



INTERIM REPORT

FIRST NINE MONTHS 2015

MANAGEMENT REVIEW HIGHLIGHTS

First nine months 2015

REVENUE

€ (thousands)	First nine months 2015	%	First nine months 2014	%	Change 2015/2014	%
Total revenue	784,432	100.0	742,088	100.0	42,344	5.7
Italy	162,584	20.7	170,369	23.0	(7,785)	(4.6)
International	621,848	79.3	571,719	77.0	50,129	8.8

KEY CONSOLIDATED P&L DATA

€ (thousands)	First nine months 2015	% of revenue	First nine months 2014	% of revenue	Change 2015/2014	%
Revenue	784,432	100.0	742,088	100.0	42,344	5.7
EBITDA ⁽¹⁾	240,538	30.7	212,948	28.7	27,590	13.0
Operating income	213,047	27.2	180,370	24.3	32,677	18.1
Net income	152,505	19.4	124,022	16.7	28,483	23.0

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

KEY CONSOLIDATED B/S DATA

€ (thousands)	30 September 2015	31 December 2014	Change 2015/2014	%
Net financial position ⁽²⁾	(58,196)	(186,045)	127,849	(68.7)
Shareholders' equity	899,345	787,422	111,923	14.2

⁽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 2015

REVENUE

€ (thousands)	Third quarter 2015	%	Third quarter 2014	%	Change 2015/2014	%
Total revenue	245,372	100.0	234,467	100.0	10,905	4.7
Italy	46,615	19.0	47,303	20.2	(688)	(1.5)
International	198,757	81.0	187,164	79.8	11,593	6.2

KEY CONSOLIDATED P&L DATA

€ (thousands)	Third quarter 2015	% of revenue	Third quarter 2014	% of revenue	Change 2015/2014	%
Revenue	245,372	100.0	234,467	100.0	10,905	4.7
EBITDA ⁽¹⁾	76,647	31.2	71,098	30.3	5,549	7.8
Operating income	67,822	27.6	58,574	25.0	9,248	15.8
Net income	49,262	20.1	40,977	17.5	8,285	20.2

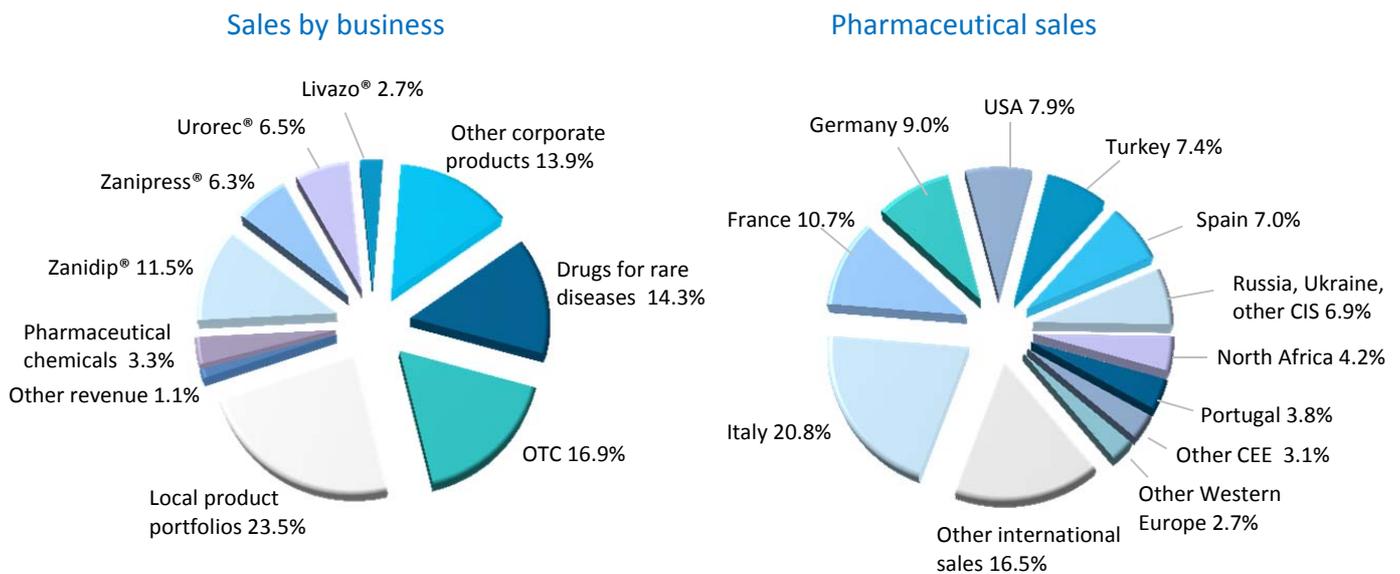
⁽¹⁾ Earnings before interest, taxes, depreciation and amortization.

The first nine months 2015 results confirm continued revenue growth and further margin improvement. Consolidated revenue is € 784.4 million, up by 5.7% compared to the same period of the preceding year. International sales grow by 8.8%. EBITDA, at 30.7% of sales, is € 240.5 million, an increase of 13.0% over the first nine months of 2014. Operating income, at 27.2% of sales, is € 213.0 million, an increase of 18.1% while net income, at 19.4% of sales, is € 152.5 million, an increase of 23.0% over the first nine months of 2014.

Net financial position at 30 September 2015 records a net debt of € 58.2 million compared to net debt of € 186.0 million at 31 December 2014. Dividends for a total of € 49.2 million were paid during the period. Shareholders' equity increases to € 899.3 million.

REVIEW OF OPERATIONS

Net consolidated revenue in the first nine months of 2015 is € 784.4 million, up 5.7% over the same period of the preceding year, with an increase in international sales of 8.8% to € 621.8 million, which represent 79.3% of total sales. Pharmaceutical sales are € 758.2 million, up by 5.6%. Pharmaceutical chemicals sales are € 26.2 million, up by 8.4%, and represent 3.3% of total revenues.



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 2015 is shown in the table below.

