RECORDATI

DISTRIBUTION OF AN INTERIM DIVIDEND BY RECORDATI S.P.A. FOR THE FINANCIAL YEAR 2014 IN ACCORDANCE WITH ARTICLE 2433-*BIS* OF THE ITALIAN CIVIL CODE

CONTENTS

DIRECTORS' REPORT ON THE DISTRIBUTION OF AN INTERIM DIVIDEND TO THE SHAREHOLDERS OF RECORDATI S.P.A.

Directors' considerations on the distribution of an interim dividend

An interim dividend may be distributed if the conditions specified in the relative legislation (Art. 2433-*bis* of the Italian Civil Code) are met.

Recordati S.p.A. ("Recordati") is in possession of the requirements to exercise that right for the following reasons:

a) the financial statements are subject by law to audit by a firm of auditors registered in the special roll;
b) payment of interim dividends is permitted by Art. 29 of the Corporate By-Laws;
c) the external auditors have issued a positive opinion on the financial statements for the previous year, which were subsequently approved by the shareholders;
d) no losses relating to the current year or to prior years have been incurred since the last financial statements were approved.

The distribution of the dividend must be approved by the Board of Directors on the basis of financial statements and a report showing that the capital, operating and financial position of the Company would allow that distribution to be made. Additionally, an opinion of the external auditors on those documents must be obtained.

Art. 2433-*bis* of the Italian Civil Code also states that the amount of an interim dividend cannot be greater than the lower of the net income earned at the end of the previous financial year, less the amounts allocated to the statutory or by-law reserves, and the reserves available for distribution.

In Recordati's case, the distribution of an interim dividend is based on the accounts at 30 June 2014 for the six month period ended on that date, prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission, applicable at 30 June 2014.

The available reserves resulting from the accounts at 30 June 2014 amounted to € 368,828 thousand, while the net income available at 30 June 2014 amounted to € 63,572 thousand consisting of the net income earned, since an amount equal to one fifth of the share capital had already been allocated to the statutory reserve and no other obligations for allocations to reserves existed.

A summary of the relevant data for determining the amount of the interim dividend distributable is attached in the following table:

• net income at 30 June 2014	€ 63,572 thousand
• net income available	€ 63,572 thousand
• reserves available at 30 June 2014	€ 368,828 thousand
• Interim dividend distributable (maximum amount)	€ 63,572 thousand
• Interim dividend per share	€0.26

In accordance with Art. 2433-*bis*, paragraph 4 of the Italian Civil Code, the interim dividend distributable cannot exceed € 63,572 thousand, corresponding to the part of the net income for the period that may be distributed on an interim basis.

Taking into account the above, and in light of the information reported in the following pages concerning the operating, capital and financial performance of Recordati S.P.A. and the Group at 30 June 2013, the Board of Directors intends to distribute an interim dividend amounting to €0.26 on each share outstanding on the ex dividend date of 17th November 2014, record date on 18th November 2014, to be paid from 19 November 2014.

Milan, 28 October 2014

on behalf of the Board of Directors
The Chairman
Giovanni Recordati

Operating and financial review of Recordati SpA in the first six months of 2014

The financial statements of Recordati S.p.A. at 30 June 2014 show net income of € 63,572 thousand.

The items in the income statement are given below with the relative percentage of revenue and the change compared to the first six months of 2013

€ (thousands)	First half 2014	% of revenue	First half 2013	% of revenue	Changes 2014/2013	%
Revenue	**154,940**	**100.0**	**162,008**	**100.0**	**(7,068)**	**(4.4)**
Cost of sales	(77,170)	(49.8)	(77,288)	(47.7)	(118)	(0.2)
Gross profit	**77,770**	**50.2**	**84,720**	**52.3**	**(6,950)**	**(8.2)**
Selling expenses	(27,075)	17.5	(25,865)	16.0	(1,210)	(4.7)
R&D expenses	(12,623)	8.1	(13,503)	8.3	880	6.5
G&A expenses	(10,743)	6.9	(11,828)	7.3	1,085	9.2
Other income (expense), net	(272)	(0.2)	448	0.3	(720)	n.s.
Operating income	**27,057**	**17.5**	**33,972**	**21.0**	**(6,915)**	**(20.4)**
Dividends	50,011	32.3	50,000	30.9	11	0.0
Financial income (expense), net	(4,888)	(3.2)	(3,792)	(2.3)	(1,096)	(28.9)
Pretax income	**72,180**	**46.6**	**80,180**	**49.5**	**(8,000)**	**(10.0)**
Provision for income taxes	(8,608)	(5.6)	(10,175)	(6.3)	(1,567)	(15.4)
Net income	**63,572**	**41.0**	**70,005**	**43.2**	**(6,433)**	**(9.2)**

Revenue in the first six months of 2014 was € 154,940 thousand, down by 4.4% compared with the same period a year earlier, due above all to a reorganisation of production for foreign sales.
With regard to sales in Italy in particular, positive performance was recorded by Urorec® (silodosin), a new specialty indicated for the treatment of the symptoms of benign prostatic hypertrophy (BPH), Cardicor® (bisoprolol), a drug belonging to the beta blocker class indicated for the treatment of chronic cardiac insufficiency, a fixed combination of lercanidipine with enalapril developed by Recordati and indicated for the treatment of hypertension.

Total R&D costs amounted to € 12,623 thousand.

Operating income was € 27,057 thousand amounting to 17.5% of revenue.

Net income of € 63,572 thousand was down by € 6,433 thousand compared with the first six months of the preceding year mainly as a result of lower revenue.

NET FINANCIAL POSITION

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

€ (thousands)	30.06.2014	31.12.2013	Changes 2014/2013
Cash and cash equivalents and current receivables	**89,659**	**118,350**	**(28,691)**
Current debt	**(203,766)**	**(224,273)**	**20,507**
Net current financial position	**(114,107)**	**(105,923)**	**(8,184)**
Loans and receivables – due after one year	51,366	16,681	34,685
Borrowings – due after one year	(160,940)	(144,805)	(16,135)
Net financial position	**(223,681)**	**(234,047)**	**10,366**

COMPANY DEVELOPMENT NEWS

The “Company Development News” section of the Management Review of Operations in the consolidated report at 30 June 2014 may be consulted for information on operations and growth strategies.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

The Company's business performance was in line with expectations and, in the absence of events which are unforeseeable at present, no specific significant events were observed occurring subsequent to the reporting date of 30 June, which might affect the positive performance in the first six months of the year, for the achievement of the results forecast for 2014.
These results are forecast to be much greater than the interim dividend currently being approved.
The above information has been confirmed by the operating results of the Company at 30 September 2014.

Page 18 of this document may be consulted for a report and discussion of subsequent events and the business outlook for the Group.

