INTERIM REPORT FIRST HALF 2014

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 2014

REVENUE

€ (thousands)	First half 2014	%	First half 2013	%	Change 2014/2013	%
Total revenue	507,621	100.0	477,734	100.0	29,887	6.3
Italy	123,066	24.2	123,562	25.9	(496)	(0.4)
International	384,555	75.8	354,172	74.1	30,383	8.6

KEY CONSOLIDATED P&L DATA

€ (thousands)	First half 2014	% of revenue	First half 2013	% of revenue	Change 2014/2013	%
Revenue	507,621	100.0	477,734	100.0	29,887	6.3
EBITDA(1)	141,850	27.9	120,032	25.1	21,818	18.2
Operating income	121,796	24.0	102,556	21.5	19,240	18.8
Net income	83,045	16.4	70,295	14.7	12,750	18.1

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

KEY CONSOLIDATED B/S DATA

€ (thousands)	30 June 2014	31 December 2013	Change 2014/2013	%
Net financial position(2)	(211,008)	(261,031)	50,023	(19.2)
Shareholders’ equity	772,149	701,820	70,329	10.0

(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 2014

REVENUE

€ (thousands)	Second quarter 2014	%	Second quarter 2013	%	Change 2014/2013	%
Total revenue	247,259	100.0	233,157	100.0	14,102	6.0
Italy	56,030	22.7	59,683	25.6	(3,653)	(6.1)
International	191,229	77.3	173,474	74.4	17,755	10.2

KEY CONSOLIDATED P&L DATA

€ (thousands)	Second quarter 2014	% of revenue	Second quarter 2013	% of revenue	Change 2014/2013	%
Revenue	247,259	100.0	233,157	100.0	14,102	6.0
EBITDA(1)	70,434	28.5	58,700	25.2	11,734	20.0
Operating income	59,609	24.1	49,921	21.4	9,688	19.4
Net income	40,279	16.3	32,529	14.0	7,750	23.8

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

The first half 2014 results confirm both revenue growth and significant margin improvement. Consolidated revenue is € 507.6 million, up by 6.3% compared to the same period of the preceding year. International sales grow by 8.6%. EBITDA, at 27.9% of sales, is € 141.9 million, an increase of 18.2% over the first half of 2013. Operating income, at 24.0% of sales, is € 121.8 million, an increase of 18.8% while net income, at 16.4% of sales, is € 83.0 million, an increase of 18.1% over the first half of 2013.

Net financial position at 30 June 2014 records a net debt of € 211.0 million. Shareholders' equity increases to € 772.1 million.

COMPANY DEVELOPMENT NEWS

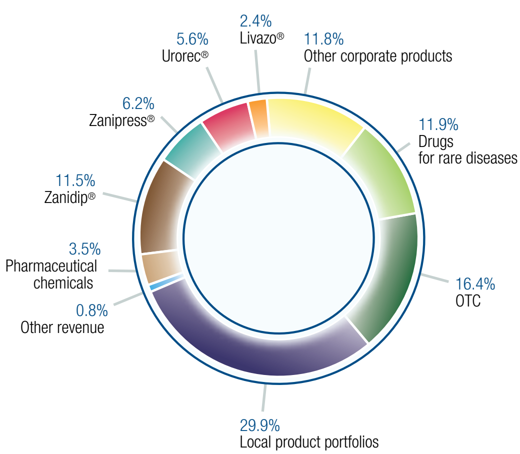
In February an exclusive license agreement was entered into with Apricus Biosciences Inc., a pharmaceutical company based in San Diego, U.S.A., for the marketing and sales of Vitaros® (alprostadil), an innovative topical product for the treatment of erectile dysfunction, in certain W. European countries including, among others, Spain, EU member countries in Central and Eastern Europe, Russia, Ukraine and the Commonwealth of Independent States (C.I.S.), Turkey and certain African countries. Vitaros® is approved for the treatment of erectile dysfunction by a number of European health authorities and by Health Canada. Vitaros® is a topically-applied cream formulation of alprostadil, a vasodilator, which directly increases blood flow to the penis, causing an erection. Alprostadil is an alternative to the PDE-5 inhibitors for difficult to treat patients and Vitaros® offers a patient-friendly form versus other alprostadil dosage forms.

In May the acquisition of a further 23% of the share capital of Opalia Pharma S.A., a Tunisian pharmaceutical company with headquarters in Ariana, near Tunis, was successfully concluded. This second tranche consists of share capital held by Tunisian shareholders. In October 2013, following permission received from the Tunisian anti-trust authorities, 67% of the share capital of Opalia Pharma S.A. held by non-Tunisian shareholders was acquired. An amount of € 22.6 million were paid at the closing. In May 2014, following permission granted by the *Commission Supérieure des Investissements* in Tunisia, a further 23% of the share capital of Opalia Pharma S.A. was acquired. The price of this portion of shares is of around € 5.9 million of which € 4.3 million already paid. Consequently, as of today Recordati holds 90% of the share capital of Opalia Pharma S.A., while the remaining 10% is held by Mrs. Alya El Hedda, one of the founders of Opalia Pharma S.A. and current General Manager of the company.

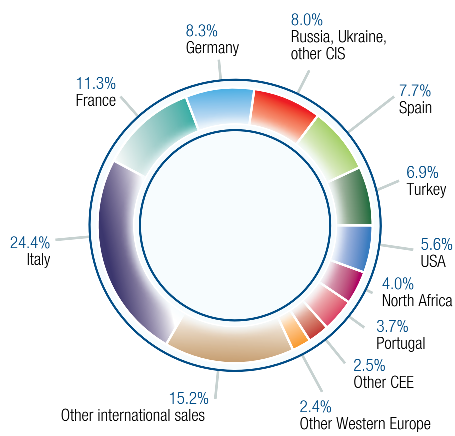
REVIEW OF OPERATIONS

Net consolidated revenue in the first half of 2014 is € 507.6 million, up 6.3% over the same period of the preceding year, with an increase in international sales of 8.6% to € 384.6 million, which represent 75.8% of total sales. Pharmaceutical sales are € 490.0 million, up by 6.3%. Pharmaceutical chemicals sales are € 17.6 million, up by 3.7%, and represent 3.5% of total revenues. The first half 2014 sales include those generated by the Spanish company Casen Fleet and the Tunisian company Opalia Pharma, acquired in October 2013 and consolidated as from 1 November 2013, for an amount of € 23.2 million and € 8.0 million respectively. During 2014 some currencies were significantly devalued, mainly the Russian ruble and the Turkish lira, the effect of which can be estimated to be of € 20.0 million on sales. Excluding the contribution from the new acquisitions and the negative currency effect sales growth would have been 3.6%.