€ (thousands)	First nine months 2015	First nine months 2014	Change 2015/2014	%
Zanidip® (lercanidipine)	89,892	86,140	3,752	4.4
Zanipress® (lercanidipine+enalapril)	49,766	46,445	3,321	7.2
Urorec® (silodosin)	50,653	42,736	7,917	18.5
Livazo® (pitavastatin)	21,211	18,599	2,612	14.0
Other corporate products*	148,869	143,250	5,619	3.9
Drugs for rare diseases	112,066	91,844	20,222	22.0

* Include the OTC corporate products for an amount of € 40.2 million in 2015 and € 36.5 million in 2014.

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

€ (thousands)	First nine months 2015	First nine months 2014	Change 2015/2014	%
Direct sales	44,363	44,845	(482)	(1.1)
Sales to licensees	45,529	41,295	4,234	10.3
Total lercanidipine sales	89,892	86,140	3,752	4.4

Lercanidipine direct sales are slightly down. Sales increase in Turkey and in Germany while they are down in France. Sales to licensees, which represent 50.6% of total lercanidipine sales, are up by 10.3% and grow significantly in Australia and in China.

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

€ (thousands)	First nine months 2015	First nine months 2014	Change 2015/2014	%
Direct sales	35,262	33,436	1,826	5.5
Sales to licensees	14,504	13,009	1,495	11.5
Total lercanidipine+enalapril sales	49,766	46,445	3,321	7.2

Direct sales of Zanipress® in the first nine months of 2015 are up by 5.5% mainly due to the performance of the product in Italy and in Turkey. Sales to licensees represent 29.1% of total Zanipress® sales and are up by 11.5%.

Urorec® (silodosin) is a specialty indicated for the treatment of symptoms associated with benign prostatic hyperplasia (BPH). Urorec® was initially launched in 2010. Currently the product has been successfully launched in 30 countries with sales of € 50.7 million in the first nine months of 2015, up 18.5% mainly due to the good performance of the product in Italy, Turkey and France. Urorec® was recently launched in Tunisia.

Sales of Livazo® (pitavastatin), a novel statin indicated for the reduction of elevated total and LDL cholesterol, in Spain, Portugal, Ukraine, Greece and through a licensee in Switzerland are € 21.2 million during the first nine months of 2015, up by 14.0% due to the good performance of the product in Portugal, Spain and Greece.

In the first nine months of 2015 sales of other corporate products totaled € 148.9 million, up by 3.9% compared to the same period of the preceding year. These comprise both prescription and OTC products and are: Lomexin® (fenticonazole), Urispas® (flavoxate), Kentera® (oxybutynin transdermal patch), TransAct® LAT (flurbiprofen transdermal patch), Rupafin®/Wystamm® (rupatadine), Lopresor® (metoprolol), Procto-Glyvenol® (tribenoside), Tergynan® (fixed association of anti-infectives) as well as CitraFleet®, Casenlax®, Fleet enema and Phosphosoda®, gastroenterological products, Polydexa®, Isofra® and Otofa®, ENT anti-infective products, the Hexa line of products indicated for seasonal disorders of the upper respiratory tract, Abufene®, a product for menopausal symptoms, Muvagyn® a topical product for gynecological use and Virirec® (alprostadil), a topical product for erectile dysfunction recently launched in Spain.

Our specialties indicated for the treatment of rare and orphan diseases, marketed directly throughout Europe, in the Middle East and in the U.S.A., and through partners in other parts of the world, generated sales of € 112.1 million in the first nine months of 2015, up by 22.0% mainly due to the good performance of the business as well as to the positive foreign exchange effect following the revaluation of the U.S. dollar.

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

€ (thousands)	First nine months 2015	First nine months 2014	Change 2015/2014	%
Italy	157,380	165,626	(8,246)	(5.0)
France	81,617	81,421	196	0.2
Germany	68,618	61,807	6,811	11.0
U.S.A.	60,031	42,683	17,348	40.6
Turkey	56,252	49,949	6,303	12.6
Spain	53,076	50,193	2,883	5.7
Russia, other C.I.S. countries and Ukraine	52,011	60,042	(8,031)	(13.4)
North Africa	31,561	29,043	2,518	8.7
Portugal	28,872	26,888	1,984	7.4
Other C.E.E. countries	23,615	19,969	3,646	18.3
Other Western European countries	20,181	17,812	2,369	13.3
Other international sales	125,034	112,509	12,525	11.1
Total pharmaceutical revenue	758,248	717,942	40,306	5.6

Both years include sales as well as other income.

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

Local currency (thousands)	First nine months 2015	First nine months 2014	Change 2015/2014	%
Russia (RUB)	2,899,120	2,442,434	456,686	18.7
Turkey (TRY)	157,730	137,377	20,353	14.8
U.S.A. (USD)	66,896	57,898	8,998	15.5

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

Sales of pharmaceuticals in Italy are down by 5.0% compared to those of the same period of the preceding year due to the termination of the license for Entact® (escitalopram), an antidepressant, as from the month of June 2014. Urorec®, Zanipril®/Lercaprel® and Cardicor® (bisoprolol) are performing well and the treatments for rare diseases are growing significantly.

Pharmaceutical sales in France are up by 0.2%. Worth mentioning are the good performance of Urorec® and methadone, the introduction of CitraFleet® and the increase in sales of the OTC products.

In Germany sales are up by 11.0% mainly thanks to the significant sales growth of Ortoton® (methocarbamol) and of lercanidipine.

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 of 2015 are € 60.0 million, up by 40.6%, and include a positive currency exchange effect following the strengthening of the U.S. dollar of € 10.7 million. Sales in local currency grow by 15.5%. 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 Turkey are up by 12.6% and include a negative currency exchange effect following the devaluation of the Turkish lira. In local currency sales of our Turkish subsidiary grow by 14.8% thanks mainly to the good performance of all the corporate products, in particular Lercadip®, Urorec® and Zanipress®, and of the local products Mictonorm® (propiverine), Kreval® (butamirate) and Cabral® (phenyramidol).

In Spain sales are € 53.1 million, up by 5.7% mainly due to the performance of Livazo® and Urorec® and to the successful launch of Virirec® (alprostadiol), a new topical treatment for erectile dysfunction. Sales of treatments for rare diseases are growing significantly.