Milan, 28 October 2014

on behalf of the Board of Directors
The Chairman
Giovanni Recordati

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

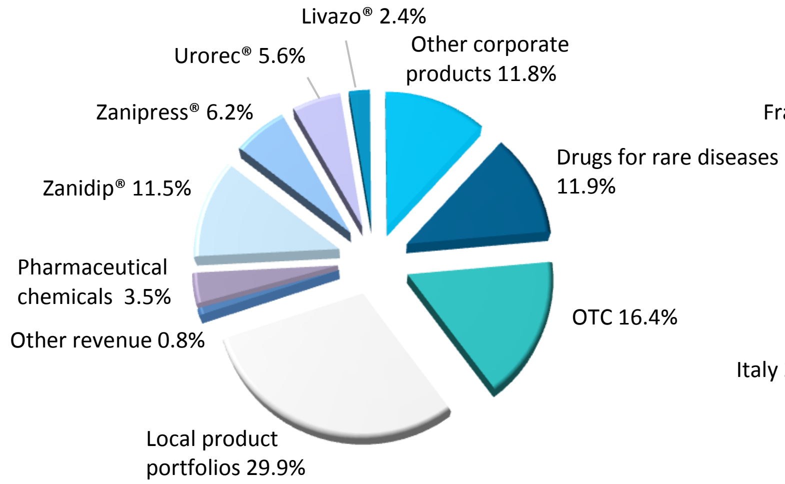
In February an exclusive license agreement was entered into with Apricus Biosciences Inc., a pharmaceutical company based in San Diego, U.S.A., for the marketing and sales of Vitaros® (alprostadil), an innovative topical product for the treatment of erectile dysfunction, in certain W. European countries 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.

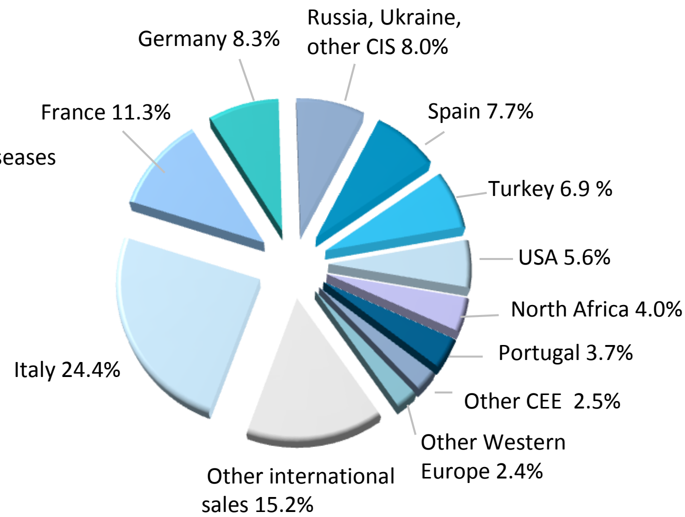
REVIEW OF OPERATIONS

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.

INTERIM FINANCIAL STATEMENTS OF RECORDATI S.P.A. AT 30 JUNE 2014

RECORDATI S.p.A.
INCOME STATEMENTS FOR THE PERIODS ENDED
30 JUNE 2014 AND 30 JUNE 2013

Income Statement

Amounts in euro	NOTES	First half 2014	First half 2013
Revenue	3	**154,801,587**	**161,958,228**
Other revenues and income	4	1,001,157	1,908,931
Total revenue		**155,802,744**	**163,867,159**
Raw materials costs	5	(53,464,484)	(55,043,932)
Personnel costs	6	(37,184,518)	(37,200,761)
Depreciation and amortization	7	(4,465,346)	(4,425,320)
Other operating expenses	8	(31,440,196)	(31,556,762)
Changes in inventories	9	(2,192,463)	(1,668,307)
Operating income		**27,055,737**	**33,972,077**
Income from investments	10	50,011,457	50,000,000
Financial income (expense), net	11	(4,887,552)	(3,792,081)
Pre-tax income		**72,179,642**	**80,179,996**
Provision for income taxes	12	(8,608,000)	(10,175,398)
Net income for the period		**63,571,642**	**70,004,598**

Earnings per share		
Basic	0.313	0.348
Diluted	0.301	0.330

Basic earnings per share is calculated on average shares outstanding in the relative periods, consisting of 202,930,868 shares in 2014 and 201,053,272 in 2013. The figures are calculated net of average treasury stock held, which amounted to 6,194,288 shares in 2014 and 8,071,884 shares in 2013.
Diluted earnings per share is calculated taking into account new shares authorized but not yet issued.

RECORDATI

RECORDATI S.p.A.

BALANCE SHEETS AT 30 JUNE 2014 AND AT 31 DECEMBER 2013

Assets

Amounts in euro	Notes	30 June 2014	31 December 2013
Non-current assets			
Property, plant and equipment	13	41,384,168	41,705,549
Intangible assets	14	30,608,042	31,353,542
Investments	15	473,718,419	473,718,419
Loans and receivables	16	51,422,826	16,737,774
Deferred tax assets	17	1,944,000	2,117,000
Total non-current assets		**599,077,455**	**565,632,284**
Current assets			
Inventories	18	46,276,169	48,468,631
Trade receivables	19	70,219,599	70,474,031
Other receivables	20	55,913,932	6,032,613
Other current assets	21	1,674,793	641,661
Fair value of hedging derivatives (fair value hedges)	25	0	0
Other short-term receivables	22	28,638,334	92,409,089
Short-term financial investments, cash and cash equivalents	23	61,020,782	25,941,294
Total current assets		**263,743,609**	**243,967,319**
Total assets		**862,821,064**	**809,599,603**

RECORDATI S.p.A.

BALANCE SHEETS AT 30 JUNE 2014 AND AT 31 DECEMBER 2013

Equity and Liabilities

Amounts in euro	Notes	30 June 2014	31 December 2013
Equity			
Share capital	24	26,140,645	26,140,645
Additional paid-in capital	24	83,718,523	83,718,523
Treasury shares	24	(29,555,194)	(37,790,996)
Statutory reserve	24	5,228,129	5,228,129
Other reserves	24	252,122,702	246,745,620
Revaluation reserve	24	2,602,229	2,602,229
Interim dividend	24	0	(44,525,535)
Profit for the period	24	63,571,642	73,573,476
Total shareholders' equity		**403,828,676**	**355,692,091**
Non-current liabilities			
Loans	25	160,939,940	144,805,177
Staff leaving indemnities	26	10,727,463	10,749,748
Deferred tax liabilities	27	1,661,264	1,661,264
Other non-current liabilities	28	1,202,848	1,203,572
Total non-current liabilities		**174,531,515**	**158,419,761**
Current liabilities			
Trade payables	29	42,751,841	36,411,184
Other payables	30	17,716,263	19,176,294
Tax liabilities	31	4,825,077	2,627,300
Other current liabilities	32	25,812	32,854
Provisions	33	8,576,956	8,487,528
Fair value of hedging derivatives (cash flow hedges)	34	3,781,012	2,269,880
Fair value of hedging derivatives (fair value hedges)	25	3,018,069	2,209,863
Loans – due within one year	35	83,992,894	78,551,100
Bank overdrafts and short-term loans	36	1,445,942	15,881,734
Other short-term borrowings	37	118,327,007	129,840,014
Total current liabilities		**284,460,873**	**295,487,751**
Total equity and liabilities		**862,821,064**	**809,599,603**

