INTERIM REPORT
FIRST NINE MONTHS
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 NINE MONTHS 2014

REVENUE

€ (thousands)	First nine months 2014	%	First nine months 2013	%	Change 2014/2013	%
Total revenue	742,088	100.0	702,009	100.0	40,079	5.7
Italy	170,369	23.0	173,125	24.7	(2,756)	(1.6)
International	571,719	77.0	528,884	75.3	42,835	8.1

KEY CONSOLIDATED P&L DATA

€ (thousands)	First nine months 2014	% of revenue	First nine months 2013	% of revenue	Change 2014/2013	%
Revenue	742,088	100.0	702,009	100.0	40,079	5.7
EBITDA[(1)]	212,948	28.7	174,016	24.8	38,932	22.4
Operating income	180,370	24.3	148,322	21.1	32,048	21.6
Net income	124,022	16.7	101,482	14.5	22,540	22.2

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

KEY CONSOLIDATED B/S DATA

€ (thousands)	30 September 2014	31 December 2013	Change 2014/2013	%
Net financial position[(2)]	(152,494)	(261,031)	108,537	(41.6)
Shareholders' equity	819,415	701,820	117,595	16.8

(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).

THIRD QUARTER 2014

REVENUE

€ (thousands)	Third quarter 2014	%	Third quarter 2013	%	Change 2014/2013	%
Total revenue	234,467	100.0	224,275	100.0	10,192	4.5
Italy	47,303	20.2	49,563	22.1	(2,260)	(4.6)
International	187,164	79.8	174,712	77.9	12,452	7.1

KEY CONSOLIDATED P&L DATA

€ (thousands)	Third quarter 2014	% of revenue	Third quarter 2013	% of revenue	Change 2014/2013	%
Revenue	234,467	100.0	224,275	100.0	10,192	4.5
EBITDA[(1)]	71,098	30.3	53,984	24.1	17,114	31.7
Operating income	58,574	25.0	45,766	20.4	12,808	28.0
Net income	40,977	17.5	31,187	13.9	9,790	31.4

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

The first nine months 2014 results confirm both revenue growth and significant margin improvement. Consolidated revenue is € 742.1 million, up by 5.7% compared to the same period of the preceding year. International sales grow by 8.1%. EBITDA, at 28.7% of sales, is € 212.9 million, an increase of 22.4% over the first nine months of 2013. Operating income, at 24.3% of sales, is € 180.4 million, an increase of 21.6% while net income, at 16.7% of sales, is € 124.0 million, an increase of 22.2% over the first nine months of 2013.

Net financial position at 30 September 2014 records a net debt of € 152.5 million. Shareholders' equity increases to € 819.4 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.

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). Orphan drug designation applies to drugs that seek to treat rare diseases or conditions affecting fewer than 200,000 patients in the U.S. while providing significant therapeutic advantage over existing therapies. The designation provides the opportunity for seven years marketing exclusivity upon approval for the designated indication, tax credits to offset clinical research expenses, the ability to apply for annual grant funding, and the potential waiver of prescription drug user fees.

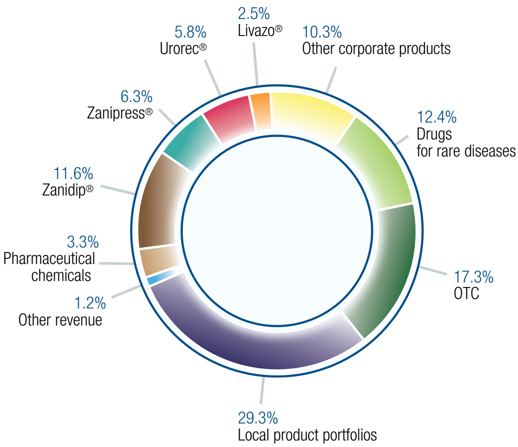
In September a license agreement with Plethora Solutions Limited and Plethora Solutions Holdings Plc, a specialty pharmaceutical company with headquarters in the UK, for the commercialization of PSD502™ in Europe, Russia, Commonwealth of Independent States (C.I.S.), Turkey and certain countries in North Africa was signed. Subsequently, during October an up-front payment of € 5 million to Plethora was effected. PSD502™ is an easy-to-use fast acting topical spray formulation of lidocaine and prilocaine for the treatment of premature ejaculation. Premature ejaculation is a common form of sexual dysfunction in men. Epidemiological studies conducted in the US and in Europe indicate a prevalence of 20% to 30% in men of all ages. The product has been approved by EMA (the European Medicines Agency) but the new dosage form which will be actually commercialized is currently in development and will require a variation of the approval.

At the end of September Erytech Pharma, a French biopharmaceutical company with which Orphan Europe, Recordati group, established an exclusive agreement in 2012 for the commercialization and distribution in Europe of Graspa® (a treatment for hematological malignancies intended to satisfy the unmet medical needs of frail patients, patients suffering relapses and other patient groups for whom the current treatments are not suitable) reported positive top-line phase III results from its clinical study with Graspa® in acute lymphoblastic leukemia (ALL). Graspa® met the primary endpoints compared to native L-asparaginase: the reduction of allergic reactions was statistically significant and the increase in duration of asparaginase activity was also statistically significant.