Revenue generated in Russia, Ukraine and in the countries within the Commonwealth of Independent States (C.I.S.) is € 52.0 million, down by 13.4% compared to the same period of the preceding year mainly due to a negative currency exchange effect of € 17.4 million. Sales in Russia, in local currency, are RUB 2,899.1 million, up by 18.7% over the same period of the preceding year thanks to the growth of all products including the corporate products Procto-Glyvenol® and Urorec® and taking into account the low level of sales generated in the first nine months of 2014 following the reorganization of the distribution channel in the first quarter. Sales generated in Ukraine and in the C.I.S. countries, mainly Belarus, are € 7.6 million.

Sales in North Africa are € 31.6 million, up by 8.7%, and comprise both the export sales generated by Bouchara Recordati in these territories, in particular in Algeria, and sales generated by Opalia Pharma, the Tunisian pharmaceutical company acquired during the fourth quarter of 2013. Opalia Pharma sales in the first nine months of 2015 are € 17.4 million and include sales of products previously handled by Bouchara Recordati through local distribution agreements in Tunisia.

Sales in Portugal are up by 7.4% thanks mainly to the good performance of corporate products Livazo® and Urorec®.

Sales in other Central and Eastern European countries include the sales of Recordati subsidiaries in Poland, the Czech Republic, Slovakia and Romania, in addition to sales generated by Orphan Europe in this area. In the first nine months of 2015 they are up by 18.3% mainly due to the good performance of our Polish subsidiary.

Sales in other countries in Western Europe, up by 13.3%, comprise sales of products for the treatment of rare diseases in these countries and sales generated by Recordati Pharmaceuticals (U.K.), Recordati Ireland and Recordati Hellas Pharmaceuticals in their respective local markets. The increase in sales is to be attributed mainly to the good performance of the Greek subsidiary, in part thanks to the launch of Livazo® during 2014, as well as of the segment dedicated to treatments for rare diseases.

Other international sales grow by 11.1% and comprise the sales to, and other revenues from, our licensees for our corporate products, Bouchara Recordati's and Casen Recordati's export sales and Orphan Europe's exports worldwide excluding the U.S.A..

FINANCIAL REVIEW

INCOME STATEMENT

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

€ (thousands)	First nine months 2015	% of revenue	First nine months 2014	% of revenue	Change 2015/2014	%
Revenue	784,432	100.0	742,088	100.0	42,344	5.7
Cost of sales	(251,648)	(32.1)	(244,785)	(33.0)	(6,863)	2.8
Gross profit	532,784	67.9	497,303	67.0	35,481	7.1
Selling expenses	(219,519)	(28.0)	(211,279)	(28.5)	(8,240)	3.9
R&D expenses	(55,223)	(7.0)	(61,960)	(8.3)	6,737	(10.9)
G&A expenses	(42,953)	(5.5)	(42,049)	(5.7)	(904)	2.1
Other income (expense), net	(2,042)	(0.3)	(1,645)	(0.2)	(397)	24.1
Operating income	213,047	27.2	180,370	24.3	32,677	18.1
Financial income (expense), net	(10,167)	(1.3)	(13,126)	(1.8)	2,959	(22.5)
Pretax income	202,880	25.9	167,244	22.5	35,636	21.3
Provision for income taxes	(50,375)	(6.4)	(43,222)	(5.8)	(7,153)	16.5
Net income	152,505	19.4	124,022	16.7	28,483	23.0
Attributable to:						
Equity holders of the parent	152,495	19.4	124,017	16.7	28,478	23.0
Minority interests	10	0.0	5	0.0	5	100.0

Revenue for the period is € 784.4 million, an increase of € 42.3 million compared to the first nine months of 2014. For a detailed analysis please refer to the preceding "Review of Operations".

Gross profit is € 532.8 million with a margin of 67.9% on sales, an increase over that of the same period of the preceding year due to the higher proportion of higher margin product sales to total product sales.

Selling expenses increase less than sales and are therefore down as a percent of revenue compared to the same

period of the preceding year thanks to the increased efficiency of the group's commercial organizations. R&D expenses are € 55.2 million, down by 10.9% compared to those recorded in the first nine months of 2014 due to the interruption of expenses related to the phase III clinical trial ERNEST involving the product NX-1207 for benign prostatic hyperplasia under license from Nymox. G&A expenses are up by 2.1% but decrease as percent of sales.

Other expenses net of other income are € 2.0 million and include an accrual of € 0.6 million for re-organization costs 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 € 10.2 million, a decrease of € 3.0 million compared to the same period of the preceding year due mainly to the reduction of interest charges related to medium/long-term loans.

The effective tax rate during the period is 24.8%, an improvement compared to that of the same period of the preceding year.

Net income at 19.4% of sales is € 152.5 million, an increase of 23.0% 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 2015	31 December 2014	Change 2015/2014	%
Cash and short-term financial investments	261,275	136,990	124,285	90.7
Bank overdrafts and short-term loans	(11,917)	(8,552)	(3,365)	39.3
Loans – due within one year	(33,620)	(28,281)	(5,339)	18.9
Net liquid assets	215,738	100,157	115,581	115.4
Loans – due after one year	(273,934)	(286,202)	12,268	(4.3)
Net financial position	(58,196)	(186,045)	127,849	(68.7)

At 30 September 2015 the net financial position shows a net debt of € 58.2 million compared to net debt of € 186.0 million at 31 December 2014. During the second quarter dividends were paid for a total amount of € 49.2 million.