RECORDATI

RECORDATI S.p.A.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2014 AND 30 JUNE 2013

€ (thousands)	First half 2014	First half 2013
Net income for the period	**63,572**	**70,005**
Gains/(losses) on cash flow hedges	(1,511)	1,985
Income (expense) for the year recognized directly in equity	**(1,511)**	**1,985**
Comprehensive income for the period	**62,061**	**71,990**

RECORDATI S.p.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ (thousands)	Share capital	Additional paid-in capital	Treasury shares	Statutory reserve	Other reserves	*Fair value hedging instruments*	IAS compliance reserve	Revaluation reserves	Interim dividend	Net (loss)/ income for the period	Total
Balance at 31 December 2012	**26,141**	**83,718**	**(46,254)**	**5,228**	**133,983**	**(4,982)**	**90,966**	**2,602**	**(40,077)**	**85,032**	**336,357**
Allocation of 2012 net income as per shareholders' resolution of 17.4.2013:											
to reserves					24,838					(24,838)	0
dividends to shareholders									40,077	(60,194)	(20,117)
Sales of treasury stock			11,445		(1,100)						10,345
Purchase of treasury stock			(6,738)								(6,738)
Comprehensive income for the period						1,986				70,005	71,991
IAS compliance at 30.6.2013											
Staff leaving indemnity IAS 19 compliance											0
Stock Options							543				543
Balance at 30 June 2013	**26,141**	**83,718**	**(41,547)**	**5,228**	**157,721**	**(2,996)**	**91,509**	**2,602**	**0**	**70,005**	**392,381**
Balance at 31 December 2013	**26.141**	**83.718**	**(37.791)**	**5.228**	**156.850**	**(2.269)**	**92.165**	**2.602**	**(44.525)**	**73.573**	**355.692**
Allocation of 2013 net income as per shareholders' resolution of 17.4.2014:											
to reserves					6,732					(6,732)	0
dividends to shareholders									44,525	(66,841)	(22,316)
Sales of treasury stock			8,236		(201)						8,035
Comprehensive income for the year						(1,511)				63,572	62,061
IAS compliance at 30.6.2014											
Stock Options							357				357
Balance at 30 June 2014	**26,141**	**83,718**	**(29,555)**	**5,228**	**163,381**	**(3,780)**	**92,522**	**2,602**	**0**	**63,572**	**403,829**

RECORDATI S.p.A.

CASH FLOW STATEMENTS FOR THE PERIODS ENDED 30 JUNE 2014 AND 30 JUNE 2013

€ (thousands)	First half 2014	First half 2013
Operating activities		
Net income for the period	63,572	70,005
Income from investments	(50,011)	(50,000)
Depreciation of property, plant and equipment	2,819	2,812
Amortization of intangible assets	1,646	1,613
(Increase)/decrease in deferred tax liabilities	173	1,269
Increase/(decrease) in staff leaving indemnities	(22)	(358)
Other provisions	89	(457)
Increase/(decrease) in other non-current liabilities	(1)	(112)
Dividends received	17	0
Trade receivables	254	(13,536)
Other receivables and other current assets	(921)	(1,366)
Inventories	2,193	1,668
Trade payables	6,341	(8,181)
Other payables and other current liabilities	(1,467)	560
Tax liabilities	2,198	5,431
Net cash from operating activities	**26,880**	**9,348**
Investing activities		
Net (investments)/disposals in property, plant and equipment	(2,498)	(3,795)
Net (investments)/disposals in intangible assets	(901)	(279)
Net (increase)/decrease in equity investments	0	(92)
Net (increase)/decrease in other non-current assets	(34,685)	552
Net cash used in investing activities	**(38,084)**	**(3,614)**
Financing activities		
Borrowings – due after one year	29,820	0
Dividends paid	(22,316)	(20,117)
(Purchase)/sale of treasury stock	8,035	3,607
Effect on shareholders' equity of application of IAS/IFRS	357	543
Repayment of loans	(7,435)	(3,396)
Net cash from/(used in) financing activities	**8,461**	**(19,363)**
CHANGES IN SHORT-TERM FINANCIAL POSITION	**(2,743)**	**(13,629)**
Short-term financial position at beginning of period *	(27,371)	(129,475)
Short-term financial position at end-of-period *	(30,114)	(143,104)

* Includes the total of other short term loans, short-term financial investments and cash and cash equivalents, bank overdrafts and other short-term borrowings excluding the current portion of medium and long-term loans.

RECORDATI S.p.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

1. GENERAL

These separate interim financial statements at 30 June 2014 comprise the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and these notes to the interim financial statements. The presentation adopted by the Company for the income statement in these interim financial statements classifies revenues and expenses by nature. The distinction between the principle of current and non-current was adopted for the presentation of assets and liabilities in the balance sheet.
These interim financial statements are presented in euro (€) and all amounts in the notes to the statements are rounded to the nearest thousand euro unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements at 30 June 2014 have been prepared in condensed form, in compliance with IAS 34 "Interim financial reporting". The interim financial statements do not therefore include all the information required of annual financial statements and must 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 endorsed by the EU in accordance with Regulation No. 1606/2002.

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 the disclosure of contingent assets and liabilities at the reporting date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment, deviate from the actual circumstances, they will be modified in accordance with the changes in the circumstances.
These measurement activities, and especially the more 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.

3. REVENUE

In the first six months of 2014 this amounted to € 154,802 thousand (€ 161,958 thousand in the same period of 2013) and was composed as follows:

€ (thousands)	First six months 2014	First six months 2013	Changes 2014/2013
Net sales	152,292	159,274	(6,982)
Royalties and up-front payments	176	235	(59)
Revenue from services	2,334	2,449	(115)
Total revenue	**154,802**	**161,958**	**(7,156)**

4. OTHER REVENUES AND INCOME

Other revenues in the first six months of 2014 amounted to € 1,001 thousand to 30 June 2014, compared with € 1,909 thousand in the first six months of 2013. They include charging employees for the use of hired cars, other indemnities, non-recurring income, exceptional receivables and gains on the sale of non-current assets.

5. RAW MATERIALS COSTS

This is composed as follows:

€ (thousands)	First six months 2014	First six months 2013	Changes 2014/2013
Raw materials and goods for resale	46,933	48,306	(1,373)
Packaging materials	3,130	3,602	(472)
Others and consumables	3,401	3,136	(265)
Total	**53,464**	**55,044**	**(1,580)**

6. PERSONNEL COSTS

Personnel costs were composed as follows:

€ (thousands)	First six months 2014	First six months 2013	Changes 2014/2013
Wages and salaries	26,163	26,161	2
Social security costs	8,519	8,504	15
Salary resulting from stock option plans	357	543	(186)
Other costs	2,146	1,993	153
Total personnel costs	**37,185**	**37,201**	**(16)**

The expense for stock option plans is a result of the application of IFRS 2, which requires the valuation of those options as a component of the wages of the beneficiaries and recognition of the cost determined in that manner in the income statement.

Other costs include the portions of the leaving indemnity charges for the year destined to pension funds in accordance with the legislation introduced by Law 296 of 27th December 2006.