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 2014 is shown in the table below.

€ (thousands)	First half 2014	First half 2013	Change 2014/2013	%
Zanidip® (lercanidipine)	58,421	61,252	(2,831)	(4.6)
Zanipress® (lercanidipine+enalapril)	31,239	29,328	1,911	6.5
Urorec® (silodosin)	28,436	22,684	5,752	25.4
Livazo® (pitavastatin)	12,411	11,157	1,254	11.2
Other corporate products*	65,808	55,278	10,530	19.0
Drugs for rare diseases	60,299	60,751	(452)	(0,7)

* Includes the OTC product Procto-Glyvenol®

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 2014	First half 2013	Change 2014/2013	%
Direct sales	30,393	31,644	(1,251)	(4.0)
Sales to licensees	28,028	29,608	(1,580)	(5.3)
Total lercanidipine sales	58,421	61,252	(2,831)	(4.6)

The reduction of lercanidipine direct sales is due mainly to lower volumes sold as a result of generic competition. Direct sales in Italy are down by 10.6% and in Turkey by 17.3% entirely due to a negative currency exchange effect, in France they are substantially stable and are growing by more than 25% in North Africa. Sales to licensees, which represent 48.0% of total lercanidipine sales, are down by 5.3%.

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 2014	First half 2013	Change 2014/2013	%
Direct sales	22,167	20,586	1,581	7.7
Sales to licensees	9,072	8,742	330	3.8
Total lercanidipine+enalapril sales	31,239	29,328	1,911	6.5

Direct sales of Zanipress® in the first half of 2014 are up by 7.7% mainly due to the performance of the product in Italy. Sales to licensees represent 29.0% of total Zanipress® sales and are up by 3.8%.

Urorec® (silodosin) is a new 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 25 countries with sales of € 28.4 million in the first half of 2014, up 25.4% mainly due to the good performance of the product in Italy, Spain, France and through licensees in other countries.

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 € 12.4 million during the first half 2014, up by 11.2%.

In the first half of 2014 sales of other corporate products totaled € 65.8 million, up by 19.0% compared to the same period of the preceding year. These comprise Lomexin® (fenticonazole), Urispas® (flavoxate), Kentera® (oxybutynin transdermal patch), TransAct® LAT (flurbiprofen transdermal patch), Rupafin®/ Wystamm® (rupatadine), Lopresor® (metoprolol), Procto-Glyvenol® (tribenoside) and Tergynan® (neomycin, nystatin, metronidazole) as well as CitraFleet®, Casenlax® and Fosfosoda®, three gastroenterological products which have become part of Recordati's international portfolio following the acquisition of Casen Fleet in 2013.

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 € 60.3 million in the first half 2014, a decrease of 0.7% due entirely to the termination of the Adagen® (pegademase bovine, indicated for the treatment of SCID-ADA deficiency) license in the main countries. All together the other products in the portfolio grow by 14.3%.

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

€ (thousands)	First half 2014	First half 2013	Change 2014/2013	%
Italy	119,692	120,679	(987)	(0.8)
France	55,260	57,200	(1,940)	(3.4)
Germany	40,537	36,987	3,550	9.6
Russia, other C.I.S. countries and Ukraine	39,315	44,305	(4,990)	(11.3)
Spain	37,758	15,562	22,196	142.6
Turkey	33,649	34,807	(1,158)	(3.3)
U.S.A.	27,659	23,920	3,739	15.6
North Africa	19,800	10,016	9,784	97.7
Portugal	18,018	15,651	2,367	15.1
Other C.E.E. countries	12,403	17,447	(5,044)	(28.9)
Other Western European countries	11,592	12,605	(1,013)	(8.0)
Other international sales	74,335	71,581	2,754	3.8
Total pharmaceutical revenue	490,018	460,760	29,258	6.3

Both years include sales as well as other income.

Sales of pharmaceuticals in Italy are down by 0.8% compared to those of the same period of the preceding year due to the termination of the license for Adagen®, a product indicated for the treatment of SCID-ADA deficiency, a rare disease, and of the license for Entact® (escitalopram), an antidepressant, as from the month of June. Urorec® (silodosin), Zanipril®/Lercaprel® (lercanidipine+enalapril), Cardicor® (bisoprolol) and TransAct® LAT (flurbiprofen transdermal patch) as well as the OTC products are performing well.

Pharmaceutical sales in France are down by 3.4% mainly due to the sales decrease of the OTC line of products indicated for the treatment of ENT disorders due to seasonal factors, and of the drugs for the treatment of rare diseases due to the termination of the Adagen® license. Urorec® (silodosin) and methadone are performing well.

In Germany sales are up by 9.6% thanks to the sales growth of Ortoton® (methocarbamol), of Zanipress® (lercanidipine+enalapril) and of the orthopedic product line.

Revenue generated in Russia, Ukraine and in the countries within the Commonwealth of Independent States (C.I.S.) is € 39.3 million, down by 11.3% compared to the same period of the preceding year mainly due to a negative currency exchange effect of € 6.4 million. Sales in Russia, in local currency, are RUB 1,570.5 million, up by 1.3% over the same period of the preceding year. As from January 2014 the distribution of products in the Russian territory is handled directly by our subsidiary and no longer through direct sales to importers. This has involved the setting up of local inventories and the consequent reduction of stocks held by the distributors. In the second quarter sales grow by 16.2% which has more than compensated for the decrease in the first quarter due to the reorganization of the distribution channel. Sales generated in the other C.I.S. countries, mainly Belarus, and in Ukraine are € 6.9 million.

In Spain sales are up by 142.6% and include sales of € 21.5 million generated by the Spanish pharmaceutical company Casen Fleet acquired in the fourth quarter of 2013. This company's main product is CitraFleet®, a preparation for colonoscopy, which is part of our corporate product portfolio as it is also marketed in other European countries. Livazo® (pitavastatin) and Urorec® (silodosin) are also performing well.