RELATED PARTY TRANSACTIONS

Tax liabilities shown in the consolidated balance sheet at 30 September 2015 include those payable to the controlling company Fimei S.p.A. for an amount of € 7.4 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 2015 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 2014:

€ (thousands)	Third quarter 2015	% of revenue	Third quarter 2014	% of revenue	Change 2015/2014	%
Revenue	245,372	100.0	234,467	100.0	10,905	4.7
Cost of sales	(79,359)	(32.3)	(73,747)	(31.5)	(5,612)	7.6
Gross profit	166,013	67.7	160,720	68.5	5,293	3.3
Selling expenses	(67,016)	(27.3)	(65,721)	(28.0)	(1,295)	2.0
R&D expenses	(17,312)	(7.1)	(21,262)	(9.1)	3,950	(18.6)
G&A expenses	(13,371)	(5.4)	(13,984)	(6.0)	613	(4.4)
Other income (expense), net	(492)	(0.2)	(1,179)	(0.5)	687	(58.3)
Operating income	67,822	27.6	58,574	25.0	9,248	15.8
Financial income (expense), net	(1,964)	(0.8)	(4,354)	(1.9)	2,390	(54.9)
Pretax income	65,858	26.8	54,220	23.1	11,638	21.5
Provision for income taxes	(16,596)	(6.8)	(13,243)	(5.6)	(3,353)	25.3
Net income	49,262	20.1	40,977	17.5	8,285	20.2
Attributable to:						
Equity holders of the parent	49,259	20.1	40,975	17.5	8,284	20.2
Minority interests	3	0.0	2	0.0	1	50.0

Net revenue is € 245.4 million, up by 4.7% over the third quarter 2014. Pharmaceutical sales are € 238.0 million, up by 4.4%. Pharmaceutical chemical sales are € 7.4 million, up by 12.9%.

Gross profit is € 166.0 million with a margin of 67.7% on sales, a reduction compared to that of the same period of the preceding year.

Selling expenses increase less than sales and are therefore down as a percent of revenue compared to the same period of the preceding year. R&D expenses are down by 18.6% compared to those recorded in the third quarter of 2014 due to the interruption of expenses related to the phase III clinical trial ERNEST involving the product NX-1207 for benign prostatic hyperplasia under license from Nymox. G&A expenses are down by 4.4%, and decrease as percent of sales.

Other expenses net of other income are € 0.5 million and include an accrual of € 0.2 million pay-back due to AIFA (the Italian medicines agency) in substitution for the 5% price reduction on selected products.

Net financial charges are € 2.0 million, a decrease of € 2.4 million compared to the third quarter 2014 due mainly to the reduction of interest charges, mainly those related to medium/long-term loans.

Net income at 20.1% of sales is € 49.3 million, an increase of 20.2% 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 2015 targets to achieve sales of around € 1,040 million, operating income of around € 270 million and net income of around € 190 million are confirmed.

Milan, 28 October 2015

Giovanni Recordati
Chairman and Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2015

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

RECORDATI S.p.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

INCOME STATEMENT

€ (thousands)	First nine months 2015	First nine months 2014
Revenue	784,432	742,088
Cost of sales	(251,648)	(244,785)
Gross profit	532,784	497,303
Selling expenses	(219,519)	(211,279)
R&D expenses	(55,223)	(61,960)
G&A expenses	(42,953)	(42,049)
Other income (expense), net	(2,042)	(1,645)
Operating income	213,047	180,370
Financial income (expense), net	(10,167)	(13,126)
Pretax income	202,880	167,244
Provision for income taxes	(50,375)	(43,222)
Net income	152,505	124,022
Attributable to:		
Equity holders of the parent	152,495	124,017
Minority interests	10	5
Earnings per share		
Basic	€ 0.743	€ 0.610
Diluted	€ 0.729	€ 0.593

Earnings per share (EPS) are based on average shares outstanding during each year, 205,157,190 in 2015 and 203,336,543 in 2014, net of average treasury stock which amounted to 3,967,966 shares in 2015 and to 5,788,613 shares in 2014. Diluted earnings per share is calculated taking into account stock options granted to employees.

RECORDATI S.p.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2015

ASSETS

€ (thousands)	30 September 2015	31 December 2014
Non-current assets		
Property, plant and equipment	101,187	92,273
Intangible assets	252,201	266,018
Goodwill	449,844	463,474
Other investments	29,634	17,079
Other non-current assets	3,810	4,743
Deferred tax assets	33,065	33,021
Total non-current assets	869,741	876,608
Current assets		
Inventories	143,102	141,223
Trade receivables	180,823	179,029
Other receivables	24,577	32,316
Other current assets	7,346	4,927
Fair value of hedging derivatives (<i>cash flow hedge</i>)	11,348	4,132
Short-term financial investments, cash and cash equivalents	261,275	136,990
Total current assets	628,471	498,617
Total assets	1,498,212	1,375,225

RECORDATI S.p.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2015

EQUITY AND LIABILITIES

€ (thousands)	30 September 2015	31 December 2014
Shareholders' equity		
Share capital	26,141	26,141
Additional paid-in capital	83,719	83,719
Treasury stock	(21,144)	(30,727)
Hedging reserve (<i>cash flow hedge</i>)	4,955	(683)
Translation reserve	(72,532)	(56,314)
Other reserves	39,675	29,865
Retained earnings	685,952	627,240
Net income for the year	152,495	161,187
Interim dividend	0	(53,080)
Group shareholders' equity	899,261	787,348
Minority interest	84	74
Shareholders' equity	899,345	787,422
Non-current liabilities		
Loans – due after one year	273,934	286,202
Staff leaving indemnities	18,606	18,388
Deferred tax liabilities	26,875	21,553
Other non-current liabilities	2,517	3,102
Total non-current liabilities	321,932	329,245
Current liabilities		
Trade payables	108,076	112,536
Other payables	68,999	64,886
Tax liabilities	23,185	12,541
Other current liabilities	640	903
Provisions	25,985	25,784
Fair value of hedging derivatives (<i>cash flow hedge</i>)	4,513	5,075
Loans – due within one year	33,620	28,281
Bank overdrafts and short-term loans	11,917	8,552
Total current liabilities	276,935	258,558
Total equity and liabilities	1,498,212	1,375,225

RECORDATI S.p.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2015

€ (thousands)	First nine months 2015	First nine months 2014
Net income for the period	152,505	124,022
Gains/(losses) on cash flow hedges	5,638	(2,297)
Gains/(losses) on translation of foreign financial statements	(16,218)	2,047
Other gains/(losses)	8,813	4,588
Income and expense for the period recognized directly in equity	(1,767)	4,338
Comprehensive income for the period	150,738	128,360
Attributable to:		
Equity holders of the parent	150,728	128,355
Minority interests	10	5