7. DEPRECIATION AND AMORTIZATION

This is composed as follows:

Amortization of intangible assets

€ (thousands)	First six months 2014	First six months 2013	Changes 2014/2013
Patent rights and marketing authorizations	217	217	0
Distribution, license, trademark and similar rights	1,429	1,396	33
Total	**1,646**	**1,613**	**33**

Depreciation of property, plant and equipment

€ (thousands)	First six months 2014	First six months 2013	Changes 2014/2013
Industrial buildings	593	582	11
Light constructions	3	6	(3)
General plant	248	263	(15)
Accelerated depreciation machinery	837	791	46
Normal depreciation machinery	484	565	(81)
Miscellaneous laboratory equipment	325	297	28
Office furnishings and machines	45	43	2
Electronic equipment	269	244	25
Motor vehicles	12	11	1
Vehicles for internal transport	3	10	(7)
Total	**2,819**	**2,812**	**7**

8. OTHER OPERATING EXPENSES

Other operating expenses were composed as follows:

€ (thousands)	First six months 2014	First six months 2013	Changes 2014/2013
Services	26,865	26,620	245
Lease expenses	1,520	1,507	13
Provisions	97	0	97
Sundry expenses	2,958	3,430	(472)
Total	**31,440**	**31,557**	**(117)**

Other operating expenses include the following:

- the item services includes costs incurred for scientific meetings and publications, market research, expenses for medical and scientific communications, advertising, clinical and drugs trials and professional advice;
- the item lease expenses is composed mainly of car hire expenses;
- the item sundry expenses is composed almost entirely of “pay back” costs and the 1.83% discount to be reimbursed to regions.

9. CHANGES IN INVENTORIES

Details of changes in inventories are as follows:

€ (thousands)	First six months 2014	First six months 2013	Changes 2014/2013
Raw materials	1,190	2,213	(1,022)
Supplies	(658)	324	(983)
Intermediates and work-in-process	217	(114)	331
Finished goods	(2,941)	(4,091)	1,150
Total	**(2,192)**	**(1,668)**	**(524)**

10. INCOME FROM INVESTMENTS

Income from investments amounted to € 50,011 thousand (€ 50,000 thousand in the first six months of 2013) and related to dividends declared by subsidiaries.

11. FINANCIAL INCOME/(EXPENSE)

Net financial income/(expense) showed net expense of € 4,888 thousand for the first six months of 2014 (€ 3,792 thousand in the same period of 2013). The main items are summarised in the table below.

€ (thousands)	First six months 2014	First six months 2013	Changes 2014/2013
Foreign exchange gains (losses)	(476)	(385)	(91)
Interest income from subsidiaries	1,325	1,209	116
Interest expense payable to subsidiaries	(2,469)	(2,959)	490
Interest expense on loans	(1,944)	(498)	(1,446)
Net interest on short-term financial positions	(730)	(794)	64
Bank charges	(449)	(219)	(230)
Interest cost in respect of defined benefit plans (IAS 19)	(145)	(146)	1
Change in fair value of hedging derivatives	(2,084)	2,739	(4,823)
Change in fair value of hedged items	2,084	(2,739)	4,823
Total	**(4,888)**	**(3,792)**	**(1,096)**

Interest income from subsidiaries relates to loans granted to subsidiaries (€ 386 thousand) and to the centralized cash pooling treasury system in operation at the Parent Company since 2007 on the basis of which monthly interest receivable and payable is recognized at market rates (€ 939 thousand).
Interest expense paid to subsidiaries relates to loans granted to subsidiaries (€ 86 thousand), to the centralized cash pooling system amounting to € 672 thousand and to the interest of € 1,711 thousand paid to Recordati S.A..
Interest expense in respect of defined benefit plans (leaving indemnities) relates to the interest cost component of the adjustment to the relative provision in compliance with IAS 19.

The fair value changes in hedging derivatives relate principally to the valuation of a “cross-currency interest rate swap” for the intercompany loan concluded at the end of 2004 designed to eliminate currency risk for loans denominated in United States dollars and the UK pound sterling. This amount reflects the change in the fair value of the underlying debt with respect to its nominal value, with no effect in the income statement. It is recognized as a fair value hedge.

12. TAXES

Taxes recognized in the income statement are composed as follows:

€ (thousands)	First six months 2014	First six months 2013	Changes 2014/2013
Current taxation:			
IRES (corporation tax)	6,608	7,895	(1,287)
IRAP (regional tax on production)	1,827	2,192	(365)
Total current taxation	**8,435**	**10,087**	**(1,652)**
Deferred taxation:			
Movement in deferred tax assets/liabilities, net	(95)	(122)	27
Use of prior years deferred tax assets/liabilities	268	1,391	(1,123)
Total deferred tax (assets)/liabilities	**173**	**1,269**	**(1,096)**
Application for refund of IRAP paid from IRES	0	(1,181)	1,181
Total	**8,608**	**10,175**	**(1,567)**

Provisions for taxes were made on the basis of estimated taxable income.

13. PROPERTY, PLANT AND EQUIPMENT

Property plant and equipment, net of accumulated depreciation, at 30 June 2014 and at 31 December 2013 amounted to € 41,384 thousand and € 41,706 thousand respectively. Changes in this item are given below.

€ (thousands)	Property and buildings	Plant and machinery	Other fixtures	Construction in progress	Total property, plant and equipment
Cost of acquisition					
Balance at 31.12.13	36,835	139,550	32,719	8,127	217,231
Additions	49	257	75	2,123	2,504
Disposals	0	(25)	(96)	0	(121)
Reclassifications	218	1,408	859	(2,485)	0
Balance at 30.06.14	**37,102**	**141,190**	**33,557**	**7,765**	**219,614**
Accumulated depreciation					
Balance at 31.12.13	25,549	122,218	27,758	0	175,525
Depreciation for the period	596	1,569	654	0	2,819
Disposals	0	(25)	(89)	0	(114)
Reclassifications	0	0	0	0	0
Balance at 30.06.14	**26,145**	**123,762**	**28,323**	**0**	**178,230**
Carrying amount					
At 30 June 2014	**10,957**	**17,428**	**5,234**	**7,765**	**41,384**
At 31 December 2013	11,286	17,332	4,961	8,127	41,706

Depreciation for the period amounted to € 2,819 thousand and was calculated on all depreciable assets using rates which are held to be representative of the estimated useful life of the assets.

14. INTANGIBLE ASSETS

Intangible assets, net of accumulated amortization, at 30 June 2014 and at 31 December 2013 amounted to € 30,608 thousand and € 31,354 thousand respectively. Changes in this item are given below.

€ (thousands)	Patent rights and marketing authorizations	Concessions, licenses, brands and similar rights	Other	Assets under construction and advances	Total intangible assets
Cost of acquisition					
Balance at 31.12.13	30,575	39,523	13,244	914	84,256
Additions	0	447	0	453	900
Disposals	0	0	0	0	0
Reclassifications	0	373	0	(373)	0
Balance at 30.06.14	**30,575**	**40,343**	**13,244**	**994**	**85,156**
Accumulated amortization					
Balance at 31.12.13	25,678	13,980	13,244	0	52,902
Amortization for the period	217	1,429	0	0	1,646
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Balance at 30.06.14	**25,895**	**15,409**	**13,244**	**0**	**54,548**
Carrying amount					
At 30 June 2014	**4,680**	**24,934**	**0**	**994**	**30,608**
At 31 December 2013	4,897	25,543	0	914	31,354

All intangible assets have a defined useful life and are amortized over a period not exceeding 20 years.

