179,029
Other receivables	23,960	32,316
Other current assets	7,241	4,927
Fair value of hedging derivatives *(cash flow hedge)*	10,585	4,132
Short-term financial investments, cash and cash equivalents	186,754	136,990
Total current assets	**581,341**	**498,617**
Total assets	**1,483,534**	**1,375,225**

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 30 JUNE 2015

EQUITY AND LIABILITIES

€ (thousands)	30 June 2015	31 December 2014
Shareholders' equity		
Share capital	26,141	26,141
Additional paid-in capital	83,719	83,719
Treasury stock	(23,817)	(30,727)
Hedging reserve *(cash flow hedge)*	4,656	(683)
Translation reserve	(49,219)	(56,314)
Other reserves	43,935	29,865
Retained earnings	686,130	627,240
Net income for the year	103,236	161,187
Interim dividend	0	(53,080)
Group shareholders' equity	**874,781**	**787,348**
Minority interest	81	74
Shareholders' equity	**874,862**	**787,422**
Non-current liabilities		
Loans – due after one year	286,772	286,202
Staff leaving indemnities	18,684	18,388
Deferred tax liabilities	29,450	21,553
Other non-current liabilities	3,113	3,102
Total non-current liabilities	**338,019**	**329,245**
Current liabilities		
Trade payables	113,478	112,536
Other payables	68,301	64,886
Tax liabilities	17,359	12,541
Other current liabilities	655	903
Provisions	26,852	25,784
Fair value of hedging derivatives *(cash flow hedge)*	4,162	5,075
Loans – due within one year	29,883	28,281
Bank overdrafts and short-term loans	9,963	8,552
Total current liabilities	**270,653**	**258,558**
Total equity and liabilities	**1,483,534**	**1,375,225**

RECORDATI S.P.A. AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2015

€ (thousands)	First half 2015	First half 2014
Net income for the period	**103,243**	**83,045**
Gains/(losses) on cash flow hedges	5,339	(1,511)
Gains/(losses) on translation of foreign financial statements	7,095	1,490
Other gains/(losses)	13,494	1,105
Income and expense for the period recognized directly in equity	**25,928**	**1,084**
Comprehensive income for the period	**129,171**	**84,129**
Attributable to:		
Equity holders of the parent	129,164	84,126
Minority interests	7	3

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ (thousands)	Share capital	Additional paid-in capital	Treasury stock	Hedging reserve	Translation reserve	Other reserves	Retained earnings	Net income for the period	Interim dividend	Minority Interest	Total
Balance at 31.12.2013	**26,141**	**83,719**	**(37,791)**	**(2,270)**	**(42,853)**	**25,776**	**559,878**	**133,678**	**(44,526)**	**68**	**701,820**
Allocation of 2013 net income:											
- Dividends								(66,841)	44,526		**(22,315)**
- Retained earnings							66,837	(66,837)			
Change in the reserve for share based payments						(354)	928				574
Disposal of own shares			8,236				(201)				8,035
Other changes							(94)				(94)
Comprehensive income for the year				(1,511)	1,490	1,105		83,042		3	84,129
Balance at 30.06.2014	**26,141**	**83,719**	**(29,555)**	**(3,781)**	**(41,363)**	**26,527**	**627,348**	**83,042**	**0**	**71**	**772,149**
Balance at 31.12.2014	**26,141**	**83,719**	**(30,727)**	**(683)**	**(56,314)**	**29,865**	**627,240**	**161,187**	**(53,080)**	**74**	**787,422**
Allocation of 2014 net income:											
- Dividends							(13,318)	(88,926)	53,080		**(49,164)**
- Retained earnings							72,261	(72,261)			
Change in the reserve for share based payments						576	788				1,364
Purchase of own shares			(2,224)								(2,224)
Disposal of own shares			9,134				(829)				8,305
Other changes							(12)				(12)
Comprehensive income for the year				**5,339**	**7,095**	**13,494**		**103,236**		**7**	**129,171**
Balance at 30.06.2015	26,141	83,719	(23,817)	4,656	(49,219)	43,935	686,130	103,236	0	81	874,862

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2015

€ (thousands)	First half 2015	First half 2014
Operating activities		
Cash flow		
Net Income	103,243	83,045
Depreciation of property, plant and equipment	6,124	5,746
Amortization of intangible assets	12,542	14,308
Write-downs	0	652
Total cash flow	**121,909**	**103,751**
(Increase)/decrease in deferred tax assets	(1,368)	(2,069)
Increase/(decrease) in staff leaving indemnities	296	80
Increase/(decrease) in other non-current liabilities	7,908	(35)
	128,745	**101,727**
Changes in working capital		
Trade receivables	(28,578)	(12,547)
Inventories	(3,971)	4,293
Other receivables and other current assets	6,042	(576)
Trade payables	942	(319)
Tax liabilities	4,818	(2,242)
Other payables and other current liabilities	3,167	(12,678)
Provisions	1,068	(3,617)
Changes in working capital	**(16,512)**	**(27,686)**
Net cash from operating activities	**112,233**	**74,041**
Investing activities		
Net (investments)/disposals in property, plant and equipment	(15,670)	(7,217)
Net (investments)/disposals in intangible assets	(493)	(3,073)
Net (increase)/decrease in other equity investments	0	(1,686)
Net (increase)/decrease in other non-current receivables	895	96
Net cash used in investing activities	**(15,268)**	**(11,880)**
Financing activities		
Medium/long term loans granted	50,084	29,820
Re-payment of loans	(51,452)	(8,299)
Increase in treasury stock	(2,224)	0
Decrease in treasury stock	8,305	8,035
Effect on shareholders' equity of application of IAS/IFRS	(6,262)	1,679
Other changes in shareholders' equity	(12)	(94)
Dividends paid	(49,164)	(22,315)
Change in translation reserve	2,113	1,029
Net cash from/(used in) financing activities	**(48,612)**	**9,855**
Changes in short-term financial position	**48,353**	**72,016**
Short-term financial position at beginning of year *	128,438	18,247
Short-term financial position at end of period *	176,791	90,263