Sales in Turkey are down by 3.3% due to a negative currency exchange effect of € 10.9 million. In local currency sales of our Turkish subsidiary grow by 20.2% thanks mainly to the good performance of the corporate products Procto-Glyvenol® (tribenoside), Urorec® (silodosin) and Zanipress® (lercanidipine+enalapril) and of the local products Kreval® (butamirate), Cabral® (phenyramidol) and Mictonorm® (propiverine).

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 2014 are € 27.7 million, up by 15.6%. 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.

Sales in North Africa are € 19.8 million and comprise both the export sales generated by Bouchara Recordati in these territories, in particular in Algeria, which were previously shown under other international sales, 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 2014 are € 8.0 million.

Sales in Portugal are up by 15.1% thanks to the good performance of corporate products Livazo® (pitavastatin), TransAct® LAT and Urorec® (silodosin), and include sales of € 1.7 million generated by the products sold by the Portuguese subsidiary of the Spanish company Casen Fleet acquired in the fourth quarter of 2013.

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 2014 they are down by 28.9% mainly due to the performance of our Polish subsidiary. Also in Poland the distribution model changed at the beginning of 2014. Sales are now handled directly by our subsidiary which has resulted in de-stocking of the distribution channel.

Sales in other countries in Western Europe, down by 8.0%, comprise sales of products for the treatment of rare diseases in a number of countries and sales generated by Recordati Pharmaceuticals (U.K.), Recordati Ireland and Recordati Hellas Pharmaceuticals in their respective local markets. The decrease in sales in the first half 2014 is due mainly to the termination of the Adagen® license.

Other international sales grow by 3.8% and comprise the sales to, and other revenues from, our licensees for our corporate products, Bouchara Recordati's export sales excluding those in the C.I.S. and in North Africa which are reported separately, 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 2013:

€ (thousands)	First half 2014	% of revenue	First half 2013	% of revenue	Change 2014/2013	%
Revenue	507,621	100.0	477,734	100.0	29,887	6.3
Cost of sales	(171,038)	(33.7)	(165,660)	(34.7)	(5,378)	3.2
Gross profit	336,583	66.3	312,074	65.3	24,509	7.9
Selling expenses	(145,558)	(28.7)	(143,055)	(29.9)	(2,503)	1.7
R&D expenses	(40,698)	(8.0)	(37,949)	(7.9)	(2,749)	7.2
G&A expenses	(28,065)	(5.5)	(26,629)	(5.6)	(1,436)	5.4
Other income (expense), net	(466)	(0.1)	(1,885)	(0.4)	1,419	(75.3)
Operating income	121,796	24.0	102,556	21.5	19,240	18.8
Financial income (expense), net	(8,772)	(1.7)	(6,853)	(1.4)	(1,919)	28.0
Pretax income	113,024	22.3	95,703	20.0	17,321	18.1
Provision for income taxes	(29,979)	(5.9)	(25,408)	(5.3)	(4,571)	18.0
Net income	83,045	16.4	70,295	14.7	12,750	18.1
Attributable to:						
Equity holders of the parent	83,042	16.4	70,287	14.7	12,755	18.1
Minority interests	3	0.0	8	0.0	(5)	(62.5)

Revenue for the period is € 507.6 million, an increase of € 29.9 million compared to the first half of 2013. For a detailed analysis please refer to the preceding “Review of Operations”.

Gross profit is € 336.6 million with a margin of 66.3% on sales, an increase compared to that of the first half 2013 due to the higher proportion of higher margin products to total product sales following the addition to the portfolio of the products belonging to the two companies acquired in 2013 and the reduction in sales of Adagen® in the main markets and of Entact® in Italy, relatively low margin products.

Selling expenses as a percent of sales they are down compared to the same period of the preceding year due to the overall containment in all markets and synergies obtained with the integration of the newly acquired company in Spain. R&D expenses are € 40.7 million, up by 7.2% compared to those recorded in the first half 2013 due to the advancement of clinical trials for new products in development. G&A expenses are up by 5.4% but are substantially stable as percent of sales.

Other expenses net of other income are € 0.5 million and include the € 0.3 million pay-back due to AIFA (the Italian medicines agency) in substitution for the 5% price reduction on selected products.

Net financial charges are € 8.8 million, an increase of € 1.9 million compared to the same period of the preceding year due mainly to interest accrued on a higher level of indebtedness, in particular related to medium/long-term loans.

The effective tax rate during the period is 26.5%, substantially unchanged compared to that of the same period of the preceding year.

Net income at 16.4% of sales is € 83.0 million, an increase of 18.1% over the same period of the preceding year. Net income growth is lower than the growth in operating income due to the higher incidence of financial expenses.

NET FINANCIAL POSITION

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

€ (thousands)	30 June 2014	31 December 2013	Change 2014/2013	%
Cash and short-term financial investments	117,194	52,271	64,923	124.2
Bank overdrafts and short-term loans	(26,931)	(34,024)	7,093	(20.8)
Loans – due within one year[(1)]	(88,170)	(82,490)	(5,680)	6.9
Net liquid assets	2,093	(64,243)	66,336	(103.3)
Loans – due after one year[(1)]	(213,101)	(196,788)	(16,313)	8.3
Net financial position	(211,008)	(261,031)	50,023	(19.2)

(1) Includes the fair value of the hedging derivatives (fair value hedge).

At 30 June 2014 the net financial position shows a net debt of € 211.0 million compared to net debt of € 261.0 million at 31 December 2013. During the period a residual amount of € 2.7 million was paid for the acquisition of the Spanish company Casen Fleet, € 1.8 million were paid up-front to Apricus for the Vitaros® license agreement, an initial payment of € 4.3 million was made for the acquisition of a further 23% of the share capital of Opalia Pharma S.A. and dividends were distributed for a total of € 22.3 million.

In January Recordati S.p.A. obtained a 6 year loan for an amount of € 30.0 million to be reimbursed in 8 installments due at the end of every six months starting July 2016.