15. INVESTMENTS

Investments amounted to € 473,718 thousand at 30 June 2014 unchanged compared with 31 December 2013) as shown in the table in Attachment 1. The percentage of ownership and the number of shares or quotas possessed are reported in Attachment 2.

16. LOANS AND RECEIVABLES (non-current)

Non-current loans and receivables at 30 June 2014 amounted to € 51,423 thousand (€ 16,738 thousand at 31 December 2013) and related mainly to a long-term loan granted to Casen Rec. S.L. (€ 50,000 thousand due in 2020).

17. DEFERRED TAX ASSETS

At 30 June 2014 these amounted to € 1,944 thousand (€ 2,117 thousand at 31 December 2013), a decrease of € 173 thousand.

The decrease relates mainly to the amortization charges for intangible assets revalued in 2005 under Law 226 of 23.12.2005.

18. INVENTORIES

Inventories at 30 June 2014 and at 31 December 2013 amounted to € 46,276 thousand and € 48,469 thousand respectively, as shown in the following table:

€ (thousands)	30.06.2014	31.12.2013	Changes 2014/2013
Raw materials, ancillary materials, consumables and supplies	11,263	10,732	531
Intermediates and work-in-process	14,150	13,933	217
Finished goods	20,863	23,804	(2,941)
Total	**46,276**	**48,469**	**(2,193)**

19. TRADE RECEIVABLES

Trade receivables at 30 June 2014 and at 31 December 2013 amounted to € 70,220 thousand and € 70,474 thousand respectively as shown below:

€ (thousands)	30.06.2014	31.12.2013	Changes 2014/2013
Trade receivables from subsidiaries	24,834	30,555	(5,721)
Trade receivables from others:			
Italy	39,959	35,334	4,625
Abroad	6,198	5,259	939
	70,991	**71,148**	**(157)**
Less:			
Allowance for doubtful accounts	(771)	(674)	(97)
Total trade receivables	**70,220**	**70,474**	**(254)**

20. OTHER RECEIVABLES

Other receivables at 30 June 2014 amounted to € 55,914 thousand (€ 6,033 thousand at 31 December 2013). The composition is given in the table below.

€ (thousands)	30.06.2014	31.12.2013	Changes 2014/2013
Tax income	997	3,519	(2,522)
From parent companies	9	20	(11)
From subsidiaries	51,105	202	50,903
Advances to employees and agents	1,230	625	605
Other	2,573	1,667	906
Total other receivables	**55,914**	**6,033**	**49,881**

Receivables from subsidiaries at 30 June 2014 relate mainly to dividends declared and still to be received.

21. OTHER CURRENT ASSETS

Other current assets amounted to € 1,675 thousand (€ 642 thousand as at 31 December 2013) and related mainly to prepaid expenses. They consisted of balances in favor of insurance companies for policies, advance payments for periodic market research services and advance membership fees to trade associations.

22. OTHER SHORT-TERM RECEIVABLES

Other short-term receivables amounted to € 28,638 thousand (€ 92,409 thousand at 31 December 2013) and all consisted of amounts due from subsidiaries.

These receivables are mainly due to a cash pooling treasury system in operation at the Parent Company. Interest is paid on these receivables at short-term market rates.

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

Cash and cash equivalents at 30 June 2014 amounted to € 61,021 thousand (€ 25,941 thousand at 31 December 2013) and consisted of current accounts and short-term bank deposits.
Adequate funding was maintained in order to support the growth strategies of the Group.

24. SHAREHOLDERS' EQUITY

A summary of the changes in the shareholders' equity accounts is reported in the relative statement. Following the entry into force of Legislative Decree 6/2003, which amended the Italian Civil Code, the table contained in Attachment 3 was introduced which gives the composition of reserves on the basis of availability for use and distribution.

Share capital - The share capital at 30 June 2013 amounting to € 26,140,644.50 was fully paid up and consists of 209,125,156 ordinary shares with a par value of € 0.125 each.
It remained unchanged over the first six months of 2014.

At 30 June 2014 the Company had three stock option plans in place in favor of certain Group employees, the 2006-2009 plan with one option grant still outstanding, the 2010-2013 plan under which options were granted on 9 February 2011, 8 May 2012, 17 April 2013 and 30 October 2013 and the 2014-2018 plan, approved by a shareholders' meeting of the Company on 17 April 2014, for which no options have been granted. The exercise price of the options is the average of the company's listed share price during the 30 days prior to the grant date. Options granted under the 2006-2009 plan are vested over a period of four years and options not exercised within the fifth year of the date of grant expire. Stock options granted under the 2010-2013 and 2014-2018 plans are vested over a period of five years and options not exercised by the eighth year following the date of grant expire. Options cannot be exercised if the employee leaves the Company before they are vested.

Details of stock options outstanding at 30 June 2014 are given in the table below.

	Exercise price (€)	Options outstanding at 1.1.2014	Options granted during 2014	Options exercised during 2014	Options cancelled and expired	Options outstanding at 30.6.2014
Grant date						
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**

Additional paid-in capital

Additional paid-in capital at 30 June 2014 amounted to € 83,718,523 and was unchanged compared with 31 December 2013.

The adoption of international accounting standards resulted in the elimination of revaluation reserves amounting to € 68,644 thousand. The tax obligation on these (untaxed – taxation suspended) was transferred to the additional paid-in capital reserve.

Treasury stock

At 30 June 2014 treasury shares held in portfolio numbered 5,091,360, down by 1,418,750 compared with 31 December 2013. The change is due to the sale of 1,418,750 shares for valuable consideration of € 8,236 thousand in order to allow the exercise of stock options granted to employees as part of stock option plans. The expense incurred for the purchase of treasury shares held in portfolio totaled € 29,555 thousand (€ 37,791 thousand at 31 December 2013), at an average price per share of € 5.80.

Statutory reserve

This amounted to € 5,228 thousand and was unchanged compared with 31 December 2013.

Other reserves

Other reserves totaled € 252,123 thousand. Details are as follows:

€ (thousands)	30.06.2014	31.12.2013	Changes 2014/2013
Extraordinary reserve	141,943	135,412	6,531
Reserve under Art. 13 Par. 6 of Legislative Decree 124/1993	99	99	0
Extraordinary VAT concession reserve	517	517	0
Research and investment grants	17,191	17,191	0
Non-distributable reserve for investments in southern Italy	3,632	3,632	0
International accounting standards reserve	92,522	92,165	357
Total	**255,904**	**249,016**	**6,888**
Fair value derivative instruments	(3,781)	(2,270)	(1,511)
Total other reserves	**252,123**	**246,746**	**5,377**

Extraordinary reserve

At 30 June 2014 and at 31 December 2013 this amounted to € 141,943 thousand and € 135,412 thousand respectively. The increase is the result of the allocation of part of 2013 profit amounting to € 6,732 thousand. Following the assignment of treasury stock to Group employees who exercised options under stock option plans, a difference arose between the amount paid by employees and the carrying amount of that treasury stock. That difference of € 201 thousand was recognized as a decrease in the extraordinary reserve in compliance with international accounting standards.