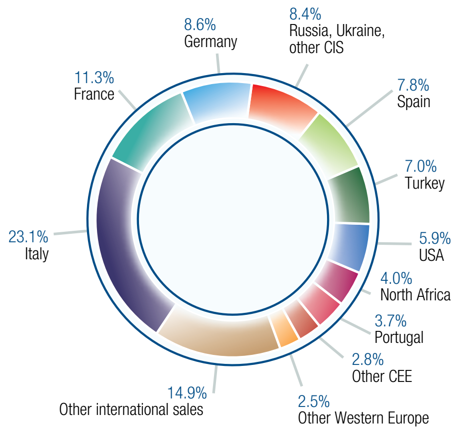
REVIEW OF OPERATIONS

Net consolidated revenue in the first nine months of 2014 is € 742.1 million, up 5.7% over the same period of the preceding year, with an increase in international sales of 8.1% to € 571.7 million, which represent 77.0% of total sales. Pharmaceutical sales are € 717.9 million, up by 5.9%. Pharmaceutical chemicals sales are € 24.1 million, up by 0.3%, and represent 3.3% of total revenues. The first nine months 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 € 33.9 million and € 11.8 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 € 24.5 million on sales. Excluding the contribution from the new acquisitions and the negative currency effect sales growth would have been 1.8%.

SALES BY BUSINESS



PHARMACEUTICAL SALES



The group's pharmaceutical business, which represents 96.7% 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 nine months of 2014 is shown in the table below.

€ (thousands)	First nine months 2014	First nine months 2013	Change 2014/2013	%
Zanidip® (lercanidipine)	86,140	86,220	(80)	(0.1)
Zanipress® (lercanidipine+enalapril)	46,445	42,880	3,565	8.3
Urorec® (silodosin)	42,736	34,104	8,632	25.3
Livazo® (pitavastatin)	18,599	16,764	1,835	10.9
Other corporate products*	95,891	73,121	22,770	31.1
Drugs for rare diseases	91,844	97,696	(5,852)	(6.0)

* Includes the OTC products Procto-Glyvenol® and TransAct® LAT

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 nine months 2014	First nine months 2013	Change 2014/2013	%
Direct sales	44,845	45,020	(175)	(0.4)
Sales to licensees	41,295	41,200	95	0.2
Total lercanidipine sales	86,140	86,220	(80)	(0.1)

The reduction of lercanidipine direct sales is due mainly to lower volumes sold as a result of generic competition in particular in Ireland, Italy and France. In Turkey sales decrease is entirely due to a negative currency exchange effect. Direct sales of Zanidip® are growing significantly in North Africa. Sales to licensees, which represent 47.9% of total lercanidipine sales, are up by 0.2%.

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 nine months 2014	First nine months 2013	Change 2014/2013	%
Direct sales	33,436	30,852	2,584	8.4
Sales to licensees	13,009	12,028	981	8.2
Total lercanidipine+enalapril sales	46,445	42,880	3,565	8.3

Direct sales of Zanipress® in the first nine months of 2014 are up by 8.4% mainly due to the performance of the product in Italy and in Turkey. Sales to licensees represent 28.0% of total Zanipress® sales and are up by 8.2%.

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 28 countries with sales of € 42.7 million in the first nine months of 2014, up 25.3% 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 € 18.6 million during the first nine months 2014, up by 10.9%.

In the first nine months of 2014 sales of other corporate products totaled € 95.9 million, up by 31.1% 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® (ternidazole, neomycin, nystatin, prednisolone) 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 € 91.8 million in the first nine months 2014, a decrease of 6.0% 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 9.1%.

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

€ (thousands)	First nine months 2014	First nine months 2013	Change 2014/2013	%
Italy	165,626	168,616	(2,990)	(1.8)
France	81,421	84,976	(3,555)	(4.2)
Germany	61,807	58,108	3,699	6.4
Russia, other C.I.S. countries and Ukraine	60,042	66,058	(6,016)	(9.1)
Spain	56,005	23,385	32,620	139.5
Turkey	49,949	49,738	211	0.4
U.S.A.	42,683	40,218	2,465	6.1
North Africa	29,010	15,469	13,541	87.5
Portugal	26,888	23,723	3,165	13.3
Other C.E.E. countries	19,969	25,608	(5,639)	(22.0)
Other Western European countries	17,812	18,570	(758)	(4.1)
Other international sales	106,730	103,463	3,267	3.2
Total pharmaceutical revenue	**717,942**	**677,932**	**40,010**	**5.9**

Both years include sales as well as other income.

Sales of pharmaceuticals in Italy are down by 1.8% 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), Peptazol® (pantoprazole) and TransAct® LAT (flurbiprofen transdermal patch) as well as the other OTC products are performing well.

Pharmaceutical sales in France are down by 4.2% 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 6.4% 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 € 60.0 million, down by 9.1% compared to the same period of the preceding year mainly due to a negative currency exchange effect of € 9.0 million. Sales in Russia, in local currency, are RUB 2,459.6 million, up by 4.0% 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, during the first quarter, the setting up of local inventories and the consequent reduction of stocks held by the distributors. In the second and third quarters sales in local currency grow by 12.4% which has more than compensated for the decrease in the first quarter. Sales generated in the other C.I.S. countries, mainly Belarus, and in Ukraine are € 8.8 million.