RECORDATI S.p.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ (thousands)	Share capital	Additional paid-in capital	Treasury stock	Hedging reserve	Translation reserve	Other reserves	Retained earnings	Net income for the period	Interim dividend	Minority Interest	Total
Balance at 31.12.2013	26,141	83,719	(37,791)	(2,270)	(42,853)	25,776	559,878	133,678	(44,526)	68	701,820
Allocation of 2013 net income:											
- Dividends								(66,841)	44,526		(22,315)
- Retained earnings							66,837	(66,837)			
Change in the reserve for share based payments						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 30.9.2014	26,141	83,719	(26,885)	(4,567)	(40,806)	30,442	627,281	124,017	0	73	819,415
Balance at 31.12.2014	26,141	83,719	(30,727)	(683)	(56,314)	29,865	627,240	161,187	(53,080)	74	787,422
Allocation of 2014 net income:											
- Dividends							(13,318)	(88,926)	53,080		(49,164)
- Retained earnings							72,261	(72,261)			
Change in the reserve for share based payments						997	1,050				2,047
Purchase of own shares			(2,767)								(2,767)
Disposal of own shares			12,350				(1,251)				11,099
Other changes							(30)				(30)
Comprehensive income for the year				5,638	(16,218)	8,813		152,495		10	150,738
Balance at 30.9.2015	26,141	83,719	(21,144)	4,955	(72,532)	39,675	685,952	152,495	0	84	899,345

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

€ (thousands)	First nine months 2015	First nine months 2014
Operating activities		
Cash flow		
Net Income	152,505	124,022
Depreciation of property, plant and equipment	8,841	8,416
Amortization of intangible assets	18,650	24,162
Write-downs	0	652
Total cash flow	179,996	157,252
(Increase)/decrease in deferred tax assets	(44)	(1,693)
Increase/(decrease) in staff leaving indemnities	218	128
Increase/(decrease) in other non-current liabilities	4,737	(453)
	184,907	155,234
Changes in working capital		
Trade receivables	(1,794)	3,516
Inventories	(1,879)	6,073
Other receivables and other current assets	5,320	(2,083)
Trade payables	(4,460)	(9,174)
Tax liabilities	10,644	943
Other payables and other current liabilities	3,850	(4,728)
Provisions	201	(4,806)
Changes in working capital	11,882	(10,259)
Net cash from operating activities	196,789	144,975
Investing activities		
Net (investments)/disposals in property, plant and equipment	(22,233)	(14,495)
Net (investments)/disposals in intangible assets	(873)	(10,952)
Net (increase)/decrease in other non-current receivables	933	269
Net cash used in investing activities	(22,173)	(25,178)
Financing activities		
Medium/long term loans granted	50,094	85,847
Re-payment of loans	(57,684)	(8,384)
Increase in treasury stock	(2,767)	0
Decrease in treasury stock	11,099	10,514
Effect on shareholders' equity of application of IAS/IFRS	(3,835)	(1,163)
Other changes in shareholders' equity	(30)	(209)
Dividends paid	(49,164)	(22,315)
Change in translation reserve	(1,409)	6,761
Net cash from/(used in) financing activities	(53,696)	71,051
Changes in short-term financial position	120,920	190,848
Short-term financial position at beginning of year *	128,438	18,247
Short-term financial position at end of period *	249,358	209,095

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

RECORDATI S.p.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

1. GENERAL

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The first 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 2014, prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

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

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

3. REVENUE

Net revenue for the first nine months 2015 is € 784.4 million (€ 742.1 million in the same period of the preceding year) and can be broken down as follows:

€ (thousands)	First nine months 2015	First nine months 2014	Change 2015/2014
Net sales	773,585	730,471	43,114
Royalties	3,807	4,065	(258)
Up-front payments	4,120	4,036	84
Other revenue	2,920	3,516	(596)
Total revenue	784,432	742,088	42,344

4. OPERATING EXPENSES

Overall operating expenses in the first nine months 2015 are € 571.4 million, an increase as compared to the € 561.7 million in the same period of the preceding year and are analyzed by function. Personnel costs are € 180.8 million and include a cost for stock options of € 2.0 million. Total depreciation and amortization charges are € 27.5 million, a reduction of € 5.1 million compared to those of the first nine months of 2014.

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

€ (thousands)	First nine months 2015	First nine months 2014	Change 2015/2014
Amounts due to the Italian public healthcare scheme	(549)	(502)	(47)
Accrual for re-organization costs	(600)	0	(600)
Write-down of intangible assets	0	(652)	652
Others	(893)	(491)	(402)
Total other income (expense), net	(2,042)	(1,645)	(397)

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

5. FINANCIAL INCOME AND EXPENSE

In the first nine months of 2015 and in the same period of 2014 financial items record a net expense of € 10.2 million and € 13.1 million respectively and are comprised as follows:

€ (thousands)	First nine months 2015	First nine months 2014	Change 2015/2014
Currency exchange gains (losses)	(571)	(3)	(568)
Interest expense on loans	(6,684)	(8,750)	2,066
Net interest income (expense) on short-term financial position	(2,716)	(4,039)	1,323
Interest cost in respect of defined benefit plans	(196)	(334)	138
Total financial income (expense), net	(10,167)	(13,126)	2,959

6. PROPERTY, PLANT AND EQUIPMENT

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

€ (thousands)	Land & buildings	Plant & machinery	Other equipment	Advances/ construction in progress	Total
Cost					
Balance at 31 December 2014	58,021	197,023	58,944	27,075	341,063
Additions	115	1,040	809	20,278	22,242
Disposals	0	(18)	(438)	0	(456)
Other changes	1,493	7,944	763	(15,537)	(5,337)
Balance at 30 September 2015	59,629	205,989	60,078	31,816	357,512
Accumulated depreciation					
Balance at 31 December 2014	35,068	168,150	45,572	0	248,790
Depreciation for the period	1,542	4,837	2,462	0	8,841
Disposals	0	(17)	(430)	0	(447)
Other changes	67	(733)	(193)	0	(859)
Balance at 30 September 2015	36,677	172,237	47,411	0	256,325
Carrying amount at					
30 September 2015	22,952	33,752	12,667	31,816	101,187
31 December 2014	22,953	28,873	13,372	27,075	92,273

The additions during the period refer mainly to investments in the Italian plants and in the headquarters building (€ 4.7 million) and in the Turkish subsidiary due to the advancement of the construction of a new production plant (€ 15.8 million).