Reserve under Art. 13, paragraph 6 of Legislative Decree 124/1993
This amounted to € 99 thousand at 30 June 2014 and was unchanged compared with 31 December 2013.

Extraordinary VAT concession reserve
This reserve (Laws 675/1977, 526/1982, 130/1983 and 64/1986), amounting to € 517 thousand, relates to special VAT allowances on investments and is unchanged compared with 31 December 2013.

Research and investment grants
These amounted to € 17,191 thousand, unchanged compared with 31 December 2013.
The grants are subject to taxation if they are used for purposes other than to cover losses, which, however, is not planned by the Company. The assets corresponding to the grants received from the Ministry of Industry and Commerce (formerly Asmez) have been mainly fully depreciated.

Non-distributable reserve for investments in southern Italy
This amounted to € 3,632 thousand and was unchanged compared with 31 December 2013.

International accounting standards reserve
This amounted to € 92,522 thousand (€ 92,165 thousand at 31 December 2013) and is composed as follows:

€ (thousands)	30.06.2014	31.12.2013	Changes 2014/2013
Reversal of fixed asset revaluations	40,479	40,479	0
Revaluation of investments	43,054	43,054	0
Inventories	463	463	0
Personnel leaving indemnities	439	439	0
Stock options	8,087	7,730	357
Total	**92,522**	**92,165**	**357**

With regard to those items on which movements occurred in 2014, the amount of € 8,087 thousand relates to the personnel expense for stock options issued and granted after 7 November 2002 and not yet exercised, valued in accordance with IFRS 2.

Revaluation reserve
This amounted to € 2,602 thousand (unchanged compared with 31 December 2013) and consisted of revaluation balances within the meaning of Law 413/1991.

25. LOANS

The composition of medium and long-term loans at 30 June 2014 and at 31 December 2013 is shown below.

€ (thousands)	30.06.2014	31.12.2013	Change 2014/2013
Loan granted by Centrobanca (now UBI Banca) at a floating interest rate repayable in six monthly installments by 2022.	57,955	61,634	(3,409)
Loan received from Recordati S.A. (Luxembourg) granted on the basis of a long-term debt issue concluded by that subsidiary with institutional investors.	65,609	65,609	0
Loan granted by UniCredit at a floating interest rate repayable in six monthly instalments by 2019.	45,833	50,000	(4,167)
Loan granted by BNL at a floating interest rate repayable in six monthly instalments by 2018.	50,000	50,000	0
Loan granted by ING Banca at a floating interest rate repayable in six monthly installments by 2020.	30,000	0	30,000
Total amortized cost of loans	**249,397**	**226,973**	**22,424**
Portion due within one year	(87,011)	(80,761)	(6,250)
Portion due after one year	**162,386**	**146,212**	**16,174**
Expenses relating to loans	(1,446)	(1,407)	(39)
Total	**160,940**	**144,805**	**16,135**

On 8 January 2014, the Company signed a loan agreement with ING Bank for € 30,000 thousand, disbursed net of expenses and commissions of € 180 thousand. The main terms and conditions are a floating interest rate equal to the 6 month Euribor plus a spread of 190 basis points and a life of 6 years with semi-annual repayments of the principal commencing in July 2016 and continuing until January 2020. The loan was hedged at the same time by an interest rate swap (a cash flow hedge), which transformed the whole debt to a fixed interest rate of 2.963%. Measurement of the fair value of the derivative instrument at 30 June 2014 was negative by € 500 thousand and this was recognized directly as an reduction in equity and an increase in the liability item "Fair value of hedging derivatives (cash flow hedges)" (see note 34).
The loan contract with ING Bank contains financial covenants which, if not complied with, may result in the immediate call of the loan.
The financial covenants are as follows:

- 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 EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were amply fulfilled.

Other outstanding loans – due after one year are as follows:

a) a loan agreement with UniCredit signed on 26 November 2013 for € 50,000 thousand, disbursed net of expenses and commissions of € 625 thousand. The main terms and conditions are a floating interest rate equal to the 6 month Euribor plus a spread of 190 basis points and a life of 6 years with six monthly repayments of the principal by November 2019 commencing from May 2014. The loan was hedged at the same time by an interest rate swap (a cash flow hedge), which transformed the whole debt to a fixed interest rate of 2.834%. Measurement of the fair value of the derivative instrument at 30 June 2014 was negative by € 424 thousand and this was recognized directly as an reduction in equity and an increase in the liability item "Fair value of hedging derivatives (cash flow hedges)" (see note 34).
The loan contract with UniCredit contains financial covenants which, if not complied with, may result in the immediate call of the loan.
The financial covenants are as follows:
   - 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 EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

   Those conditions were amply fulfilled;

b) a loan agreement with Banca Nazionale del Lavoro signed on 30 September 2013 for € 50,000 thousand, disbursed net of expenses and commissions of € 625 thousand. The main terms and conditions were a floating interest rate equal to the 6 month Euribor plus a spread of 200 basis points and a life of 5 years with six-monthly repayments of the principal by September 2018 commencing from March 2015. The loan was hedged at the same time by an interest rate swap (a cash flow hedge), which transformed the whole debt to a fixed interest rate of 2.9925%. Measurement of the fair value of the derivative instrument at 30 June 2014 was negative by € 583 thousand and this was recognized directly as an reduction in equity and an increase in the liability item "Fair value of hedging derivatives (cash flow hedges)" (see note 34).
The loan contract with Banca Nazionale del Lavoro contains financial covenants which, if not complied with, may result in the immediate call of the loan.
The financial covenants are as follows:
   - 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 EBIT to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were amply fulfilled;

c) a loan contract signed on 30 November 2010 with Centrobanca, for a three year program of investments in Research & Development. The loan, which Centrobanca funded through a loan from the European Investment Bank, amounted to € 75,000 thousand of which € 30,000 thousand, net of expenses of € 263 thousand, was disbursed in 2010 and € 45,000 thousand in the first quarter of 2011. The main terms and conditions were a floating interest rate and a life of 12 years with repayment in six monthly installments of the principal from June 2012 and through December 2022. In June 2012 the loan was hedged by an interest rate swap (a cash flow hedge), which transformed the whole debt to an interest rate of 2.775%. Measurement of the fair value of the derivative instrument at 30 June 2014 was negative by € 1,281 thousand and this was recognized directly as a reduction in equity and an increase in the liability item "Fair value of hedging derivatives (cash flow hedges)" (see note 34).
The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan. The financial covenants are as follows:
- 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 EBITDA to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

Those conditions were amply fulfilled;

d) a loan received from Recordati S.A. (Luxembourg) which is composed as follows:

Currency	Value in euro	Fixed rate	Year due
€ 26,000,000	26,000,000.00	5.705	2014
$ 40,000,000	32,310,177.75	5.225	2014
GBP 5,000,000	7,299,270.07	6.295	2014

This loan was granted on the basis of an issue of long-term debt concluded by Recordati S.A. Luxembourg with institutional investors and guaranteed at the same time by Recordati S.p.A..