In Spain sales are up by 139.5% and include sales of € 31.4 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 up by 0.4% and are impacted by a negative currency exchange effect of € 12.6 million. In local currency sales of our Turkish subsidiary grow by 19.5% thanks mainly to the good performance of the corporate products Procto-Glyvenol® (tribenoside), Urorec® (silodosin), Lercadip® (lercanidipine) and Zanipress® (lercanidipine+enalapril) and of the local products Cabral® (phenyramidol), Kreval® (butamirate) 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 nine months 2014 are € 42.7 million, up by 6.1%. 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 € 29.0 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 nine months of 2014 are € 11.8 million.

Sales in Portugal are up by 13.3% thanks to the good performance of corporate products Livazo® (pitavastatin), TransAct® LAT and Urorec® (silodosin), and include sales of € 2.5 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 nine months 2014 they are down by 22.0% 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 4.1%, 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 nine months 2014 is due to the termination of the license for the orphan drug Adagen®.

Other international sales grow by 3.2% 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 nine months 2013:

€ (thousands)	First nine months 2014	% of revenue	First nine months 2013	% of revenue	Change 2014/2013	%
Revenue	**742,088**	**100.0**	**702,009**	**100.0**	**40,079**	**5.7**
Cost of sales	(244,785)	(33.0)	(241,915)	(34.5)	(2,870)	1.2
Gross profit	**497,303**	**67.0**	**460,094**	**65.5**	**37,209**	**8.1**
Selling expenses	(211,279)	(28.5)	(205,987)	(29.3)	(5,292)	2.6
R&D expenses	(61,960)	(8.3)	(55,390)	(7.9)	(6,570)	11.9
G&A expenses	(42,049)	(5.7)	(38,888)	(5.5)	(3,161)	8.1
Other income (expense), net	(1,645)	(0.2)	(11,507)	(1.6)	9,862	(85.7)
Operating income	**180,370**	**24.3**	**148,322**	**21.1**	**32,048**	**21.6**
Financial income (expense), net	(13,126)	(1.8)	(10,569)	(1.5)	(2,557)	24.2
Pretax income	**167,244**	**22.5**	**137,753**	**19.6**	**29,491**	**21.4**
Provision for income taxes	(43,222)	(5.8)	(36,271)	(5.2)	(6,951)	19.2
Net income	**124,022**	**16.7**	**101,482**	**14.5**	**22,540**	**22.2**
Attributable to:						
Equity holders of the parent	124,017	16.7	101,470	14.5	22,547	22.2
Minority interests	5	0.0	12	0.0	(7)	(58.3)

Revenue for the period is € 742.1 million, an increase of € 40.1 million compared to the first nine months of 2013. For a detailed analysis please refer to the preceding “Review of Operations”.

Gross profit is € 497.3 million with a margin of 67.0% 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 € 62.0 million, up by 11.9% compared to those recorded in the first nine months 2013 due to the advancement of clinical trials for new products in development. G&A expenses are up by 8.1% but are substantially stable as percent of sales.

Other expenses net of other income are € 1.6 million and include € 0.7 million resulting from the write-down of some intangible assets in France as well as € 0.5 million pay-back due to AIFA (the Italian medicines agency) in substitution for the 5% price reduction on selected products.

Net financial charges are € 13.1 million, an increase of € 2.6 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 25.8%, an improvement compared to that of the same period of the preceding year.

Net income at 16.7% of sales is € 124.0 million, an increase of 22.2% over the same period of the preceding year.

NET FINANCIAL POSITION

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

€ (thousands)	30 September 2014	31 December 2013	Change 2014/2013	%
Cash and short-term financial investments	241,629	52,271	189,358	362.3
Bank overdrafts and short-term loans	(32,534)	(34,024)	1,490	(4.4)
Loans – due within one year(1)	(94,404)	(82,490)	(11,914)	14.4
Net liquid assets	**114,691**	**(64,243)**	**178,934**	**(278.5)**
Loans – due after one year(1)	(267,185)	(196,788)	(70,397)	35.8
Net financial position	**(152,494)**	**(261,031)**	**108,537**	**(41.6)**

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

At 30 September 2014 the net financial position shows a net debt of € 152.5 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.

On 30 September 2014 Recordati S.p.A. privately placed guaranteed senior notes for an amount of $ 75 million in two tranches: $ 50 million at a fixed interest rate of 4,28% to be reimbursed bi-annually as from 30 March 2022 through 30 September 2026, and $ 25 million at a fixed interest rate of 4.51% to be reimbursed bi-annually as from 30 March 2023 through 30 September 2029. The loan was simultaneously covered with two currency rate swaps transforming the overall debt to € 56.0 million and the interest payable to a fixed interest rate of 2.895% on the 12 year tranche and to 3.15% on the 15 year tranche.

RELATED PARTY TRANSACTIONS

Tax liabilities shown in the consolidated balance sheet at 30 September 2014 include those payable to the controlling company Fimei S.p.A. for an amount of € 3.2 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.