** Includes cash and cash equivalents net of bank overdrafts and short-term loans.*

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

1. GENERAL

The consolidated condensed financial statements at 30 June 2015 comprise Recordati S.p.A. (the Company) and subsidiaries controlled by the Company. The companies included in the consolidated accounts, the consolidation method applied, their percentage of ownership and a description of their activity are set out in attachment 1. During the period ended 30 June 2015 the consolidation perimeter changed following the incorporation of SGAM Al Kantara Co II s.a.r.l. by Recordati S.A. Chemical and Pharmaceutical Company and the liquidation of Recordati Services Sp z o.o..

These financial statements are presented in euro (€) and all amounts are rounded to the nearest thousand euro unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The first half consolidated condensed financial statements were prepared in accordance with the IAS 34 requirements for interim reporting. The statements do not include the full information required for the annual financial statements and must therefore be read together with the annual report for the full year ended 31 December 2014, prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Valuation exercises, in particular complex calculations such as those required to identify impairment loss, are carried out in depth only for the preparation of the year-end consolidated financial statements, except when there is an indication that an asset has suffered an impairment loss which would require an immediate estimate of the loss.

Disclosure of the net financial position and of events subsequent to the end of the period are included under the preceding management review.

3. REVENUE

Net revenue for the first half 2015 is € 539.1 million (€ 507.6 million in the same period of the preceding year) and can be broken down as follows:

€ (thousands)	First half 2015	First half 2014	Change 2015/2014
Net sales	531,183	501,081	30,102
Royalties	2,488	1,941	547
Up-front payments	3,520	2,430	1,090
Other revenue	1,869	2,169	(300)
Total revenue	**539,060**	**507,621**	**31,439**

4. OPERATING EXPENSES

Overall operating expenses in the first half 2015 are € 393.8 million, an increase as compared to the € 385.8 million in the same period of the preceding year and are analyzed by function. Personnel costs are € 123.9 million and include a cost for stock options of € 1.4 million. Total depreciation and amortization charges are € 18.7 million, a reduction of € 1.4 million compared to those of the first half of 2014.

The following table summarizes the main components of other income (expense) which comprises non-recurring events, operations and matters which are not often repeated in the ordinary course of business.

€ (thousands)	First half 2015	First half 2014	Change 2015/2014
Amounts due to the Italian public healthcare scheme	(391)	(335)	(56)
Accrual for re-organization costs	(600)	0	(600)
Write-down of intangible assets	0	(617)	617
Others	(559)	486	(1,045)
Total other income (expense), net	**(1,550)**	**(466)**	**(1,084)**

The amount due to the Italian public healthcare scheme refers to the pay back due to the Italian medicines agency (AIFA) in substitution for the 5% price reduction on selected products. This mechanism which was already applied during previous years, was extended to 2015. The amount due is based on the sales of the selected products during 2014 and is spread equally over the year.

5. FINANCIAL INCOME AND EXPENSE

In the first half 2015 and in the same period of 2014 financial items record a net expense of € 8.2 million and € 8.8 million respectively and are comprised as follows:

€ (thousands)	First half 2015	First half 2014	Change 2015/2014
Currency exchange gains (losses)	(1,462)	(81)	(1,381)
Interest expense on loans	(4,650)	(5,821)	1,171
Net interest income (expense) on short-term financial position	(1,954)	(2,641)	687
Interest cost in respect of defined benefit plans	(137)	(229)	92
Total financial income (expense), net	**(8,203)**	**(8,772)**	**569**

6. PROPERTY, PLANT AND EQUIPMENT

The composition and variation of property, plant and equipment are shown in the following table:

€ (thousands)	Land & buildings	Plant & machinery	Other equipment	Advances/ construction in progress	Total
Cost					
Balance at 31 December 2014	58,021	197,023	58,944	27,075	341,063
Additions	11	358	181	3,915	4,465
Disposals	0	(18)	(27)	0	(45)
Other changes	1,566	8,205	514	(11,349)	(1,064)
Balance at 30 June 2015	**59,651**	**205,743**	**59,557**	**31,364**	**356,315**
Accumulated depreciation					
Balance at 31 December 2014	35,068	168,150	45,572	0	248,790
Depreciation for the period	1,039	3,324	1,761	0	6,124
Disposals	0	(18)	(426)	0	(444)
Other changes	99	(98)	25	0	26
Balance at 30 June 2015	**36,206**	**171,358**	**46,932**	**0**	**254,496**
Carrying amount at					
30 June 2015	23,445	34,385	12,625	31,364	101,819
31 December 2014	22,953	28,873	13,372	27,075	92,273

The additions during the period refer mainly to investments in the Italian plants and in the headquarters building (€ 2.1 million) and in the Turkish subsidiary due to the advancement of the construction of a new production plant (€ 13.8 million).