The series of guaranteed senior notes, issued by Recordati S.A. (Luxembourg) at the end of 2004, comprises tranches in various currencies at fixed interest rates. The tranches denominated in currencies other than the euro have been hedged with a cross-currency interest rate swap effectively converting the whole debt into euro at a floating interest rate equivalent to the Euribor 6 months rate plus a spread. The tranches denominated in euro have been hedged with an interest rate swap effectively converting the interest charges on the debt from fixed to floating at the same above mentioned conditions. The measurement at fair value of the swaps at 30 June 2014 generated a liability of € 3,018 thousand, an amount equivalent to the decrease in the fair value of the underlying debt. This amount is recognized in the balance sheet as an decrease in debt and under a separate liability item the "Fair value of hedging derivatives (fair value hedge)".

A further interest rate swap contract was entered into at the same time, qualifying as a cash flow hedge, to fix a range within which the interest rate can fluctuate in order to optimize the cost of financing for the life of the debt. At 30 June 2014 the lower and upper limits of the range were 4.37% and 4.85%, respectively. The € 993 thousand fair value measurement of the cash flow hedge was recognized directly as a deduction in equity and stated as a current liability (see Note 34).

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

26. STAFF LEAVING INDEMNITIES

The balance at 30 June 2014 was € 10,727 thousand (€ 10,750 thousand at 31 December 2013), up by € 23 thousand.

27. DEFERRED TAX LIABILITIES

Deferred tax liabilities amounted to € 1,661 thousand, unchanged compared with 31 December 2013.

28. OTHER NON-CURRENT LIABILITIES

These amounted to € 1,203 thousand (€ 1,204 thousand at 31 December 2013). They consisted of installments to be paid in 2015 and 2016 totaling PLN 5,000,000 in relation to the acquisition of the company Farma-Projekt.

29. TRADE PAYABLES

Trade accounts payable, which are entirely of a business nature and include end-of-year provisions for invoices to be received, amounted at 30 June 2014 and at 31 December 2013 to € 42,752 thousand and € 36,411 thousand, respectively.
Balances at 30 June 2014 were as follows:

€ (thousands)	30.06.2014	31.12.2013	Change 2014/2013
Suppliers, subsidiaries	2,831	1,559	1,272
Suppliers, others	39,921	34,852	5,069
Total trade payables	**42,752**	**36,411**	**6,341**

There were no concentrations of large debts to a single or a small number of suppliers.

30. OTHER PAYABLES

At 30 June 2014 other accounts payable amounted to € 17,716 thousand (€ 19,176 thousand at 31 December 2013) They were composed as follows:

€ (thousands)	30.06.2014	31.12.2013	Changes 2014/2013
Payables to third parties	602	602	0
Subsidiaries	1,258	0	1,258
Employees	6,677	7,669	(992)
Social security	5,608	6,043	(435)
Commissions to agents	853	832	21
Other	2,718	4,030	(1,312)
Total other payables	**17,716**	**19,176**	**(1,460)**

Amounts due to employees include amounts accrued and not paid, vacations not taken and bonuses for presence and for achieving objectives.

Social security payables not only include contribution expenses for those periods but also the amount due to pension institutes for June.

Other payables include directors' remuneration accrued at 30 June and those for the debt to regions pursuant to Law 122 of 30 July 2010.

31. TAX LIABILITIES

Tax liabilities amounted to € 4,825 thousand (€ 2,627 thousand at 31 December 2013).

€ (thousands)	30.06.2014	31.12.2013	Changes 2014/2013
Liabilities payable to Fimei S.p.A. for IRES (corporate income tax)	637	0	637
Liabilities for current taxation	393	410	(17)
Liabilities for employee withholding taxes	3,201	1,956	1,245
Liabilities for self-employed withholding taxes	58	60	(2)
Other tax liabilities	536	201	335
Total tax liabilities	**4,825**	**2,627**	**2,198**

Payables to the parent company Fimei S.p.A. for IRES relate to the balance for taxes for the year transferred by Recordati S.p.A. to its parent company as a consequence of opting for tax consolidation in accordance with articles 117 to 128 of Presidential Decree 917/1986 as amended by Legislative Decree 344/2003.

32. OTHER CURRENT LIABILITIES

Other current liabilities amounted to € 26 thousand (€ 33 thousand at 31 December 2013) and consist of liabilities for grants for investment received between 1998 and 2003 and carried over into subsequent years in relation to the residual useful life of the assets to which they relate.

33. PROVISIONS

These consist of tax and other provisions as reported in the table below.

€ (thousands)	30.06.2014	31.12.20123	Changes 2014/2013
Tax	3,321	3,114	207
Other risks	5,256	5,374	(118)
Total other provisions	**8,577**	**8,488**	**(89)**

34. FAIR VALUE OF HEDGING DERIVATIVES (CASH FLOW HEDGES)

The interest rate swaps to hedge the cash flows related to medium and long-term loans and measured at fair value at 30 June 2014 gave rise to a € 3,781 thousand liability which represents the unrealized benefit of paying the current expected future rates instead of the rates agreed for the life of the loans.

That liability mentioned above is recognized in shareholders' equity within the "Fair value derivatives reserve".

35. LOANS – DUE WITHIN ONE YEAR

The portions of medium and long-term loans due within one year at 30 June 2014 and at 31 December 2013 were composed as follows:

€ (thousands)	30.06.2014	31.12.2013	Changes 2014/2013
Loan granted for research by Centrobanca (now UBI Banca) at a floating interest rate repayable in six monthly installments by 2022.	6,818	6,818	0
Loan received from Recordati S.A. (Luxembourg) granted on the basis of a long-term debt issue concluded by that subsidiary with institutional investors.	65,609	65,609	0
Loan granted by UniCredit at a floating interest rate repayable in six monthly installments by 2019.	8,334	8,333	1
Loan granted by BNL at a floating interest rate repayable in six monthly instalments by 2018.	6,250	0	6,250
Portion due within one year	87,011	80,760	6,251
Change in the fair value of loans	(3,018)	(2,209)	(809)
Total	**83,993**	**78,551**	**5,442**

36. BANK OVERDRAFTS AND SHORT-TERM LOANS

Bank overdrafts and short-term loans at 30 June 2014 and at 31 December 2013 amounted to € 1,446 thousand and € 15,882 thousand, respectively.

€ (thousands)	30.06.2014	31.12.2013	Changes 2014/2013
Current account overdrafts	735	15,436	(14,701)
Interest on long-term loans	711	446	265
Total	**1,446**	**15,882**	**(14,436)**

37. OTHER SHORT-TERM PAYABLES

The balance on other short-term payables consisted entirely of amounts due to subsidiaries and amounted to € 118,327 thousand (€ 129,840 thousand at 31 December 2013).

The liability is the result of the centralized cash pooling treasury system (€ 104,305 thousand) and to loans received from them.