THIRD QUARTER 2014 REVIEW

The following table shows the profit and loss accounts, including their expression as a percent of sales and change versus the third quarter of 2013:

€ (thousands)	Third quarter 2014	% of revenue	Third quarter 2013	% of revenue	Change 2014/2013	%
Revenue	234,467	100.0	224,275	100.0	10,192	4.5
Cost of sales	(73,747)	(31.5)	(76,255)	(34.0)	2,508	(3.3)
Gross profit	160,720	68.5	148,020	66.0	12,700	8.6
Selling expenses	(65,721)	(28.0)	(62,932)	(28.1)	(2,789)	4.4
R&D expenses	(21,262)	(9.1)	(17,441)	(7.8)	(3,821)	21.9
G&A expenses	(13,984)	(6.0)	(12,259)	(5.5)	(1,725)	14.1
Other income (expense), net	(1,179)	(0.5)	(9,622)	(4.3)	8,443	(87.7)
Operating income	58,574	25.0	45,766	20.4	12,808	28.0
Financial income (expense), net	(4,354)	(1.9)	(3,716)	(1.7)	(638)	17.2
Pretax income	54,220	23.1	42,050	18.7	12,170	28.9
Provision for income taxes	(13,243)	(5.6)	(10,863)	(4.8)	(2,380)	21.9
Net income	40,977	17.5	31,187	13.9	9,790	31.4
Attributable to:						
Equity holders of the parent	40,975	17.5	31,183	13.9	9,792	31.4
Minority interests	2	0.0	4	0.0	(2)	(50.0)

Revenue is € 234.5 million, up by 4.5% over the third quarter 2013. Pharmaceutical sales are € 227.9 million, up 5.0%. Pharmaceutical chemical sales are € 6.5 million, down by 7.9%.

Gross profit is € 160.7 million with a margin of 68.5% 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 slightly down compared to the same period of the preceding year. R&D expenses are € 21.3 million, up by 21.9% compared to those recorded in the third quarter 2013. G&A expenses are up by 14.1%.

Net financial charges are € 4.4 million, an increase of € 0.6 million compared to the third quarter 2013.

Net income at 17.5% of sales is € 41.0 million, an increase of 31.4% over the same period of the preceding year.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

The group's business performance was in line with expectations during October. For the full year 2014, in view of the results obtained in the first nine months of the year, targets are to achieve sales of slightly below € 1,000 million, operating income of around € 230 million and net income of around € 160 million.

Milan, 28 October 2014

Giovanni Recordati
Chairman and Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2014

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

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

INCOME STATEMENT

€ (thousands)	First nine months 2014	First nine months 2013
Revenue	742,088	702,009
Cost of sales	(244,785)	(241,915)
Gross profit	497,303	460,094
Selling expenses	(211,279)	(205,987)
R&D expenses	(61,960)	(55,390)
G&A expenses	(42,049)	(38,888)
Other income (expense), net	(1,645)	(11,507)
Operating income	180,370	148,322
Financial income (expense), net	(13,126)	(10,569)
Pretax income	167,244	137,753
Provision for income taxes	(43,222)	(36,271)
Net income	124,022	101,482
Attributable to:		
Equity holders of the parent	124,017	101,470
Minority interests	5	12
Earnings per share		
Basic	€ 0.610	€ 0.504
Diluted	€ 0.593	€ 0.479

Earnings per share (EPS) are based on average shares outstanding during each year, 203.336.543 in 2014 and 201.356.295 in 2013, net of average treasury stock which amounted to 5.788.613 shares in 2014 and to 7.768.861 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 SEPTEMBER 2014

ASSETS

€ (thousands)	30 September 2014	31 December 2013
Non-current assets		
Property, plant and equipment	87,332	81,288
Intangible assets	281,671	295,498
Goodwill	469,339	469,205*
Other investments	12,935	5,939
Other non-current assets	3,987	4,256
Deferred tax assets	26,898	25,205
Total non-current assets	882,162	881,391
Current assets		
Inventories	134,357	140,430
Trade receivables	176,259	179,775
Other receivables	22,567	24,979
Other current assets	9,858	5,363
Short-term financial investments, cash and cash equivalents	241,629	52,271
Total current assets	584,670	402,818
Total assets	1,466,832	1,284,209

* Restated due to variation in the acquisition cost of Opalia Pharma

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

EQUITY AND LIABILITIES

€ (thousands)	30 September 2014	31 December 2013
Shareholders' equity		
Share capital	26,141	26,141
Additional paid-in capital	83,719	83,719
Treasury stock	(26,885)	(37,791)
Hedging reserve *(cash flow hedge)*	(4,567)	(2,270)
Translation reserve	(40,806)	(42,853)
Other reserves	30,442	25,776
Retained earnings	627,281	559,878
Net income for the year	124,017	133,678
Interim dividend	0	(44,526)
Group shareholders' equity	819,342	701,752
Minority interest	73	68
Shareholders' equity	819,415	701,820
Non-current liabilities		
Loans – due after one year	267,185	196,788
Staff leaving indemnities	16,826	16,698
Deferred tax liabilities	21,222	21,072
Other non-current liabilities	4,220	4,823*
Total non-current liabilities	309,453	239,381
Current liabilities		
Trade payables	97,982	107,156
Other payables	66,072	70,808*
Tax liabilities	16,894	15,951
Other current liabilities	863	855
Provisions	24,648	29,454
Fair value of hedging derivatives *(cash flow hedge)*	4,567	2,270
Fair value of hedging derivatives *(fair value hedge)*	310	2,210
Loans – due within one year	94,094	80,280
Bank overdrafts and short-term loans	32,534	34,024
Total current liabilities	337,964	343,008
Total equity and liabilities	1,466,832	1,284,209