RELATED PARTY TRANSACTIONS

Tax liabilities shown in the consolidated balance sheet at 30 June 2014 include those payable to the controlling company Fimei S.p.A. for an amount of € 0.6 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 2014 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 2013:

€ (thousands)	Second quarter 2014	% of revenue	Second quarter 2013	% of revenue	Change 2014/2013	%
Revenue	**247,259**	**100.0**	**233,157**	**100.0**	**14,102**	**6.0**
Cost of sales	(84,043)	(34.0)	(80,300)	(34.4)	(3,743)	4.7
Gross profit	**163,216**	**66.0**	**152,857**	**65.6**	**10,359**	**6.8**
Selling expenses	(70,049)	(28.3)	(69,489)	(29.8)	(560)	0.8
R&D expenses	(19,912)	(8.1)	(19,481)	(8.4)	(431)	2.2
G&A expenses	(13,603)	(5.5)	(13,099)	(5.6)	(504)	3.8
Other income (expense), net	(43)	0.0	(867)	(0.4)	824	(95.0)
Operating income	**59,609**	**24.1**	**49,921**	**21.4**	**9,688**	**19.4**
Financial income (expense), net	(4,685)	(1.9)	(5,565)	(2.4)	880	(15.8)
Pretax income	**54,924**	**22.2**	**44,356**	**19.0**	**10,568**	**23.8**
Provision for income taxes	(14,645)	(5.9)	(11,827)	(5.1)	(2,818)	23.8
Net income	**40,279**	**16.3**	**32,529**	**14.0**	**7,750**	**23.8**
Attributable to:						
Equity holders of the parent	40,278	16.3	32,525	14.0	7,753	23.8
Minority interests	1	0.0	4	0.0	(3)	(75.0)

Revenue is € 247.3 million, up by 6.0% over the second quarter 2013. Pharmaceutical sales are € 238.4 million, up 5.9%. Pharmaceutical chemical sales are € 8.8 million, growing by 9.3%.

Gross profit is € 163.2 million with a margin of 66.0% on sales, an increase compared to that of the same period of the preceding year due to the higher proportion of higher margin products to total product sales following the addition to the portfolio of the products belonging to the two companies acquired in 2013 and the reduction in sales of Adagen® in the main markets and of Entact® in Italy, relatively low margin products.

Selling expenses as a percent of sales they are down compared to the same period of the preceding year due to the overall containment in all markets and synergies obtained with the integration of the newly acquired company in Spain. R&D expenses are € 19.9 million, up by 2.2% compared to those recorded in the second quarter 2013. G&A expenses are up by 3.8% but are substantially stable as percent of sales.

Net financial charges are € 4.7 million, a decrease of € 0.9 million compared to the second quarter 2013 due mainly to net currency exchange gains in the second quarter 2014 compared to the currency exchange losses in the same period of the preceding year.

Net income at 16.3% of sales is € 40.3 million, an increase of 23.8% over the same period of the preceding year.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

In July the U.S. Food and Drug Administration (FDA) granted approval of Orphan Europe's request for orphan drug designation for the use of Carbaglu® (carglumic acid) in the treatment of organic acidemias (OAs).

The group's business performance was in line with expectations during July. For the full year 2014, targets are to achieve sales of slightly below € 1,000 million, operating income of more than € 220 million and net income of more than € 150 million.

Milan, 29 July 2014

Giovanni Recordati
Chairman and Chief Executive Officer

CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2014

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 (IASB9 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 2014

INCOME STATEMENT

€ (thousands)	First half 2014	First half 2013
Revenue	507,621	477,734
Cost of sales	(171,038)	(165,660)
Gross profit	336,583	312,074
Selling expenses	(145,558)	(143,055)
R&D expenses	(40,698)	(37,949)
G&A expenses	(28,065)	(26,629)
Other income (expense), net	(466)	(1,885)
Operating income	121,796	102,556
Financial income (expense), net	(8,772)	(6,853)
Pretax income	113,024	95,703
Provision for income taxes	(29,979)	(25,408)
Net income	83,045	70,295
Attributable to:		
Equity holders of the parent	83,042	70,287
Minority interests	3	8
Earnings per share		
Basic	€ 0.409	€ 0.350
Diluted	€ 0.393	€ 0.331

Earnings per share (EPS) are based on average shares outstanding during each year, 202.930.868 in 2014 and 201.053.272 in 2013, net of average treasury stock which amounted to 6.194.288 shares in 2014 and to 8.071.884 shares in 2013.
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 2014

ASSETS

€ (thousands)	30 June 2014	31 December 2013
Non-current assets		
Property, plant and equipment	82,724	81,288
Intangible assets	283,646	295,498
Goodwill	469,740	468,807
Other investments	7,625	5,939
Other non-current assets	4,160	4,256
Deferred tax assets	27,274	25,205
Total non-current assets	875,169	880,993
Current assets		
Inventories	136,137	140,430
Trade receivables	192,322	179,775
Other receivables	23,402	24,979
Other current assets	7,516	5,363
Short-term financial investments, cash and cash equivalents	117,194	52,271
Total current assets	476,571	402,818
Total assets	1,351,740	1,283,811

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 30 JUNE 2014

EQUITY AND LIABILITIES

€ (thousands)	30 June 2014	31 December 2013
Shareholders' equity		
Share capital	26,141	26,141
Additional paid-in capital	83,719	83,719
Treasury stock	(29,555)	(37,791)
Hedging reserve *(cash flow hedge)*	(3,781)	(2,270)
Translation reserve	(41,363)	(42,853)
Other reserves	26,527	25,776
Retained earnings	627,348	559,878
Net income for the year	83,042	133,678
Interim dividend	0	(44,526)
Group shareholders' equity	772,078	701,752
Minority interest	71	68
Shareholders' equity	772,149	701,820
Non-current liabilities		
Loans – due after one year	213,101	196,788
Staff leaving indemnities	16,778	16,698
Deferred tax liabilities	20,257	21,072
Other non-current liabilities	4,820	4,040
Total non-current liabilities	254,956	238,598
Current liabilities		
Trade payables	106,837	107,156
Other payables	58,687	71,193
Tax liabilities	13,709	15,951
Other current liabilities	683	855
Provisions	25,837	29,454
Fair value of hedging derivatives *(cash flow hedge)*	3,781	2,270
Fair value of hedging derivatives *(fair value hedge)*	3,018	2,210
Loans – due within one year	85,152	80,280
Bank overdrafts and short-term loans	26,931	34,024
Total current liabilities	324,635	343,393
Total equity and liabilities	1,351,740	1,283,811

RECORDATI S.P.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2014

€ (thousands)	First half 2014	First half 2013
Net income for the period	83,045	70,295
Gains/(losses) on cash flow hedges	(1,511)	1,986
Gains/(losses) on translation of foreign financial statements	1,490	(14,268)
Other gains/(losses)	1,105	(273)
Income and expense for the period recognized directly in equity	1,084	(12,555)
Comprehensive income for the period	84,129	57,740
Attributable to:		
Equity holders of the parent	84,126	57,732
Minority interests	3	8