38. LITIGATION AND CONTINGENT LIABILITIES

The Company is party to certain legal actions, the outcomes of which are not expected to result in any significant liability.

On 29 September 2006 a notice of tax assessment was served on the Company by the Milan office 6 of the Tax Authorities relating to the fiscal year 2003. It was assessed for additional taxation as follows: corporate tax of € 2.3 million, IRAP (regional production tax) of € 0.2 million and VAT of € 0.1 million and the imposition of fines of € 2.6 million. The Company believed no amount was due and considered the assessment flawed both from a legitimacy as well as a substantive point of view, and is supported in its position by professional opinion. An appeal was therefore filed with the Provincial Tax Commission of Milan. The first instance judgment before section 33 of the Provincial Tax Commission was concluded partially in the Company's favor with decision No. 539/33/07 dated 11 October 2007, filed on 16 October 2007. An appeal was subsequently filed against that judgment with the Regional Tax Commission of Milan, firstly by the Milan Office 6 of the Tax Authorities with notice served on 8 November 2008 and secondly by the Company with notice served on 7 January 2009. With judgment No. 139/32/09 of 10 June 2009, filed on 27 November 2009, section 32 of the Regional Tax Commission of Milan rejected the interlocutory appeal filed by the Company and accepted the principal appeal of the Milan Office 6 of the Tax Authorities. As a result of that judgment the claims contained in the aforementioned tax assessment relating to the tax year 2003 were confirmed in their entirety and the Company paid the full amount due. On 26 May 2010, the Company appealed that decision before the Supreme Court of Cassation.

39. SUBSEQUENT EVENTS

The Directors' Operating Review may be consulted for events subsequent to 30 June 2014

RECORDATI

RECORDATI S.p.A. Attachment 1

STATEMENT OF CHANGES IN INVESTMENTS

€ (thousands)	Balance at 31 Dec 2013	Share capital sales and redemptions	Acquisitions subscriptions	Write-downs (-) Write-backs (+)	Balance at 30 Jun 2014
Investments in subsidiaries					
Recordati S.A. – Luxembourg	217,586	-	-	-	217,586
Recordati España S.L. – Spain	180,537	-	-	-	180,537
Recofarma S.r.l. – Milan	1,852	-	-	-	1,852
Innova Pharma S.p.A. – Milan	1,733	-	-	-	1,733
Recordati Portuguesa LDA – Portugal	78	-	-	-	78
Bouchara – Recordati S.a.s. – France	54,249	-	-	-	54,249
Recordati Pharmaceuticals Ltd. – United Kingdom	752	-	-	-	752
Recordati Hellas Pharmaceuticals S.A. – Greece	95	-	-	-	95
Recordati Service Sp. Zo.o. – Poland	186	-	-	-	186
Herbacos Recordati S.r.o. – Czech Republic	15	-	-	-	15
Recordati Polska Sp. z.o.o. - Poland	16,468	-	-	-	16,468
	473,551	**0**	**0**	**0**	**473,551**
Investments in other companies:					
Tecnofarmaci S.p.A. - in liquidation – Pomezia (Rome)	87	-	-	-	87
SPA Ricerche ed Education S.r.l. – Milan	0	-	-	-	0
Sifir S.p.A. – Reggio Emilia	0	-	-	-	0
Consorzio Dafne – Reggello (Florence)	2	-	-	-	2
Consorzio Nazionale Imballaggi – Rome	0	-	-	-	0
Consorzio C4T – Pomezia (Rome)	78	-	-	-	78
	167	0	0	0	**167**
TOTAL	**473,718**	**0**	**0**	**0**	**473,718**

RECORDATI S.p.A. Attachment 2

SUMMARY STATEMENT OF INVESTMENTS

€ (thousands)	Balance at 30 Jun 2014	Percentage ownership	Number of shares or quotas possessed
Investments in subsidiaries			
Recordati S.A. – Luxembourg	217,586	100.00	82,500,000
Recordati España S.L. – Spain	180,537	68.45	1,635,660
Recofarma S.r.l. – Milan	1,852	100.00	1
Innova Pharma S.p.A. – Milan	1,733	100.00	960,000
Bouchara – Recordati S.a.s. – France	54,249	99.94	9,994
Recordati Portuguesa LDA – Portugal	78	98.00	1
Recordati Pharmaceuticals Ltd. – United Kingdom	752	3.33	500,000
Recordati Hellas Pharmaceuticals – Greece	95	0.68	9,500
Recordati Service Sp. Zo.o. – Poland	186	100.00	110
Herbacos Recordati S.r.o. – Czech Republic	15	0.08	1
Recordati Polska Sp. z.o.o. - Poland	16,468	100.00	68,000
	473,551		
Investments in other companies:			
Tecnofarmaci S.p.A. - in liquidation – Pomezia (Rome)	87	4,18	79.500
Sifir S.p.A. – Reggio Emilia	0	0.04	1,304
Consorzio Dafne – Reggello (Florence)	2	1.26	1
Consorzio C4T – Pomezia (Rome)	78	0.23	1,300
Consorzio Nazionale Imballaggi – Rome	0	n.s.	1
	167		
TOTAL	**473,718**		

RECORDATI S.p.A. Attachment 3

DETAILS OF ITEMS IN SHAREHOLDERS' EQUITY

€ (thousands)	Amount	Possibility of use	Amount available	Amount distributable without tax effects	Amount distributable with tax effects	Notes
Share capital	26,141					
Additional paid-in capital reserve	83,718	A B C	83,718	15,074	68,644	1
Revaluation reserve	2,602	A B C	2,602	0	2,602	
Statutory reserve	5,228	B				
By-law reserves	0					
Treasury share reserve	(29,555)		(29,555)	(29,555)		
Other reserves						
Extraordinary reserve	141,943	A B C	141,943	141,943	0	
Reserve under Art. 13 Par. 6 of Legislative Decree 124/1993	99	A B C	99	0	99	
Research and investment grants	17,191	A B C	17,191	1,227	15,964	2
Extraordinary VAT concession reserve	517	A B C	517	0	517	
Southern Italy investment fund	3,632					
IAS reserve	88,741	A B C	88,741	88,741	0	
Profit (loss) for the year	63,572	A B C	63,572	63,572	0	
Total shareholders' equity	**403,829**		**368,828**	**281,002**	**87,826**	

Legend:
A for share capital increase
B to replenish losses
C to distribute to shareholders

Notes:
1 The additional paid-in capital reserve may be distributed when the statutory reserve has reached one fifth of the share capital
2 The research and investment grant reserve has already been subject to taxation of € 1,227 thousand.

DECLARATION OF THE MANAGER APPOINTED TO PREPARE CORPORATE ACCOUNTING DOCUMENTS

The manager appointed to prepare the corporate accounting documents, Fritz Squindo, declares, in accordance with paragraph 2 Article 154-*bis* of the Consolidated Finance Act, that the accounting information contained in this financial report corresponds to the amounts shown in the Company's accounts, books and records.

Milan, 28 October 2014

Fritz Squindo
Manager appointed to prepare
the corporate accounting documents