7. INTANGIBLE ASSETS

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

€ (thousands)	Patent rights and marketing authorizations	Distribution, license, trademark and similar rights	Other	Advance payments	Total
Cost					
Balance at 31 December 2014	316,833	147,285	16,952	6,333	487,403
Additions	85	364	144	526	1,119
Disposals	(297)	0	0	(183)	(480)
Other changes	4,642	595	(150)	(439)	4,648
Balance at 30 September 2015	321,263	148,244	16,946	6,237	492,690
Accumulated amortization					
Balance at 31 December 2014	110,053	95,446	15,886	0	221,385
Amortization for the period	11,514	6,888	248	0	18,650
Disposals	(234)	0	0	0	(234)
Other changes	464	314	(90)	0	688
Balance at 30 September 2015	121,797	102,648	16,044	0	240,489
Carrying amount at					
30 September 2015	199,466	45,596	902	6,237	252,201
31 December 2014	206,780	51,839	1,066	6,333	266,018

The change in the overall carrying value for an amount of € 13.8 million, as compared to that at 31 December

2014, is the result of amortization charges for the period (€ 18.7 million) and an increase in the equivalent value of the intangible assets held in the U.S.A. following the revaluation of the local currency compared to the Euro (€ 5.9 million).

8. GOODWILL

Net goodwill at 30 September 2015, amounting to € 449.8 million, relates to the operational areas, which represent the same number of cash generating units:

- France: € 45.8 million;
- Russia: € 26.9 million;
- Germany: € 48.8 million;
- Portugal: € 32.8 million;
- Treatments for rare diseases business: € 110.6 million;
- Turkey: € 73.4 million;
- Czech Republic: € 13.0 million;
- Romania: € 0.2 million;
- Poland: € 15.5 million;
- Spain: € 58.1 million;
- Tunisia: € 24.7 million.

Goodwill related to acquisitions made in countries outside the European Monetary Union is calculated in local currency and converted into Euro at the period-end exchange rate. Conversion at 30 September 2015 resulted in an overall decrease of € 13.7 million, compared to that at 31 December 2014, which is associated with the acquisitions in Turkey (decrease of € 14.4 million), Russia (decrease of € 0.3 million), Tunisia (increase of € 0.7 million), Poland (increase of € 0.1 million) and the Czech Republic (increase of € 0.2 million).

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

9. OTHER INVESTMENTS

At 30 September 2015 other investments amount to € 29.6 million and increase by € 12.6 million compared to those at 31 December 2014.

During the period the shares of the U.S. company PureTech Ventures LLC were exchanged with those of the new U.K. company PureTech Health plc, specialized in investment in start-up companies dedicated to new therapies, medical devices and new research technologies. Starting 19 June 2015 the shares of the new company were admitted to trading on the London Stock Exchange. At 30 September 2015 the overall fair value of the 9.554.140 shares held is of € 15.9 million. The € 10.7 million increase in value compared to that at 31 December 2014 is booked as income for the period recognized directly in equity, net of the relative tax effect, and shown on the statement of comprehensive income.

This account also comprises € 13.5 million relative to an investment made during 2012 in Erytech Pharma S.A., a late development stage French biopharmaceutical company focused on orphan oncology and rare diseases. The original investment of € 5.0 million consisting of a non-interest bearing loan was converted into

431,034 shares of the company in May 2013. As compared to 31 December 2014 the value of the investment was increased by € 1.9 million to bring it in line with its fair value. This amount, net of its tax effect, is booked to equity and shown on the statement of comprehensive income.

10. DEFERRED TAX ASSETS AND LIABILITIES

At 30 September 2015 deferred tax assets are € 33.1 million, substantially unchanged compared to those at 31 December 2014. Deferred tax liabilities are € 26.9 million, an increase of € 5.3 million compared to those at 31 December 2014.

11. SHAREHOLDERS' EQUITY

Shareholders' Equity at 30 September 2015 is € 899.3 million, an increase of € 111.9 million compared to that at 31 December 2014 for the following reasons:

- net income for the period (increase of € 152.5 million);
- cost of stock option plans set-off directly in equity (increase of € 2.0 million);
- disposal of 1,825,000 own shares in treasury stock to service the stock option plans (increase of € 11.1 million);
- purchase of 154.688 own shares (decrease of € 2.7 million);
- change in the fair value of hedging derivatives qualifying as a cash flow hedge, net of the relative tax effect (increase of € 5.6 million);
- application of IAS/IFRS (increase of € 8.8 million), almost entirely due to the increase in fair value of the holdings in PureTech Health plc and in Erytech Pharma S.A., net of the tax effect;
- translation adjustments (decrease of € 16.2 million);
- balance of dividend payment (decrease of € 49.2 million).

The Italian subsidiary of Orphan Europe is 99% owned giving rise to a minority interest of € 84.0 thousand.

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

	Strike price (€)	Options outstanding at 1.1.2015	Options granted during 2015	Options exercised during 2015	Options cancelled or expired	Options outstanding at 30.9.2015
Date of grant						
27 October 2009	4.8700	35,000	-	(35,000)	-	-
9 February 2011	6.7505	2,192,500	-	(702,500)	(70,000)	1,420,000
8 May 2012	5.3070	3,412,500	-	(950,000)	(115,000)	2,347,500
17 April 2013	7.1600	190,000	-	(47,500)	-	142,500
30 October 2013	8.9300	360,000	-	(90,000)	-	270,000
29 July 2014	12.2900	6,075,000	-	-	(80,000)	5,995,000
Total		12,265,000	-	(1,825,000)	(265,000)	10,175,000

At 30 September 2015, 3,037,358 own shares are held as treasury stock, a decrease of 1,670,312 shares as compared to those at 31 December 2014. The change is to be attributed to the sale of 1,825,000 shares for an overall value of € 11.1 million to service the exercise of stock options issued under the stock option plans and to the purchase of 154,688 shares for an amount of € 2.7 million. The overall purchase cost of the shares held in treasury stock is € 21.1 million with an average unit price of € 6.96.