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 31.12.2012	26,141	83,719	(46,254)	(4,983)	(3,713)	26,326	501,701	118,484	(40,077)	53	661,397
Allocation of 2012 net income:											
- Dividends								(60,194)	40,077		(20,117)
- Retained earnings							58,290	(58,290)			
Change in the reserve for share based payments						(372)	1,183				811
Purchase of own shares			(6,739)								(6,739)
Disposal of own shares			11,445				(1,100)				10,345
Other changes							(42)				(42)
Comprehensive income for the year				1,986	(14,268)	(273)		70,287		8	57,740
Balance at 30.06.2013	26,141	83,719	(41,548)	(2,997)	(17,981)	25,681	560,032	70,287	0	61	703,395
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

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2014

€ (thousands)	First half 2014	First half 2013
Operating activities		
Cash flow		
Net Income	83,045	70,295
Depreciation of property, plant and equipment	5,746	4,836
Amortization of intangible assets	14,308	12,640
Write-downs	652	431
Total cash flow	103,751	88,202
(Increase)/decrease in deferred tax assets	(2,069)	(414)
Increase/(decrease) in staff leaving indemnities	80	(267)
Increase/(decrease) in other non-current liabilities	(35)	(1,167)
	101,727	86,354
Changes in working capital		
Trade receivables	(12,547)	(33,089)
Inventories	4,293	(11,053)
Other receivables and other current assets	(576)	446
Trade payables	(319)	6,032
Tax liabilities	(2,242)	6,564
Other payables and other current liabilities	(12,678)	20,891
Provisions	(3,617)	1,610
Changes in working capital	(27,686)	(8,599)
Net cash from operating activities	74,041	77,755
Investing activities		
Net (investments)/disposals in property, plant and equipment	(7,217)	(4,528)
Net (investments)/disposals in intangible assets	(3,073)	(72,979)
Net (increase)/decrease in other equity investments	(1,686)	467
Net (increase)/decrease in other non-current receivables	96	118
Net cash used in investing activities	(11,880)	(76,922)
Financing activities		
Medium/long term loans granted	29,820	52,943
Re-payment of loans	(8,299)	(4,000)
Increase in treasury stock	0	(6,739)
Decrease in treasury stock	8,035	10,345
Effect on shareholders' equity of application of IAS/IFRS	1,679	538
Other changes in shareholders' equity	(94)	(42)
Dividends paid	(22,315)	(20,117)
Change in translation reserve	1,029	(4,308)
Net cash from/(used in) financing activities	9,855	28,620
Changes in short-term financial position	72,016	29,453
Short-term financial position at beginning of year *	18,247	(17,569)
Short-term financial position at end of period *	90,263	11,884

* 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 2014

1. GENERAL

The consolidated condensed financial statements at 30 June 2014 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. In the first half of 2014 the consolidation perimeter remained unchanged despite the acquisition of a further 23% of the share capital of the Tunisian company Opalia Pharma S.A. which brings total ownership of the company to 90%. As allowed by IAS 32 the company had already been 100% consolidated despite partial ownership in view of the high probability that the put and call options in place for the transfer of the entire holding will be exercised. The recognition in the accounts of the acquisitions made in October 2013, the Spanish company Laboratorios Casen Fleet S.L.U. with its Portuguese subsidiary Laboratorios Casen Fleet Portugal Lda and the Tunisian company Opalia Pharma S.A., part of which through the Luxembourg company SGAM Al Kantara Co II s.a.r.l., is not yet definite and could be subject to change as allowed by IFRS 3. During the period the company Recordati España S.L. was redenominated Casen Recordati S.L. and the company Farma-Projekt Sp z o.o. changed its name to Recordati Polska 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 quarter consolidated financial statements were prepared 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 2013, 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 2014 is € 507.6 million (€ 477.7 million in the same period of the preceding year) and can be broken down as follows:

€ (thousands)	First half 2014	First half 2013	Change 2014/2013
Net sales	501,081	471,210	29,871
Royalties	1,941	1,831	110
Up-front payments	2,430	2,251	179
Other revenue	2,169	2,442	(273)
Total revenue	**507,621**	**477,734**	**29,887**

4. OPERATING EXPENSES

Overall operating expenses in the first half 2014 are € 385.8 million, an increase as compared to the € 375.2 million in the same period of the preceding year and are analyzed by function. Personnel costs are € 119.3 million and include a cost for stock options of € 0.6 million. Total depreciation and amortization charges are € 20.1 million, an increase of € 2.6 million over the same period of the preceding year.

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 2014	First half 2013	Change 2014/2013
Amounts due to the Italian public healthcare scheme	(335)	(506)	171
Write-down of intangible assets	(617)	(431)	(186)
Others	486	(948)	1,434
Total other income (expense), net	**(466)**	**(1,885)**	**1,419**

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 2014. The amount due is based on the sales of the selected products during 2013 and is spread equally over the year. This expense is lower than that incurred during the same period of the preceding year due to the different products selected for the computation of the contribution.

5. FINANCIAL INCOME AND EXPENSE

In the first half 2014 and in the same period of 2013 financial items record a net expense of € 8.8 million and € 6.9 million respectively and are comprised as follows:

€ (thousands)	First half 2014	First half 2013	Change 2014/2013
Currency exchange gains (losses)	(81)	(2,293)	2,212
Interest expense on loans	(5,821)	(3,371)	(2,450)
Net interest income (expense) on short-term financial position	(2,641)	(974)	(1,667)
Interest cost in respect of defined benefit plans	(229)	(215)	(14)
Total financial income (expense), net	**(8,772)**	**(6,853)**	**(1,919)**

The increase in net interest expense on loans is mainly due to loans obtained by the parent in the fourth quarter 2013 from Unicredit and Banca Nazionale del Lavoro for an amount of € 50 million each and in January 2014 from ING Bank for an amount of € 30 million (see Note 12.). The increase in net interest expense on the short-term financial position is due to higher use of lines of credit in local currency by the subsidiaries in Russia, Poland and Turkey.