* Restated due to variation in the acquisition cost of Opalia Pharma

RECORDATI S.P.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2014

€ (thousands)	First nine months 2014	First nine months 2013
Net income for the period	124,022	101,482
Gains/(losses) on cash flow hedges	(2,297)	1,801
Gains/(losses) on translation of foreign financial statements	2,047	(26,738)
Other gains/(losses)	4,588	(351)
Income and expense for the period recognized directly in equity	4,338	(25,288)
Comprehensive income for the period	128,360	76,194
Attributable to:		
Equity holders of the parent	128,355	76,182
Minority interests	5	12

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						(165)	1,391				1,226
Purchase of own shares			(8,802)								(8,802)
Disposal of own shares			13,670				(1,440)				12,230
Other changes							(89)				(89)
Comprehensive income for the year				1,801	(26,738)	(351)		101,470		12	76,194
Balance at 30.09.2013	26,141	83,719	(41,386)	(3,182)	(30,451)	25,810	559,853	101,470	0	65	722,039
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						78	1,167				1,245
Disposal of own shares			10,906				(392)				10,514
Other changes							(209)				(209)
Comprehensive income for the year				(2,297)	2,047	4,588		124,017		5	128,360
Balance at 30.09.2014	26,141	83,719	(26,885)	(4,567)	(40,806)	30,442	627,281	124,017	0	73	819,415

RECORDATI S.P.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

€ (thousands)	First nine months 2014	First nine months 2013
Operating activities		
Cash flow		
Net Income	124,022	101,482
Depreciation of property, plant and equipment	8,416	6,876
Amortization of intangible assets	24,162	18,818
Write-downs	652	616
Total cash flow	157,252	127,792
(Increase)/decrease in deferred tax assets	(1,693)	(2,386)
Increase/(decrease) in staff leaving indemnities	128	(283)
Increase/(decrease) in other non-current liabilities	(453)	(1,712)
	155,234	123,411
Changes in working capital		
Trade receivables	3,516	(14,337)
Inventories	6,073	(6,535)
Other receivables and other current assets	(2,083)	1,586
Trade payables	(9,174)	2,508
Tax liabilities	943	8,882
Other payables and other current liabilities	(4,728)	1,105
Provisions	(4,806)	6,622
Changes in working capital	(10,259)	(169)
Net cash from operating activities	144,975	123,242
Investing activities		
Net (investments)/disposals in property, plant and equipment	(14,495)	(8,055)
Net (investments)/disposals in intangible assets	(10,952)	(70,890)
Net (increase)/decrease in other equity investments	0	635
Net (increase)/decrease in other non-current receivables	269	(446)
Net cash used in investing activities	(25,178)	(78,756)
Financing activities		
Medium/long term loans granted	85,847	102,312
Re-payment of loans	(8,384)	(4,093)
Increase in treasury stock	0	(8,802)
Decrease in treasury stock	10,514	12,230
Effect on shareholders' equity of application of IAS/IFRS	(1,163)	875
Other changes in shareholders' equity	(209)	(89)
Dividends paid	(22,315)	(20,117)
Change in translation reserve	6,761	(10,123)
Net cash from/(used in) financing activities	71,051	72,193
Changes in short-term financial position	190,848	116,679
Short-term financial position at beginning of year *	18,247	(17,569)
Short-term financial position at end of period *	209,095	99,110

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

1. GENERAL

The consolidated financial statements at 30 September 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. During the period a further 23% of the share capital of the Tunisian company Opalia Pharma S.A. was acquired which brings total ownership of the company to 90%. The consolidation perimeter remains however unchanged because, 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 acquisition in October 2013 of 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. However, following the attainment of certain contractual conditions the cost of the acquisition recognized when first consolidated was increased. Also, the recognition in the accounts of the acquisition in October 2013 of the Spanish company Laboratorios Casen Fleet S.L.U. with its Portuguese subsidiary Laboratorios Casen Fleet Portugal Lda is not yet definite and could be subject to change as allowed by IFRS 3. During the period the Tunisian company Opalia Recordati s.a.r.l. was established, 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 nine months consolidated 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 nine months 2014 is € 742.1 million (€ 702.0 million in the same period of the preceding year) and can be broken down as follows:

€ (thousands)	First nine months 2014	First nine months 2013	Change 2014/2013
Net sales	730,471	693,561	36,910
Royalties	4,065	2,742	1,323
Up-front payments	4,036	2,251	1,785
Other revenue	3,516	3,455	61
Total revenue	742,088	702,009	40,079

4. OPERATING EXPENSES

Overall operating expenses in the first nine months 2014 are € 561.7 million, an increase as compared to the € 553.7 million in the same period of the preceding year and are analyzed by function. Personnel costs are € 173.1 million and include a cost for stock options of € 1.2 million. Total depreciation and amortization charges are € 32.6 million, an increase of € 6.9 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 nine months 2014	First nine months 2013	Change 2014/2013
Amounts due to the Italian public healthcare scheme	(502)	(745)	243
Personnel restructuring charges	0	(8,621)	8,621
Write-down of intangible assets	(652)	(616)	(36)
Others	(491)	(1,525)	1,034
Total other income (expense), net	(1,645)	(11,507)	9,862