7. INTANGIBLE ASSETS

The composition and variation of intangible assets are shown in the following table:

€ (thousands)	Patent rights and marketing authorizations	Distribution, license, trademark and similar rights	Other	Advance payments	Total
Cost					
Balance at 31 December 2014	316,833	147,285	16,952	6,333	487,403
Additions	32	234	85	390	741
Disposals	(298)	0	0	(183)	(481)
Other changes	10,817	882	(33)	(305)	11,361
Balance at 30 June 2015	**327,384**	**148,401**	**17,004**	**6,235**	**499.024**
Accumulated amortization					
Balance at 31 December 2014	110,053	95,446	15,886	0	221,385
Amortization for the period	7,683	4,694	165	0	12,542
Disposals	(233)	0	0	0	(233)
Other changes	1,332	621	(13)	0	1.940
Balance at 30 June 2015	**118,835**	**100,761**	**16,038**	**0**	**235,634**
Carrying amount at					
30 June 2015	208,549	47,640	966	6,235	263,390
31 December 2014	206,780	51,839	1,066	6,333	266,018

The net decrease of the overall carrying value of € 2.6 million, as compared to that at 31 December 2014, is the result of amortization charges for the period (€ 12.5 million) and an increase in the equivalent value of the intangible assets held in the U.S.A. and in Russia following the revaluation of the local currencies compared to the Euro (€ 9.9 million).

8. GOODWILL

Net goodwill at 30 June 2015, amounting to € 462.6 million, relates to the operational areas, which represent the same number of cash generating units:

- France: € 45.8 million;
- Russia: € 29.6 million;
- Germany: € 48.8 million;
- Portugal: € 32.8 million;
- Treatments for rare diseases business: € 110.6 million;
- Turkey: € 83.1 million;
- Czech Republic: € 13.0 million;
- Romania: € 0.2 million;
- Poland: € 15.7 million;
- Spain: € 58.1 million;
- Tunisia: € 24.9 million.

Goodwill related to acquisitions made in countries outside the European Monetary Union is calculated in local currency and converted into Euro at the period-end exchange rate. Conversion at 30 June 2015 resulted in an overall decrease of € 0.9 million, compared to that at 31 December 2014, which is associated with the acquisitions in Turkey (decrease of € 4.7 million), Russia (increase of € 2.4 million), Tunisia (increase of € 0.9 million), Poland (increase of € 0.3 million) and the Czech Republic (increase of € 0.2 million).

In compliance with IFRS 3 goodwill is no longer amortized. Instead, it shall be tested for impairment on an annual basis or more frequently if specific events or circumstances indicate a possible loss of value. During the period no events or circumstances arose to indicate possible value loss related to any of the abovementioned items.

9. OTHER INVESTMENTS

At 30 June 2015 other investments amount to € 36.2 million and increase by € 19.1 million compared to those at 31 December 2014. During the period the shares of the U.S. company PureTech Ventures LLC were exchanged with those of the new U.K. company PureTech Health plc, specialized in investment in start-up companies dedicated to new therapies, medical devices and new research technologies. Starting 19 June 2015 the shares of the new company were admitted to trading on the London Stock Exchange. At 30 June 2015 the overall fair value of the 9.554.140 shares held is of € 23.2 million. The € 17.9 million increase in value compared to that at 31 December 2014 is booked as income for the period recognized directly in equity, net of the relative tax effect, and shown on the statement of comprehensive income.

This account also comprises € 12.8 million relative to an investment made during 2012 in Erytech Pharma S.A., a late development stage French biopharmaceutical company focused on orphan oncology and rare diseases. The original investment of € 5.0 million consisting of a non interest bearing loan was converted into 431,034 shares of the company in May 2013. As compared to 31 December 2014 the value of the investment was increased by € 1.2 million to bring it in line with its fair value. This amount, net of its tax effect, is booked to equity and shown on the statement of comprehensive income.

10. DEFERRED TAX ASSETS AND LIABILITIES

At 30 June 2015 deferred tax assets are € 34.4 million, an increase of € 1.4 million compared to those at 31 December 2014. Deferred tax liabilities are € 29.5 million, an increase of € 7.9 million compared to those at 31 December 2014.

11. SHAREHOLDERS' EQUITY

Shareholders' Equity at 30 June 2015 is € 874.9 million, an increase of € 87.4 million compared to that at 31 December 2014 for the following reasons:

- net income for the period (increase of € 103.2 million);
- cost of stock option plans set-off directly in equity (increase of € 1.4 million);
- disposal of 1,355,000 own shares in treasury stock to service the stock option plans (increase of € 8.3 million);
- purchase of 127,562 own shares (decrease of € 2.2 million);
- change in the fair value of hedging derivatives qualifying as a cash flow hedge, net of the relative tax effect (increase of € 5.3 million);
- application of IAS/IFRS (incease of € 13.5 million), almost entirely due to the increase in fair value of the holdings in PureTech Health plc and in Erytech Pharma S.A., net of the tax effect;
- translation adjustments (increase of € 7.1 million);
- balance of dividend payment (decrease of € 49.2 million).