12. LOANS

At 30 September 2015 medium and long-term loans are € 307.6 million, a reduction of € 6.9 million compared to those at 31 December 2014. This change is determined by new loans for an amount of € 50.1 million, reimbursements during the period for an amount of € 57.7 million and by an increase of € 0.7 million arising from the conversion of loans in foreign currency.

In May 2015 a loan agreement with UniCredit was undersigned by the Parent company for an amount of € 50.0 million and the residual amount of € 41.7 million from the loan obtained from the same institution on 26 November 2013 was prematurely reimbursed. The main terms and conditions provide for variable interest rate fixed at the six months Euribor plus a spread of 80 basis points (as opposed to the 190 basis points in the previous agreement) and a duration of 5 years with semi-annual repayments of capital from November 2015 through May 2020. The loan is partly covered with an interest rate swap, qualifying as a cash flow hedge, effectively converting the interest charges on a portion of the debt from variable to a fixed rate of 1.734%. The measurement at fair value at 30 September 2015 of the swap covering € 37.5 million generated a liability of € 0.8 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are:

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

The above conditions were amply fulfilled.

The main long-term loans outstanding are:

- a) A loan agreement with ING Bank for an amount of € 30.0 million, originally undersigned by the Parent company on 8 January 2014, was re-negotiated on 12 June 2015 with only the interest rate being changed. Main terms are: variable interest rate equivalent to the six months' euribor plus a spread of 85 basis points (as opposed to the 190 basis points in the previous agreement), and reimbursement of principal at the end of every six months starting July 2016 through January 2020. The loan was simultaneously covered with an interest rate swap qualifying as a cash flow hedge transforming the interest payable on the entire debt to a fixed interest rate of 1.913% following the above mentioned re-negotiation. The fair value measurement of the swap at 30 September 2015 generated a liability of € 0.8 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The ING Bank loan agreement contains covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:
 - the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;

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

The above conditions are amply fulfilled.

- b) A loan agreement with IFC-World Bank undersigned by the subsidiary Recordati Ilaç on 16 October 2014 for an amount of 71.6 million Turkish lira to finance the construction of a new production plant. Main terms are: variable interest rate equivalent to the three months' trlibor plus a spread of 162 basis points, 8 year duration and reimbursement of principal at the end of every three months starting November 2016 through August 2022. The conversion of the loan into euros at 30 September 2015 resulted in a reduction of the liability by € 4.2 million as compared to that at 31 December 2014 due to the devaluation of the Turkish lira. The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are:
- the ratio of consolidated net debt to consolidated shareholders' equity must be less than 0.75;
 - the ratio of consolidated net debt to consolidated EBITDA (for a period of twelve consecutive months) must be less than 3.00 to 1.00;
 - the ratio of consolidated operating income to consolidated net interest expense (for a period of twelve consecutive months) must exceed 3.00 to 1.00.

The above conditions were amply fulfilled.

- c) Privately placed guaranteed senior notes privately placed by the Parent company on 30 September 2014 for an amount of \$ 75 million in two tranches: \$ 50 million at a fixed interest rate of 4,28% to be reimbursed bi-annually as from 30 March 2022 through 30 September 2026, and \$ 25 million at a fixed interest rate of 4.51% to be reimbursed bi-annually as from 30 March 2023 through 30 September 2029. The loan was simultaneously covered with two currency rate swaps transforming the overall debt to € 56.0 million, of which € 37.3 million at a fixed interest rate of 2.895% on the 12 year tranche and € 18.7 million at a fixed interest rate of 3.15% on the 15 year tranche. At 30 September 2015 the measurement at fair value of the hedging instruments generated an overall positive amount of € 11.3 million recognized directly to equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current assets (see Note 17).

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

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

The above conditions were amply fulfilled during the period.

- d) A loan agreement with Banca Nazionale del Lavoro undersigned by the Parent Company on 30 September 2013 for an amount of € 50 million, cashed-in net of expenses and commissions of € 0.6 million. Main terms are: variable interest rate equivalent to the six months' euribor plus a spread (which following a re-negotiation of the agreement was reduced from 200 to 70 basis points as from 1 April 2015) and 5 year duration with reimbursement of principal in 8 installments due at the end of every six months starting March 2015 through September 2018. The residual amount of the loan amounts to € 37.1 million at 30 September 2015. The loan was simultaneously covered with an interest rate swap qualifying as a cash flow hedge transforming the interest payable on the entire debt to a fixed interest which now stands at 1.6925% following re-negotiation. The measurement at fair value of the swap at 30 September 2015 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.

- e) Senior guaranteed notes issued by Recordati Rare Diseases Inc. privately placed with U.S. investors on 13 June 2013 to fund the acquisition of a portfolio of products for the treatment of rare and other diseases sold mainly in the United States of America. The loan comprises two series of notes for a total of \$ 70 million, of which \$ 40 million ten year bullet and 4.55% coupon and \$ 30 million twelve year bullet and 4.70% coupon. The conversion of the loan into euros at 30 September 2015 resulted in an increase of the liability by € 4.8 million as compared to that at 31 December 2014 due to the revaluation of the U.S. dollar. The note purchase agreement covering the senior guaranteed notes issued by Recordati Rare Diseases Inc. includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

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

The above conditions were amply fulfilled during the period.

- f) A loan agreement with Centrobanca undersigned by the Parent company on 30 November 2010 to fund a three year research and investment program. The loan, for which Centrobanca received funding from the European Investment Bank, amounts to € 75.0 million of which € 30.0 million were cashed in during 2010 and € 45.0 million in the first quarter of 2011, net of the € 0.3 million expenses. The main terms and conditions provide for a variable interest rate and a duration of 12 years with semi-annual repayments of capital from June 2012 through December 2022. The residual amount of the loan amounts to € 51,0 million at 30 September 2015. During the month of June 2012 interest on the whole loan was covered with an interest rate swap qualifying as a cash flow hedge. The current interest rate on the loan is 2.575%. The measurement at fair value of the hedging instrument at 30 September 2015 generated a liability of € 2.3 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17). The loan agreement includes covenants which, if not met, could lead to a request for immediate repayment of the loan. The financial covenants are the following:

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

The above conditions were amply fulfilled during the period.