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 nine months 2014 and in the same period of 2013 financial items record a net expense of € 13.1 million and € 10.6 million respectively and are comprised as follows:

€ (thousands)	First nine months 2014	First nine months 2013	Change 2014/2013
Currency exchange gains (losses)	(3)	(3,488)	3,485
Interest expense on loans	(8,750)	(5,337)	(3,413)
Net interest income (expense) on short-term financial position	(4,039)	(1,422)	(2,617)
Interest cost in respect of defined benefit plans	(334)	(322)	(12)
Total financial income (expense), net	**(13,126)**	**(10,569)**	**(2,557)**

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 positive by € 1.9 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	163	1,147	1,167	11,742	14,219
Write-downs	0	(35)	0	0	(35)
Disposals	0	(252)	(522)	(49)	(823)
Other changes	304	1,814	1,323	(2,853)	588
Balance at 30 September 2014	57,937	195,316	59,026	21,552	333,831
Accumulated depreciation					
Balance at 31 December 2013	33,083	162,304	43,207	0	238,594
Depreciation for the period	1,486	4,459	2,471	0	8,416
Disposals	0	(248)	(460)	0	(708)
Other changes	(3)	124	76	0	197
Balance at 30 September 2014	34,566	166,639	45,294	0	246,499
Carrying amount at					
30 September 2014	23,371	28,677	13,732	21,552	87,332
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 (€ 4.0 million) and in the Turkish subsidiary due to the advancement of the construction of a new production plant (€ 8.0 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	2,435	266	192	5,420	8,313
Write-downs	0	(617)	0	0	(617)
Disposals	(8)	(45)	0	(26)	(79)
Other changes	3,181	1,634	39	(1,192)	3.662
Balance at 30 September 2014	**326,433**	**147,337**	**16,842**	**5,884**	**496,496**
Accumulated amortization					
Balance at 31 December 2013	88,561	85,583	15,575	0	189,719
Amortization for the period	16,772	7,142	248	0	24,162
Disposals	(1)	0	0	0	(1)
Other changes	512	413	20	0	945
Balance at 30 September 2014	**105,844**	**93,138**	**15,843**	**0**	**214,825**
Carrying amount at					
30 September 2014	220,589	54,199	999	5,884	281,671
31 December 2013	232,264	60,516	1,036	1,682	295,498

The additions during the period refer mainly to up-front payments for:

- 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, for an amount of € 1.8 million;
- the license agreement with Plethora Solutions Limited and Plethora Solutions Holdings Plc for the commercialization of PSD502™, a topical spray formulation of lidocaine and prilocaine for the treatment of premature ejaculation, in Europe, Russia, Commonwealth of Independent States (C.I.S.), Turkey and certain countries in North Africa, for an amount of € 5.0 million.

8. GOODWILL

Net goodwill at 30 September 2014, amounting to € 469.3 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, FIC Médical and Accent): € 34.0 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 and Dr. Frik Ilaç): € 86.4 million;
- Czech Republic (Herbacos-Bofarma): € 12.9 million;
- Romania (ArtMed International): € 0.2 million;
- Poland (Farma-Projekt): € 15.7 million;
- Spain (Laboratorios Casen Fleet): € 58.1 million;
- Tunisia (Opalia Pharma): € 24.0 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. Regarding the acquisition of the Tunisian company the attainment of certain contractual conditions determined an increase of € 0.4 million in the cost of the acquisition. This amount was booked to goodwill retroactively to the date of the first consolidation and consequently the comparative accounts at 31 December 2013 were restated.

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 September 2014 resulted in an overall increase of € 0.1 million compared to that at 31 December 2013. The conversion of the Turkish company's goodwill resulted in an increase of € 2.4 million while the conversion of the goodwill associated with the acquisitions in Russia and in Poland resulted in a decrease of € 2.2 million and € 0.1 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 September 2014 other investments amount to € 12.9 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 € 7.0 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 September 2014 deferred tax assets are € 26.9 million, an increase of € 1.7 million compared to those at 31 December 2013. Deferred tax liabilities are € 21.2 million, substantially unchanged compared to those at 31 December 2013.

11. SHAREHOLDERS' EQUITY

Shareholders' Equity at 30 September 2014 is € 819.4 million, an increase of € 117.6 million compared to that at 31 December 2013 for the following reasons:

- net income for the period (increase of € 124.0 million);
- cost of stock option plans set-off directly in equity (increase of € 1.2 million);
- disposal of 1,878,750 own shares in treasury stock to service the stock option plans (increase of € 10.5 million);
- change in the fair value of hedging derivatives qualifying as a cash flow hedge (decrease of € 2.3 million);
- application of IAS/IFRS (increase of € 4.4 million), almost entirely due to the increase in fair value of the holding in Erytech Pharma, net of the tax effect;
- translation adjustments (increase of € 2.1 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 € 73.0 thousand.