The Italian subsidiary of Orphan Europe is 99% owned giving rise to a minority interest of € 81.0 thousand.

As at 30 June 2015 the Company has two stock option plans in favor of certain group employees in place, the 2010-2013 plan, under which options were granted on 9 February 2011, on 8 May 2012, on 17 April 2013 and on 30 October 2013 and the 2014-2018 plan under which options were granted on 29 July 2014. The strike price of the options is the average of the parent company's listed share price during the 30 days prior to the grant date. Stock options are vested over a period of five years and those not exercised within the eighth year of the date of grant expire. Options cannot be exercised if the employee leaves the company before they are vested.

Stock options outstanding at 30 June 2015 are analyzed in the following table.

	Strike price (€)	Options outstanding at 1.1.2015	Options granted during 2015	Options exercised during 2015	Options cancelled or expired	Options outstanding at 30.6.2015
Date of grant						
27 October 2009*	4.8700	35,000	-	(35,000)	-	-
9 February 2011	6.7505	2,192,500	-	(520,000)	(70,000)	1,602,500
8 May 2012	5.3070	3,412,500	-	(672,500)	(115,000)	2,625,000
17 April 2013	7.1600	190,000	-	(47,500)	-	142,500
30 October 2013	8.9300	360,000	-	(80,000)	-	280,000
29 July 2014	12.2900	6,075,000	-	-	(80,000)	5,995,000
Total		**12,265,000**	**-**	**(1,355,000)**	**(265,000)**	**10,645,000**

** Options exercised within the mandatory period at 31 December 2014 but shares not yet formally transferred.*

At 30 June 2015, 3,480,232 own shares are held as treasury stock, a decrease of 1,227,438 shares as compared to those at 31 December 2014. The change is to be attributed to the sale of 1,355,000 shares for an overall value of € 8.3 million to service the exercise of stock options issued under the stock option plans and to the purchase of 127,562 shares for an amount of € 2.2 million. The overall purchase cost of the shares held in treasury stock is € 23.8 million with an average unit price of € 6.84.

12. LOANS

At 30 June 2015 medium and long-term loans are € 316.7 million, an increase of € 2.2 million compared to those at 31 December 2014. This change is determined by new loans for an amount of € 50.1 million, reimbursements during the period for an amount of € 51.4 million and by an increase of € 3.5 million arising from the conversion of loans in foreign currency.

In May 2015 a loan agreement with UniCredit was undersigned by the Parent company for an amount of € 50.0 million and the residual amount of € 41.7 million from the loan obtained from the same institution on 26 November 2013 was prematurely reimbursed. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 80 basis points (as opposed to the 190 basis points in the previous agreement) and a duration of 5 years with semi-annual repayments of capital from November 2015 through May 2020. The loan is partly covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges on a portion of the debt from variable to a fixed rate of 1.734%. The measurement at fair value at 30 June 2015 of the swap covering € 37.5 million generated a liability of € 0.7 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are:

- the ratio of consolidated net debt to EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled.

The main long-term loans outstanding are:

a) A loan agreement with ING Bank for an amount of € 30.0 million, originally undersigned by the Parent company on 8 January 2014, was re-negotiated on 17 June 2015 with only the interest rate being changed. Main terms are: variable interest rate equivalent to the six months' euribor plus a spread of 85 basis points (as opposed to the 190 basis points in the previous agreement), and reimbursement of principal at the end of every six months starting July 2016 through January 2020. The loan was simultaneously covered with an interest rate swap qualifying as a cash flow hedge transforming the interest payable on the entire debt to a fixed interest rate of 1.913% following the above mentioned re-negotiation. The fair value measurement of the swap at 30 June 2015 generated a liability of € 0.8 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The ING Bank loan agreement contains covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

   - the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
   - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

   The above conditions are amply fulfilled.

b) A loan agreement with IFC-World Bank undersigned by the subsidiary Recordati Ilaç on 16 October 2014 for an amount of 71.6 million Turkish lira to finance the construction of a new production plant. Main terms are: variable interest rate equivalent to the three months' trlibor plus a spread of 162 basis points, 8 year duration and reimbursement of principal at the end of every three months starting November 2016 through August 2022. The conversion of the loan into euros at 30 June 2015 resulted in a reduction of the liability by € 1.4 million as compared to that at 31 December 2014 due to the devaluation of the Turkish lira. The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are:

   - the ratio of consolidated net debt to consolidated shareholders' equity must be less than 0.75;
   - the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
   - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

   The above conditions were amply fulfilled.

c) Privately placed guaranteed senior notes privately placed by the Parent company on 30 September 2014 for an amount of $ 75 million in two tranches: $ 50 million at a fixed interest rate of 4,28% to be reimbursed bi-annually as from 30 March 2022 through 30 September 2026, and $ 25 million at a fixed interest rate of 4.51% to be reimbursed bi-annually as from 30 March 2023 through 30 September 2029. The loan was simultaneously covered with two currency rate swaps transforming the overall debt to € 56.0 million, of which € 37.3 million at a fixed interest rate of 2.895% on the 12 year tranche and € 18.7 million at a fixed interest rate of 3.15% on the 15 year tranche. At 30 June 2015 the measurement at fair value of the hedging instruments generated an overall positive amount of € 10.6 million recognized directly to equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current assets (see Note 17).