The change in fair value of hedging derivatives is negative by € 0.8 million and refers to the measurement of the cross-currency interest rate swap covering the series of long term senior unsecured notes privately placed in 2004 with the objective of eliminating the exchange risk linked to the tranches denominated in U.S. dollars and in pounds sterling. This amount is equivalent to the change in the fair value of the underlying debt as compared to its nominal value with a combined zero effect on the income statement as the transaction is perfectly hedged.

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 2013	57,470	192,642	57,058	12,712	319,882
Additions	134	851	537	5,930	7,452
Write-downs	0	(35)	0	0	(35)
Disposals	0	(250)	(330)	(270)	(850)
Other changes	147	1,658	878	(2,591)	92
Balance at 30 June 2014	57,751	194,866	58,143	15,781	326,541
Accumulated depreciation					
Balance at 31 December 2013	33,083	162,304	43,207	0	238,594
Depreciation for the period	1,009	3,067	1,670	0	5,746
Disposals	0	(247)	(291)	0	(538)
Other changes	(39)	31	23	0	15
Balance at 30 June 2014	34,053	165,155	44,609	0	243,817
Carrying amount at					
30 June 2014	23,698	29,711	13,534	15,781	82,724
31 December 2013	24,387	30,338	13,851	12,712	81,288

The additions during the period refer mainly to investments in the Italian plants and in the headquarters building (€ 2.5 million) and in the Turkish subsidiary due to the advancement of the construction of a new production plant (€ 3.6 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 2013	320,825	146,099	16,611	1,682	485,217
Additions	2,425	156	162	505	3,248
Write-downs	0	(617)	0	0	(617)
Disposals	0	(45)	0	(35)	(80)
Other changes	(70)	1,290	22	(1.025)	217
Balance at 30 June 2014	323,180	146,883	16,795	1,127	487,985
Accumulated amortization					
Balance at 31 December 2013	88,561	85,583	15,575	0	189,719
Amortization for the period	9,330	4,812	166	0	14,308
Disposals	0	0	0	0	0
Other changes	69	233	10	0	312
Balance at 30 June 2014	97,960	90,628	15,751	0	204,339
Carrying amount at					
30 June 2014	225,220	56,255	1,044	1,127	283,646
31 December 2013	232,264	60,516	1,036	1,682	295,498

The additions during the period refer mainly to the exclusive license agreement entered into with Apricus Biosciences Inc. in February for the marketing and sales of Vitaros® (alprostadil), an innovative topical product for the treatment of erectile dysfunction, in certain W. European countries including, among others, Spain, EU member countries in Central and Eastern Europe, Russia, Ukraine and the Commonwealth of Independent States (C.I.S.), Turkey and certain African countries.

8. GOODWILL

Net goodwill at 30 June 2014, amounting to € 469.7 million, relates to the following acquisitions, which represent the same number of cash generating units:

- France (Doms Adrian, companies belonging to the Bouchara group): € 45.8 million;
- Commonwealth of Independent States (FIC and FIC Médical, Accent): € 35.6 million;
- Germany (Merckle Recordati): € 48.8 million;
- Portugal (Jaba group companies): € 32.8 million;
- Orphan drug business (Orphan Europe group): € 110.6 million;
- Turkey (Yeni Ilaç,Dr. Frik Ilaç): € 85.9 million;
- Czech Republic (Herbacos-Bofarma): € 12.9 million;
- Romania (ArtMed International): € 0.2 million;
- Poland (Farma-Projekt): € 15.8 million;
- Spain (Laboratorios Casen Fleet): € 58.1 million;
- Tunisia (Opalia Pharma): € 23.2 million.

The recognition of goodwill related to the acquisitions, made in October 2013, of Laboratorios Casen fleet S.L.U. and its Portuguese subsidiary Laboratorios Casen Fleet Portugal Lda and of Opalia Pharma S.A. partly through SGAM Al Kantara Co II s.a.r.l., are to be considered provisional as allowed by IFRS 3.

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 2014 resulted in an overall increase of € 0.9 million compared to that at 31 December 2013. The conversion of the Turkish company's goodwill resulted in an increase of € 1.8 million while the conversion of the goodwill associated with the acquisitions in Russia and in Tunisia resulted in a decrease of € 0.6 million and € 0.3 million respectively.

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 2014 other investments amount to € 7.6 million and comprise mainly 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 2013 the value of the investment was increased by € 1.7 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.

Also included is the € 1.5 million holding in PureTech Ventures LLC (U.S.A.), an investment company specialized in start-up companies dedicated to new therapies, medical devices and new research technologies.

10. DEFERRED TAX ASSETS AND LIABILITIES

At 30 June 2014 deferred tax assets are € 27.3 million, an increase of € 2.1 million compared to those at 31 December 2013. Deferred tax liabilities are € 20.3 million, a decrease of € 0.8 million compared to those at 31 December 2013.

11. SHAREHOLDERS' EQUITY

Shareholders' Equity at 30 June 2014 is € 772.1 million, an increase of € 70.3 million compared to that at 31 December 2013 for the following reasons:

- net income for the period (increase of € 83.0 million);
- cost of stock option plans set-off directly in equity (increase of € 0.6 million);
- disposal of 1,418,750 own shares in treasury stock to service the stock option plans (increase of € 8.0 million);
- change in the fair value of hedging derivatives qualifying as a cash flow hedge (decrease of € 1.5 million);
- application of IAS/IFRS (increase of € 1.0 million);
- translation adjustments (increase of € 1.5 million);
- balance of dividend payment (decrease of 22.3 million).

The Italian subsidiary of Orphan Europe is 99% owned giving rise to a minority interest of € 71.0 thousand.

As at 30 June 2014 the Company has three stock option plans in favor of certain group employees in place, the 2006-2009 plan, under which options granted on one occasion are still outstanding, 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 approved by the Shareholders' Meeting on 17 April 2014, under which no options have as yet been granted. 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. The stock options granted under the 2006-2009 plan are vested over a period of four years and those not exercised within the fifth year of the date of grant expire. The stock options granted under the 2010-2013 and 2014-2018 plans 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 2014 are analyzed in the following table.