As at 30 September 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 options were granted on 29 July 2014. The strike price of the options is the average of the parent company's listed share price during the 30 days prior to the grant date. 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 September 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 30.9.2014
Date of grant						
27 October 2009	4.8700	1,182,500	-	(716,250)	(5,000)	461,250
9 February 2011	6.7505	2,950,000	-	(595,000)	(85,000)	2,270,000
8 May 2012	5.3070	4,180,000	-	(567,500)	(185,000)	3,427,500
17 April 2013	7.1600	270,000	-	-	(80,000)	190,000
30 October 2013	8.9300	360,000	-	-	-	360,000
29 July 2014	12.2900	-	6,095,000	-	-	6,095,000
Total		8,942,500	6,095,000	(1,878,750)	(355,000)	12,803,750

At 30 September 2014, 4,631,360 own shares are held as treasury stock, a decrease of 1,878,750 shares as compared to those at 31 December 2013. The change is to be attributed to the sale of 1,878,750 shares for an overall value of € 10.9 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 € 26.9 million with an average unit price of € 5.80.

12. LOANS

At 30 September 2014 medium and long-term loans, which include a reduction of € 0.3 million resulting from the measurement at fair value of the guaranteed senior notes issued and privately placed in 2004, are € 361.3 million, an increase of € 84.2 million compared to those at 31 December 2013. This change arises from new loans for an amount of € 85.8 million, loan repayments during the period of € 8.4 million, the conversion effect of loans in foreign currency (increase of € 4.9 million) and the change in fair value of the guaranteed senior notes issued and privately placed in 2004 (increase of € 1.9 million).

On 30 September 2014 Recordati S.p.A. privately placed guaranteed senior notes for an amount of $ 75 million in two tranches: $ 50 million at a fixed interest rate of 4,28% to be reimbursed bi-annually as from 30 March 2022 through 30 September 2026, and $ 25 million at a fixed interest rate of 4.51% to be reimbursed bi-annually as from 30 March 2023 through 30 September 2029. The loan was simultaneously covered with two currency rate swaps transforming the overall debt to € 56.0 million and the interest payable to a fixed interest rate of 2.895% on the 12 year tranche and to 3.15% on the 15 year tranche.

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

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

The above conditions were amply fulfilled during the period.

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 September 2014 generated a liability of € 0.6 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 September 2014 generated a liability of € 0.6 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 September 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 2.875%. The measurement at fair value of the hedging instrument at 30 September 2014 generated a liability of € 1.8 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The 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 September 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 September 2014 generated a liability of € 0.3 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 September 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 September 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 September 2014 are € 4.2 million and refer entirely to the residual amounts due, determined according to the purchase agreements, for the acquisition of the Polish company Farma-Projekt (€ 0.6 million) and the Tunisian company Opalia Pharma (€ 3.6 million). The comparative amount at 31 December 2014 was increased by € 0.8 million to take the restatement of the acquisition cost of Opalia Pharma into account.

15. CURRENT ASSETS

Inventories are € 134.4 million, a decrease of € 6.1 million compared to those stated at 31 December 2013.

The balance of trade receivables at 30 September 2014 is € 176.3 million, a reduction of € 3.5 million compared to that at 31 December 2013. Trade receivables are stated net of a € 10.1 million provision for doubtful accounts which reflects the collection risk connected with certain customers and geographic areas. Days sales outstanding are 68.

Other receivables, at € 22.6 million, decrease by € 2.4 million compared to those at 31 December 2013 mainly due to a decrease in tax receivable of € 3.7 million and an increase in other current receivables of € 1.3 million.

Other current assets are € 9.9 million and refer mainly to prepaid expenses.

16. CURRENT LIABILITIES

Trade payables, which include the accrual for invoices to be received, are € 98.0 million.

Other payables are € 66.1 million, a decrease of € 4.7 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, 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) and to an additional amount payable of € 5.0 million to Plethora Solutions Limited and Plethora Solutions Holdings Plc as up-front payment for the acquisition of product commercialization rights. 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 € 0.5 million for the pay back due to AIFA (see Note 4). The comparative amount at 31 December 2013 was decreased by € 0.4 million to take the restatement of the acquisition cost of Opalia Pharma into account.

Tax payables are € 16.9 million, an increase of € 0.9 million compared to those at 31 December 2013. Provisions are € 24.6 million, a decrease of € 4.8 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 € 4.6 million liability at 30 September 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 (€ 1.8 million), UniCredit (€ 0.6 million), Banca Nazionale del Lavoro (€ 0.6 million) and ING Bank (€ 0.6 million).

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

Short term financial investments, cash and cash equivalents at 30 September 2014 are € 241.6 million, mostly denominated in Euro, and comprise mainly current accounts. During the period the funds related to financing obtained by Recordati S.p.A. for an amount equivalent to € 85.8 million were received.

19. BANK OVERDRAFTS AND SHORT-TERM LOANS

Bank overdrafts and short-term loans are € 32.5 million and are comprised mainly of temporary use of lines of credit, current account overdrafts and interest accrued on existing loans.

In August 2014 the revolving line of credit for a maximum of € 30 million for a duration of 36 months obtained by Recordati S.p.A. in March 2013 was extinguished.

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 September 2014 and includes comparative data.