   The note purchase agreement covering the senior guaranteed notes issued by Recordati S.p.A. includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

   - the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
   - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

   The above conditions were amply fulfilled during the period.

d) A loan agreement with Banca Nazionale del Lavoro undersigned by the Parent Company on 30 September 2013 for an amount of € 50 million, cashed-in net of expenses and commissions of € 0.6 million. Main terms are: variable interest rate equivalent to the six months' euribor plus a spread (which following a re-negotiation of the agreement was reduced from 200 to 70 basis points as from 1 April 2015) and 5 year duration with reimbursement of principal in 8 installments due at the end of every six months starting March 2015 through September 2018. The residual amount of the loan amounts to € 43.3 million at 30 June 2015. The loan was simultaneously covered with an interest rate swap qualifying as a cash flow hedge transforming the interest payable on the entire debt to a fixed interest which now stands at 1.6925% following re-negotiation. The measurement at fair value of the swap at 30 June 2015 generated a liability of € 0.7 million recognized directly in equity and under current liabilities as 'Fair value of hedging derivatives (cash flow hedge)' (see Note 17). The loan agreement contains covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

   - the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
   - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

   The above conditions are amply fulfilled.

e) Senior guaranteed notes issued by Recordati Rare Diseases Inc. privately placed with U.S. investors on 13 June 2013 to fund the acquisition of a portfolio of products for the treatment of rare and other diseases sold mainly in the United States of America. The loan comprises two series of notes for a total of $ 70 million, of which $ 40 million ten year bullet and 4.55% coupon and $ 30 million twelve year bullet and 4.70% coupon. The conversion of the loan into euros at 30 June 2015 resulted in an increase of the liability by € 4.9 million as compared to that at 31 December 2014 due to the revaluation of the U.S. dollar. The note purchase agreement covering the senior guaranteed notes issued by Recordati Rare Diseases Inc. includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

   - the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
   - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

   The above conditions were amply fulfilled during the period.

f) A loan agreement with Centrobanca undersigned by the Parent company on 30 November 2010 to fund a three year research and investment program. The loan, for which Centrobanca received funding from the European Investment Bank, amounts to € 75.0 million of which € 30.0 million were cashed in during 2010 and € 45.0 million in the first quarter of 2011, net of the € 0.3 million expenses. The main terms and conditions provide for a variable interest rate and a duration of 12 years with semi-annual repayments of capital from June 2012 through December 2022. The residual amount of the loan amounts to € 51,0 million at 30 June 2015. During the month of June 2012 interest on the whole loan was covered with an interest rate swap qualifying as a cash flow hedge. The current interest rate on the loan is 2.575%. The measurement at fair value of the hedging instrument at 30 June 2015 generated a liability of € 2.0 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

- the ratio of consolidated net debt to consolidated net equity must be less than 0.75;
- the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
- the ratio of consolidated EBITDA to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled during the period.

13. STAFF LEAVING INDEMNITIES

The staff leaving indemnity fund at 30 June 2015 is of € 18.7 million, substantially unchanged as compared to that at 31 December 2014, and is measured as prescribed by IAS 19.

14. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at 30 June 2015 are € 3.1 million and refer to:

- the residual amount due, determined according to the purchase agreement, for the acquisition of the Polish company Farma-Projekt (€ 0.6 million) payable in 2016;
- the € 2.5 million debt for the acquisition of a further 10% of the share capital of Opalia Pharma which, in line with the put and call options in the purchase agreement, is expected to be settled not before the next 12 months.

15. CURRENT ASSETS

Inventories are € 145.2 million, an increase of € 4.0 million compared to those stated at 31 December 2014.

Trade receivables at 30 June 2015 are € 207.6 million, an increase of € 28.6 million compared to that at 31 December 2014 due to the substantial growth in sales. Trade receivables are stated net of a € 11.8 million provision for doubtful accounts which reflects the collection risk connected with certain customers and geographic areas.

Days sales outstanding are 66, slightly higher compared to the 62 days at 31 December 2014.

Other receivables, at € 24.0 million, decrease by € 8.4 million compared to those at 31 December 2014 mainly due to a decrease in tax receivable of € 9.4 million and an increase in other current receivables of € 1.0 million.

Other current assets are € 7.2 million and refer mainly to prepaid expenses.

16. CURRENT LIABILITIES

Trade payables, which include the accrual for invoices to be received, are € 113.5 million.

Other payables are € 68.3 million, an increase of € 3.4 million compared to those at 31 December 2014, and relate mainly to amounts owed to personnel and social security institutions. This account also includes:

- an amount of € 8.4 million due to U.S. health insurance by Recordati Rare Diseases;
- € 2.5 million payable to the "Krankenkassen" (German health insurance) by Recordati Pharma GmbH;
- € 1.4 million payable to the Italian Regional authorities by Recordati S.p.A. and Innova Pharma S.p.A. resulting from the 1.83% claw-back applicable on the price to the public before VAT of pharmaceutical products reimbursed by the National Health Service;
- the current portion of the residual amount due for the acquisition of Farma-Projekt (€ 0.6 million);
- the € 1.4 million payment deferred to 2015 for the acquisition of 90% of the share capital of Opalia Pharma;
- an accrual of € 0.4 million for the current portion of the pay back due to AIFA (see Note 4).