	Strike price (€)	Options outstanding at 1.1.2014	Options granted during 2014	Options exercised during 2014	Options cancelled or expired	Options outstanding at 30.6.2014
Date of grant						
27 October 2009	4.8700	1,182,500	-	(543,750)	(5,000)	633,750
9 February 2011	6.7505	2,950,000	-	(515,000)	(15,000)	2,420,000
8 May 2012	5.3070	4,180,000	-	(360,000)	(35,000)	3,785,000
17 April 2013	7.1600	270,000	-	0	(60,000)	210,000
30 October 2013	8.9300	360,000	-	0	0	360,000
Total		8,942,500	-	(1,418,750)	(115,000)	7,408,750

At 30 June 2014, 5,091,360 own shares are held as treasury stock, a decrease of 1,418,750 shares as compared to those at 31 December 2013. The change is to be attributed to the sale of 1,418,750 shares for an overall value of € 8.2 million to service the exercise of stock options issued under the stock option plans. The overall purchase cost of the shares held in treasury stock is € 29.6 million with an average unit price of € 5.80.

12. LOANS

At 30 June 2014 medium and long-term loans, which include a reduction of € 3.0 million resulting from the measurement at fair value of the guaranteed senior notes issued and privately placed in 2004, are € 298.3 million, an increase of € 21.2 million compared to those at 31 December 2013. This change arises from new loans for an amount of € 29.8 million, loan repayments during the period of € 8.3 million, the conversion effect of loans in foreign currency (increase of € 0.5 million) and the change in fair value of the guaranteed senior notes issued and privately placed in 2004 (decrease of € 0.8 million).

On 8 January 2014 Recordati S.p.A. obtained a loan from ING Bank for an amount of € 30.0 million, cashed-in net of expenses and commissions of € 0.2 million. Main terms are: variable interest rate equivalent to the six months' euribor plus a spread of 190 basis points, 6 year duration 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 2.963%. The fair value measurement of the swap at 30 June 2014 generated a liability of € 0.5 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.

The other main long-term loans outstanding are:

a) A loan agreement with UniCredit undersigned by the Parent Company on 26 November 2013 for € 50.0 million, received net of expenses and commission amounting to € 0.6 million. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 190 basis points and a duration of 6 years with semi-annual repayments of capital from May 2014 through November 2019. The loan was simultaneously covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges on the debt from variable to a fixed rate of 2.834%. The measurement at fair value of the swap at 30 June 2014 generated a liability of € 0.4 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.

b) 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 of 200 basis points, 5 year duration and reimbursement of principal in 8 installments due at the end of every six months starting March 2015 through September 2018. 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 2.9925%. The measurement at fair value of the swap at 30 June 2014 generated a liability of € 0.6 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.

c) 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 converted value at the date of funding is € 52.9 million, net of expenses of € 0.6 million. 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.

d) 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. 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 2.775%. The measurement at fair value of the hedging instrument at 30 June 2014 generated a liability of € 1.3 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.

e) A series of guaranteed senior notes issued at the end of 2004 by Recordati S.A. (Luxembourg) comprising tranches in various currencies at fixed interest rates. At 30 June 2014 the debt's residual value in euros, to be repaid in December 2014, is € 65.6 million. The tranches denominated in currencies other than the Euro have been covered with a cross-currency interest rate swap effectively converting the whole debt into Euro at a variable interest rate equivalent to the Euribor 6 months rate plus a variable spread. The tranches denominated in Euro have been covered with an interest rate swap effectively converting the interest charges on the debt from fixed to variable at the same abovementioned conditions. The measurement at fair value of the swaps at 30 June 2014 generated a liability of € 3.0 million, an amount equivalent to the change in the fair value of the underlying debt. This amount is recognized in the balance sheet as a variation of debt and under current liabilities as 'Fair value of hedging derivatives (fair value hedge)'.

The total amount of the notes was simultaneously covered with a further interest rate swap, qualifying as a cash flow hedge, to fix a range (which at 30 June 2014 is between 4.37% and 4.85%) within which the interest rate can fluctuate in order to optimize the cost of financing for the duration of the notes. The € 1.0 million fair value of the cash flow hedge is recognized directly in equity and stated as a current liability (see Note 17).

The derivative instruments and the hedged items are linked and the Group does not intend to terminate or modify them independently from each other.

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

- consolidated net worth at any time must not be less than the sum of € 170,0 million plus 25% of consolidated net earnings for each fiscal year starting with fiscal year 2004;
- the ratio of consolidated net debt as of the last day of any fiscal quarter to consolidated EBITDA for the period of four fiscal quarters then ended must be less than 3.00 to 1.00;
- the ratio of consolidated EBIT to consolidated net interest expense for any period of four fiscal quarters must exceed 3.00 to 1.00.

At each quarter end starting 31 December 2004 the above conditions were amply fulfilled.

13. STAFF LEAVING INDEMNITIES

The staff leaving indemnity fund at 30 June 2014 is of € 16.8 million, substantially unchanged as compared to that at 31 December 2013, and is measured as prescribed by IAS 19.

14. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at 30 June 2014 are € 4.8 million and refer entirely to the residual amounts due, determined according to the purchase agreements, for the acquisition of the Polish company Farma-Projekt and the Tunisian company Opalia Pharma.

15. CURRENT ASSETS

Inventories are € 136.1 million, a decrease of € 4.3 million compared to those stated at 31 December 2013.

The balance of trade receivables at 30 June 2014 is € 192.3 million, an increase of € 12.5 million compared to that at 31 December 2013 as a result of the increase in sales. Trade receivables are stated net of a € 9.9 million provision for doubtful accounts which reflects the collection risk connected with certain customers and geographic areas. Days sales outstanding are 72.

Other receivables, at € 23.4 million, decrease by € 1.6 million compared to those at 31 December 2013 mainly due to a decrease in tax receivable of € 3.4 million and an increase in other current receivables of € 1.8 million.

Other current assets are € 7.5 million and refer mainly to prepaid expenses.

16. CURRENT LIABILITIES

Trade payables, which include the accrual for invoices to be received, are € 106.8 million.

Other payables are € 58.7 million, a decrease of € 12.5 million compared to those at 31 December 2013. The change is mainly due to the payment of € 2.7 million due for the acquisition of Laboratorios Casen Fleet and to an initial payment of € 4.3 million for the acquisition of a further 23% of the share capital of the Tunisian company Opalia Pharma S.A. (the residual amount to be paid in 2014 for the 90% of the company acquired to date is of € 1.1 million). Included in this account are the current portion of the residual amount due for the acquisition of Farma-Projekt (€ 0.6 million) and an accrual of € 0.3 million for the pay back due to AIFA (see Note 4).

Tax payables are € 13.7 million, a decrease of € 2.2 million compared to those at 31 December 2013. Provisions are € 25.8 million, a decrease of € 3.6 million compared to those at 31 December 2013.