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated	Consolidated accounts
First nine months 2014				
Revenues	650,243	91,845	-	742,088
Expenses	(507,831)	(53,887)	-	(561,718)
Operating income	**142,412**	**37,958**	**-**	**180,370**
First nine months 2013				
Revenues	604,265	97,744	-	702,009
Expenses	(490,827)	(62,860)	-	(553,687)
Operating income	**113,438**	**34,884**	**-**	**148,322**

* Includes the pharmaceutical chemicals operations

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated **	Consolidated accounts
30 September 2014				
Non-current assets	681,948	187,279	12,935	882,162
Inventories	121,232	13,125	-	134,357
Trade receivables	152,392	23,867	-	176,259
Other current assets	26,600	5,825	-	32,425
Short-term investments, cash and cash equivalents	-	-	241,629	241,629
Total assets	**982,172**	**230,096**	**254,564**	**1,466,832**
Non-current liabilities	39,352	754	269,347	309,453
Current liabilities	180,492	25,967	131,505	337,964
Total liabilities	**219,844**	**26,721**	**400,852**	**647,417**
Net capital employed	**762,328**	**203,375**		
31 December 2013				
Non-current assets [1]	692,230	184,222	5,939	881,391
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	**994,472**	**231,527**	**58,210**	**1,284,209**
Non-current liabilities [1]	42,037	688	196,656	239,381
Current liabilities [1]	193,379	30,845	118,784	343,008
Total liabilities	**235,416**	**31,533**	**315,440**	**582,389**
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.
(1) The pharmaceutical segment amounts are restated due to the change in the acquisition cost of Opalia Pharma.

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 SEPTEMBER 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
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA** Dormant, holds pharmaceutical marketing rights in Brazil	Brazil	166.00	BRL	Line-by-line
RECORDATI RARE DISEASES INC. Development, production, marketing and sales of pharmaceuticals	U.S.A.	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD Development, production, marketing and sales of pharmaceuticals	Ireland	200,000.00	Euro	Line-by-line
RECORDATI S.A. Provision of services, holds pharmaceutical marketing rights	Switzerland	2,000,000.00	CHF	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. Development, production, marketing and sales of pharmaceuticals	France	14,000,000.00	Euro	Line-by-line
RECORDATI PHARMA GmbH Marketing and sales of pharmaceuticals	Germany	600,000.00	Euro	Line-by-line
RECORDATI PHARMACEUTICALS LTD Marketing and sales of pharmaceuticals	United Kingdom	15,000,000.00	GBP	Line-by-line
RECORDATI HELLAS PHARMACEUTICALS S.A. Marketing and sales of pharmaceuticals	Greece	13,900,000.00	Euro	Line-by-line
JABA RECORDATI S.A. Marketing and sales of pharmaceuticals	Portugal	2,000,000.00	Euro	Line-by-line
JABAFARMA PRODUTOS FARMACÊUTICOS S.A. Marketing of pharmaceuticals	Portugal	50,000.00	Euro	Line-by-line
BONAFARMA PRODUTOS FARMACÊUTICOS S.A. Marketing of pharmaceuticals	Portugal	50,000.00	Euro	Line-by-line
RECORDATI ORPHAN DRUGS S.A.S. Holding company	France	57,000,000.00	Euro	Line-by-line
ORPHAN EUROPE SWITZERLAND GmbH Marketing and sales of pharmaceuticals	Switzerland	20,000.00	CHF	Line-by-line
ORPHAN EUROPE MIDDLE EAST FZ LLC Marketing and sales of pharmaceuticals	United Arab Emirates	100,000.00	AED	Line-by-line
ORPHAN EUROPE NORDIC A.B. Marketing and sales of pharmaceuticals	Sweden	100,000.00	SEK	Line-by-line

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.	Opalia Pharma S.A.	Total
100.00												100.00
100.00												100.00
68.447	31.553											100.00
100.00												100.00
99.94	0.06											100.00
98.00	2.00											100.00
	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
					100.00							100.00

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
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. IN LIQUIDATION 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	7,990,000.00	TND	Line-by-line
OPALIA RECORDATI S.A.R.L.****** Marketing of pharmaceuticals	Tunisia	20,000.00	TND	Line-by-line

* Recordati España S.L. renamed Casen Recordati S.L. during 2014
** Farmarecord Ltda renamed Recordati Rare Diseases Comércio de Medicamentos Ltda 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.
****** Established in 2014

PERCENTAGE OF OWNERSHIP												
Recordati S.p.A. *(Parent)*	Recordati S.A. *(Lux)*	Recordati Pharma GmbH	Bouchara Recordati S.A.S.	Casen Recordati S.L..	Recordati Orphan Drugs S.A.S.	Orphan Europe S.A.R.L.	Herbacos Recordati s.r.o.	Recordati Ilaç A.S.	Lab. Casen Fleet S.L.U.	SGAM Al Kantara Co II S.A.R.L.	Opalia Pharma S.A.	Total
					100.00							100.00
					100.00							100.00
						100.00						100.00
						100.00						100.00
						100.00						100.00
						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
			1.00								99.00	100.00

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

The manager responsible for preparing the company's financial reports Fritz Squindo declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this report corresponds to the document results, books and accounting records.

Milan, 28 October 2014

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

RECORDATI

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