Tax payables are € 17.4 million, an increase of € 4.8 million compared to those at 31 December 2014.

Provisions are € 26.9 million, an increase of € 1.1 million compared to those at 31 December 2014.

17. FAIR VALUE OF HEDGING DERIVATIVES (CASH FLOW HEDGE)

The currency rate swaps covering the cash flows related to the notes issued and privately placed on 30 September 2014, for an amount of $ 75 million, measured at fair value at 30 June 2015 give rise to a € 10.6 million asset recognized under current assets as 'Fair value of hedging derivatives *(cash flow hedge)*'. This amounts represents the potential benefit of a lower value in euros of the future dollar denominated capital and interest flows, in view of the revaluation of the foreign currency subsequent to the moment in which the loan and hedging instrument were negotiated. In particular, the change in fair value of the hedging instrument covering the $ 50 million tranche of the loan, provided by Mediobanca, was positive for an amount of € 7.1 million, and that covering the $ 25 million tranche of the loan, provided by UniCredit, yielded a € 3.5 million positive value change.

The measurement at fair value of the interest rate swaps covering the cash flows related to medium and long-term loans gave rise to a net € 4.2 million liability at 30 June 2015 recognized under current liabilities as 'Fair value of hedging derivatives *(cash flow hedge)*'. This amount represents the unrealized opportunity of paying the current expected future rates instead of the rates agreed. The amount refers to the interest rate swaps to cover the interest rate risk associated with the loans granted by Centrobanca (€ 2.0 million), Banca Nazionale del Lavoro (€ 0.7 million), ING Bank (€ 0.8 million) and by UniCredit (€ 0.7 million).

18. SHORT-TERM FINANCIAL INVESTMENTS, CASH AND CASH EQUIVALENTS

Short term financial investments, cash and cash equivalents at 30 June 2015 are € 186.8 million, an increase of € 49.8 million compared to those at 31 December 2014. They are mostly denominated in Euro, U.S. Dollars and Pounds Sterling and comprise mainly current accounts and short-term deposits.

19. BANK OVERDRAFTS AND SHORT-TERM LOANS

Bank overdrafts and short-term loans are € 10.0 million at 30 June 2015 and are comprised mainly of temporary use of lines of credit, current account overdrafts and interest accrued on existing loans.

20. OPERATING SEGMENTS

The financial information reported by line of business and by geographical area, in compliance with IFRS 8 – *Operating segments*, is prepared using the same accounting principles and reporting standards used for the preparation and disclosure of the Group consolidated financial statements. Following the acquisition of Orphan Europe two main business segments can be identified, the pharmaceutical segment and the orphan drugs segment.

The following table shows financial information for these two business segments as at 30 June 2015 and includes comparative data.

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated	Consolidated accounts
First half 2015				
Revenues	465,127	73,933	-	539,060
Expenses	(351,641)	(42,194)	-	(393,835)
Operating income	**113,486**	**31,739**	**-**	**145,225**
First half 2014				
Revenues	447,289	60,332	-	507,621
Expenses	(348,749)	(37,076)	-	(385,825)
Operating income	98,540	23,256	-	121,796

** Includes the pharmaceutical chemicals operations*

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated **	Consolidated accounts
30 June 2015				
Non-current assets	672,707	193,313	36,173	902,193
Inventories	129,890	15,304	-	145,194
Trade receivables	177,738	29,869	-	207,607
Other current assets	27,243	3,958	10,585	41,786
Short-term investments, cash and cash equivalents	-	-	186,754	186,754
Total assets	**1,007,578**	**242,444**	**233,512**	**1,483,534**
Non-current liabilities	47,026	1,528	289,465	338,019
Current liabilities	194,243	32,401	44,009	270,653
Total liabilities	**241,269**	**33,929**	**333,474**	**608,672**
Net capital employed	**766,309**	**208,515**		
31 December 2014				
Non-current assets	669,910	189,619	17,079	876,608
Inventories	126,284	14,939	-	141,223
Trade receivables	155,924	23,105	-	179,029
Other current assets	28,364	8,879	4,132	41,375
Short-term investments, cash and cash equivalents	-	-	136,990	136,990
Total assets	**980,482**	**236,542**	**158,201**	**1,375,225**
Non-current liabilities	39,906	840	288,499	329,245
Current liabilities	184,837	31,813	41,908	258,558
Total liabilities	**224,743**	**32,653**	**330,407**	**587,803**
Net capital employed	**755,739**	**203,889**		

* *Includes the pharmaceutical chemicals operations.*
** *Non-allocated amounts include: other equity investments, short-term investments, cash and cash equivalents, loans, hedging instruments, bank overdrafts and short-term loans.*

The pharmaceutical chemicals operations are considered part of the pharmaceutical segment as they are prevalently dedicated to the production of active ingredients for this business, both from a strategic and organizational point of view.

21. LITIGATION AND CONTINGENT LIABILITIES

The parent company and some subsidiaries are party to certain legal actions, the outcomes of which are not expected to result in any significant liability.