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

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 € 3.8 million liability at 30 June 2014. This amount represents the unrealized opportunity of paying the current expected future rates instead of the rates agreed. The amount refers both to the interest rate swap defining a collar which limits the fluctuation of the interest rates payable on the guaranteed senior notes issued by Recordati S.A. Chemical & Pharmaceutical Company (€ 1.0 million) and to the interest rate swaps to cover the interest rate risk associated with the loans granted by Centrobanca (€ 1.3 million), UniCredit (€ 0.4 million), Banca Nazionale del Lavoro (€ 0.6 million) and ING Bank (€ 0.5 million).

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

Short term financial investments, cash and cash equivalents at 30 June 2014 are € 117.2 million, mostly denominated in Euro, and comprise mainly current accounts.

19. BANK OVERDRAFTS AND SHORT-TERM LOANS

Bank overdrafts and short-term loans are € 26.9 million and are comprised mainly of temporary use of lines of credit, current account overdrafts and interest accrued on existing loans.

In March 2013 Recordati S.p.A. obtained a revolving line of credit for a maximum of € 30 million for a duration of 36 months. At 30 June 2014 the line was unused. This short-term financing instrument allows financial flexibility as it combines the commitment of the line with the variability of drawdowns as specific financial needs arise. The agreement contains financial covenants which are in line with those included in the existing loan agreements.

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 2014 and includes comparative data.

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated	Consolidated accounts
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
First half 2013				
Revenues	416,953	60,781	-	477,734
Expenses	(334,660)	(40,518)	-	(375,178)
Operating income	82,293	20,263	-	102,556

* Includes the pharmaceutical chemicals operations

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated **	Consolidated accounts
30 June 2014				
Non-current assets	684,118	183,426	7,625	875,169
Inventories	122,534	13,603	-	136,137
Trade receivables	168,467	23,855	-	192,322
Other current assets	28,362	2,556	-	30,918
Short-term investments, cash and cash equivalents	-	-	117,194	117,194
Total assets	**1,003,481**	**223,440**	**124,819**	**1.351,740**
Non-current liabilities	41,234	715	213,007	254,956
Current liabilities	180,008	25,745	118,882	324,635
Total liabilities	**221,242**	**26,460**	**331,889**	**579,591**
Net capital employed	**782,239**	**196,980**		
31 December 2013				
Non-current assets	690,832	184,222	5,939	880,993
Inventories	125,247	15,183	-	140,430
Trade receivables	151,122	28,653	-	179,775
Other current assets	26,873	3,469	-	30,342
Short-term investments, cash and cash equivalents	-	-	52,271	52,271
Total assets	**994,074**	**231,527**	**58,210**	**1,283,811**
Non-current liabilities	41,254	688	196,656	238,598
Current liabilities	193,764	30,845	118,784	343,393
Total liabilities	**235,018**	**31,533**	**315,440**	**581,991**
Net capital employed	**759,056**	**199,994**		

* 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 2014

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
FARMARECORD 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
ORPHAN EUROPE MIDDLE EAST FZ LLC Marketing and sales of pharmaceuticals	United Arab Emirates	100,000.00	AED	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.S.	Lab. Casen Fleet S.L.U.	SGAM Al Kantara Co II S.A.R.L.	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%
	100.00%										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%
					100.00%						100.00%

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
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.S. Development, production, marketing and sales of pharmaceuticals	Turkey	120,875,367.00	TRY	Line-by-line
RECORDATI SERVICES Sp. z o.o. Marketing of pharmaceuticals	Poland	440,000.00	PLN	Line-by-line
RECORDATI POLSKA Sp. z o.o.** Marketing and sales of pharmaceuticals	Poland	3,400,000.00	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
LABORATORIOS CASEN FLEET S.L.U.**** Development, production, marketing and sales of pharmaceuticals	Spain	4,279,150.05	Euro	Line-by-line
LABORATORIOS CASEN FLEET Portugal Unipessoal Lda**** Marketing and sales of pharmaceuticals	Portugal	100,000.00	Euro	Line-by-line
SGAM AI KANTARA CO II SARL**** Holding company	Luxembourg	12,500.00	Euro	Line-by-line
OPALIA PHARMA S.A.**** Development, production, marketing and sales of pharmaceuticals	Tunisia	6,800,000.00	TND	Line-by-line

* Recordati España S.L. renamed Casen Recordati S.L. during 2014
** Farma-Projekt Sp. z o.o. renamed Recordati Polska Sp. z o.o. during 2014
*** Established in 2013.
**** Acquired in 2013, P&L consolidated from 1 November.

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.S.	Lab. Casen Fleet S.L.U.	SGAM Al Kantara Co II S.A.R.L.	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%
						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%
	100.00%										100.00%
	0.01%		99.99%								100.00%
				100.00%							100.00%
									100.00%		100.00%
	100.00%										100.00%
	56.00%									34.00%	90.00%

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 2014.

2. The undersigned moreover attest that:

   2.1 the condensed consolidated financial statements at 30 June 2014:

   - 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 2014

Signed by
Giovanni Recordati
Chief Executive Officer

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

AUDITORS' REPORT ON REVIEW OF INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

KPMG

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(Translation from the Italian original which remains the definitive version)

Auditors' report on review of interim consolidated condensed financial statements

To the shareholders of
Recordati Industria Chimica e Farmaceutica S.p.A.

1 We have reviewed the interim consolidated condensed financial statements of the Recordati Group as at and for the six months ended 30 June 2014, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these interim consolidated condensed financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to prepare this report based on our review.

2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information about the captions of the interim consolidated condensed financial statements and the consistency of application of the accounting policies through discussions with company directors and analytical procedures applied to the financial data presented in such interim consolidated condensed financial statements. The review excluded such audit procedures as tests of controls and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, contrary to our report on the annual consolidated financial statements, we do not express an audit opinion on the interim consolidated condensed financial statements.

With regard to the corresponding figures included in the interim consolidated condensed financial statements, reference should be made to our reports on the annual consolidated and interim consolidated condensed financial statements of the previous year dated 14 March 2014 and 26 July 2013, respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated condensed financial statements of the Recordati Group as at and for the six months ended 30 June 2014 have not been prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 31 July 2014

KPMG S.p.A.

(signed on the original)

Marco Ferrarini
Director of Audit

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