On 29 September 2006 the Company received a notice of tax assessment from the Internal Revenue Service stating certain additional taxes for the fiscal year 2003 in the amount of: corporate tax of € 2.3 million, IRAP of € 0.2 million and VAT of € 0.1 million and additional tax liabilities of € 2.6 million. The Company believed no amount was due as it considered the assessment flawed both from a legitimacy as well as a substantive point of view, and was supported in its position by professional opinion. An appeal was therefore filed with the Provincial Tax Commission of Milan. The first degree judgement before the Provincial Tax Commission was concluded partially in the Company's favour with decision n. 539/33/07 dated 11 October 2007, filed on 16 October 2007. An appeal was filed against that judgment with the Regional Tax Commission of Milan firstly by the Milan office of the Tax Authorities with notice served on 8 November 2008 and secondly by the Company with notice served on 7 January 2009. With a decision dated June 10, 2009 n. 139/32/09, filed on November 27, 2009 the Regional Tax Commission of Milan rejected the interlocutory appeal presented by the Company and accepted the principal appeal of the *Agenzia delle Entrate di Milano* (Inland Revenue of Milan). On the basis of that decision, the claims included in the above mentioned tax assessment for the year 2003 have been essentially fully confirmed and the Company has paid all amounts due. On 26 May 2010 the Company appealed that decision before the *Corte Suprema di Cassazione* (Supreme Court of Cassation).

RECORDATI S.P.A. AND SUBSIDIARIES
SUBSIDIARIES INCLUDED IN THE CONSOLIDATED ACCOUNTS AT 30 JUNE 2015

ATTACHMENT 1.

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI S.p.A. Development, production, marketing and sales of pharmaceuticals and pharmaceutical chemicals	Italy	26,140,644.50	Euro	Line-by-line
RECOFARMA S.r.l. Dormant, holds pharmaceutical marketing rights	Italy	1,258,400.00	Euro	Line-by-line
INNOVA PHARMA S.p.A. Marketing and sales of pharmaceuticals	Italy	1,920,000.00	Euro	Line-by-line
CASEN RECORDATI S.L. Development, production, marketing and sales of pharmaceuticals	Spain	238,966,000.00	Euro	Line-by-line
RECORDATI S.A. Chemical and Pharmaceutical Company Holding company	Luxembourg	82,500,000.00	Euro	Line-by-line
BOUCHARA RECORDATI S.A.S. Development, production, marketing and sales of pharmaceuticals	France	4,600,000.00	Euro	Line-by-line
RECORDATI PORTUGUESA LDA Dormant	Portugal	24,940.00	Euro	Line-by-line
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA Dormant, holds pharmaceutical marketing rights in Brazil	Brazil	166.00	BRL	Line-by-line
RECORDATI RARE DISEASES Inc. Development, production, marketing and sales of pharmaceuticals	U.S.A.	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD Development, production, marketing and sales of pharmaceuticals	Ireland	200,000.00	Euro	Line-by-line
RECORDATI S.A. Provision of services, holds pharmaceutical marketing rights	Switzerland	2,000,000.00	CHF	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. Development, production, marketing and sales of pharmaceuticals	France	14,000,000.00	Euro	Line-by-line
RECORDATI PHARMA GmbH Marketing and sales of pharmaceuticals	Germany	600,000.00	Euro	Line-by-line
RECORDATI PHARMACEUTICALS LTD Marketing and sales of pharmaceuticals	United Kingdom	15,000,000.00	GBP	Line-by-line
RECORDATI HELLAS PHARMACEUTICALS S.A. Marketing and sales of pharmaceuticals	Greece	13,900,000.00	Euro	Line-by-line
JABA RECORDATI S.A. Marketing and sales of pharmaceuticals	Portugal	2,000,000.00	Euro	Line-by-line
JABAFARMA PRODUTOS FARMACÊUTICOS S.A. Marketing of pharmaceuticals	Portugal	50,000.00	Euro	Line-by-line
BONAFARMA PRODUTOS FARMACÊUTICOS S.A. Marketing of pharmaceuticals	Portugal	50,000.00	Euro	Line-by-line
RECORDATI ORPHAN DRUGS S.A.S. Holding company	France	57,000,000.00	Euro	Line-by-line
ORPHAN EUROPE SWITZERLAND GmbH Marketing and sales of pharmaceuticals	Switzerland	20,000.00	CHF	Line-by-line

PERCENTAGE OF OWNERSHIP										
Recordati S.p.A. *(Parent)*	Recordati S.A. *(Lux)*	Recordati Pharma GmbH	Bouchara Recordati S.A.S.	Casen Recordati S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe S.A.R.L.	Herbacos Recordati s.r.o.	Recordati Ilaç A.Ş.	Opalia Pharma S.A.	Total
100.00										100.00
100.00										100.00
68.447	31.553									100.00
100.00										100.00
99.94	0.06									100.00
98.00	2.00									100.00
	99.398					0.602				100.00
	100.00									100.00
	100.00									100.00
	100.00									100.00
			100.00							100.00
	55.00			45.00						100.00
3.33	96.67									100.00
0.68	99.32									100.00
				100.00						100.00
				100.00						100.00
				100.00						100.00
	90.00	10.00								100.00
					100.00					100.00

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
ORPHAN EUROPE MIDDLE EAST FZ LLC Marketing and sales of pharmaceuticals	United Arab Emirates	100,000.00	AED	Line-by-line
ORPHAN EUROPE NORDIC A.B. Marketing and sales of pharmaceuticals	Sweden	100,000.00	SEK	Line-by-line
ORPHAN EUROPE PORTUGAL LDA Marketing and sales of pharmaceuticals	Portugal	5,000.00	Euro	Line-by-line
ORPHAN EUROPE S.A.R.L. Development, production, marketing and sales of pharmaceuticals	France	320,000.00	Euro	Line-by-line
ORPHAN EUROPE UNITED KINGDOM LTD Marketing and sales of pharmaceuticals	United Kingdom	50,000.00	GBP	Line-by-line
ORPHAN EUROPE GERMANY GmbH Marketing and sales of pharmaceuticals	Germany	25,600.00	Euro	Line-by-line
ORPHAN EUROPE SPAIN S.L. Marketing and sales of pharmaceuticals	Spain	1,775,065.49	Euro	Line-by-line
ORPHAN EUROPE ITALY S.R.L. Marketing and sales of pharmaceuticals	Italy	40,000.00	Euro	Line-by-line
ORPHAN EUROPE BENELUX BVBA Marketing and sales of pharmaceuticals	Belgium	18,600.00	Euro	Line-by-line
FIC MEDICAL S.A.R.L. Marketing of pharmaceuticals	France	173,700.00	Euro	Line-by-line
HERBACOS RECORDATI s.r.o. Development, production, marketing and sales of pharmaceuticals	Czech Republic	25,600,000.00	CZK	Line-by-line
RECORDATI SK s.r.o Marketing and sales of pharmaceuticals	Slovakia	33,193.92	Euro	Line-by-line
RUSFIC LLC Marketing and sales of pharmaceuticals	Russian Federation	3,560,000.00	RUB	Line-by-line
RECOFARMA ILAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.S. Marketing of pharmaceuticals	Turkey	10,000.00	TRY	Line-by-line
RECORDATI ROMÂNIA S.R.L. Marketing and sales of pharmaceuticals	Romania	5,000,000.00	RON	Line-by-line
RECORDATI ILAÇ Sanayi Ve Ticaret A.Ş. Development, production, marketing and sales of pharmaceuticals	Turkey	120,875,367.00	TRY	Line-by-line
RECORDATI POLSKA Sp. z o.o. Marketing and sales of pharmaceuticals	Poland	4,500,000.00	PLN	Line-by-line
ACCENT LLC Holds pharmaceutical marketing rights	Russian Federation	20,000.00	RUB	Line-by-line
RECORDATI UKRAINE LLC Marketing of pharmaceuticals	Ukraine	1,031,896.30	UAH	Line-by-line
CASEN RECORDATI PORTUGAL Unipessoal Lda Marketing and sales of pharmaceuticals	Portugal	100,000.00	Euro	Line-by-line
OPALIA PHARMA S.A. Development, production, marketing and sales of pharmaceuticals	Tunisia	8,738,000.00	TND	Line-by-line
OPALIA RECORDATI S.A.R.L.(1) Marketing of pharmaceuticals	Tunisia	20,000.00	TND	Line-by-line
RECORDATI RARE DISEASES S.A. DE C.V. (1) Marketing of pharmaceuticals	Mexico	50,000.00	MXN	Line-by-line

(1) Established in 2014

PERCENTAGE OF OWNERSHIP										
Recordati S.p.A. *(Parent)*	Recordati S.A. *(Lux)*	Recordati Pharma GmbH	Bouchara Recordati S.A.S.	Casen Recordati S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe S.A.R.L.	Herbacos Recordati s.r.o.	Recordati Ilaç A.Ş.	Opalia Pharma S.A.	Total
					100.00					100.00
					100.00					100.00
					100.00					100.00
					100.00					100.00
						100.00				100.00
						100.00				100.00
						100.00				100.00
						99.00				99.00
					99.46	0.54				100.00
			100.00							100.00
0.08	99.92									100.00
							100.00			100.00
			100.00							100.00
								100.00		100.00
	100.00									100.00
				100.00						100.00
100.00										100.00
	100.00									100.00
	0.01		99.99							100.00
				100.00						100.00
	90.00									90.00
			1.00						99.00	100.00
	99.998					0.002				100.00

DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

1. The undersigned, Giovanni Recordati, in his capacity as the Chief Executive Officer of the Company, and Fritz Squindo, as the Manager responsible for the preparation of the Company's financial statements, pursuant to the provisions or Article 154-bis, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest to:

   - the adequacy with respect to the Company structure,
   - and the effective application,

   of the administrative and accounting procedures applied in the preparation of the Company's half year condensed consolidated financial statements at 30 June 2015.

2. The undersigned moreover attest that:

   2.1. the condensed consolidated financial statements at 30 June 2015:

   - have been prepared in accordance with the International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002;
   - correspond to the amounts shown in the Company's accounts, books and records; and
   - provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

   2.2. The related interim management report includes a reliable analysis of the significant events affecting the Company during the first six months of the current fiscal year, and the impact of such events on the Company's condensed financial statements as well as a description of the main risks and uncertainties for the second half of the year in addition to a reliable analysis of the information on the significant related party transactions.

Milan, 29 July 2015

Signed by

Giovanni Recordati
Chief Executive Officer

Fritz Squindo
Manager responsible for preparing the company's financial reports

RECORDATI

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