13. STAFF LEAVING INDEMNITIES

The staff leaving indemnity fund at 30 September 2015 is of € 18.6 million, substantially unchanged as compared to that at 31 December 2014, and is measured as prescribed by IAS 19.

14. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at 30 September 2015 are € 2.5 million and refer entirely to the debt for the acquisition of a further 10% of the share capital of Opalia Pharma which, in line with the put and call options in the purchase agreement, is expected to be settled not before the next 12 months.

15. CURRENT ASSETS

Inventories are € 143.1 million, an increase of € 1.9 million compared to those stated at 31 December 2014.

Trade receivables at 30 September 2015 are € 180.8 million, an increase of € 1.8 million compared to that at 31 December 2014. Trade receivables are stated net of a € 12.1 million provision for doubtful accounts which reflects the collection risk connected with certain customers and geographic areas. Days sales outstanding are 67, slightly higher compared to the 62 days at 31 December 2014.

Other receivables, at € 24.6 million, decrease by € 7.7 million compared to those at 31 December 2014 mainly due to a decrease in tax receivable of € 8.3 million and an increase in other current receivables of € 0.6 million.

Other current assets are € 7.3 million and refer mainly to prepaid expenses.

16. CURRENT LIABILITIES

Trade payables, which include the accrual for invoices to be received, are € 108.1 million.

Other payables are € 69.0 million, an increase of € 4.1 million compared to those at 31 December 2014, and relate mainly to amounts owed to personnel and social security institutions. This account also includes:

- an amount of € 7.9 million due to U.S. health insurance by Recordati Rare Diseases;
- € 2.7 million payable to the “Krankenkassen” (German health insurance) by Recordati Pharma GmbH;
- € 2.3 million payable to the Italian Regional authorities by Recordati S.p.A. and Innova Pharma S.p.A. resulting from the 1.83% claw-back applicable on the price to the public before VAT of pharmaceutical products reimbursed by the National Health Service;
- the current portion of the residual amount due for the acquisition of Farma-Projekt (€ 0.6 million);
- the € 1.4 million payment deferred to 2015 for the acquisition of 90% of the share capital of Opalia Pharma;
- an accrual of € 0.5 million for the current portion of the pay back due to AIFA (see Note 4).

Tax payables are € 23.2 million, an increase of € 10.6 million compared to those at 31 December 2014.

Provisions are € 26.0 million, substantially unchanged compared to those at 31 December 2014.

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

The currency rate swaps covering the cash flows related to the notes issued and privately placed on 30 September 2014, for an amount of \$ 75 million, measured at fair value at 30 September 2015 give rise to a € 11.3 million asset recognized under current assets as ‘Fair value of hedging derivatives (*cash flow hedge*)’. This amount represents the potential benefit of a lower value in euros of the future dollar denominated capital and interest flows, in view of the revaluation of the foreign currency subsequent to the moment in which the loan and hedging instrument were negotiated. In particular, the change in fair value of the hedging

instrument covering the \$ 50 million tranche of the loan, provided by Mediobanca, was positive for an amount of € 7.5 million, and that covering the \$ 25 million tranche of the loan, provided by UniCredit, yielded a € 3.8 million positive value change.

The measurement at fair value of the interest rate swaps covering the cash flows related to medium and long-term loans gave rise to a net € 4.5 million liability at 30 September 2015 recognized under current liabilities as 'Fair value of hedging derivatives (*cash flow hedge*)'. This amount represents the unrealized opportunity of paying the current expected future rates instead of the rates agreed. The amount refers to the interest rate swaps to cover the interest rate risk associated with the loans granted by Centrobanca (€ 2.3 million), Banca Nazionale del Lavoro (€ 0.6 million), ING Bank (€ 0.8 million) and by UniCredit (€ 0.8 million).

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

Short term financial investments, cash and cash equivalents at 30 September 2015 are € 261.3 million, an increase of € 124.3 million compared to those at 31 December 2014. They are mostly denominated in Euro, U.S. Dollars and Pounds Sterling and comprise mainly current accounts and short-term deposits.

19. BANK OVERDRAFTS AND SHORT-TERM LOANS

Bank overdrafts and short-term loans are € 11.9 million at 30 September 2015 and are comprised mainly of temporary use of lines of credit, current account overdrafts and interest accrued on existing loans. During July Recordati İlaç, the subsidiary in Turkey, obtained a revolving line of credit for a period of 24 months for a maximum amount of 40 million Turkish Lira from which, at 30 September 2015, 20 million Turkish Lira were drawn down. This short-term financing instrument provides flexibility by combining the fact that it's non-revocable with the variability of the draw-downs based on specific financial needs. The agreement contains financial covenants in line with those already in place for other loans.

20. OPERATING SEGMENTS

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

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

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated	Consolidated accounts
First nine months 2015				
Revenues	672,366	112,066	-	784,432
Expenses	(506,694)	(64,691)	-	(571,385)
Operating income	165,672	47,375	-	213,047
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

* Includes the pharmaceutical chemicals operations

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated **	Consolidated accounts
30 September 2015				
Non-current assets	648,221	191,886	29,634	869,741
Inventories	127,469	15,633	-	143,102
Trade receivables	150,458	30,365	-	180,823
Other current assets	25,975	5,948	11,348	43,271
Short-term investments, cash and cash equivalents	-	-	261,275	261,275
Total assets	952,123	243,832	302,257	1,498,212
Non-current liabilities	43,497	1,559	276,876	321,932
Current liabilities	193,839	33,047	50,049	276,935
Total liabilities	237,336	34,606	326,925	598,867
Net capital employed	714,787	209,226		
31 December 2014				
Non-current assets	669,910	189,619	17,079	876,608
Inventories	126,284	14,939	-	141,223
Trade receivables	155,924	23,105	-	179,029
Other current assets	28,364	8,879	4,132	41,375
Short-term investments, cash and cash equivalents	-	-	136,990	136,990
Total assets	980,482	236,542	158,201	1,375,225
Non-current liabilities	39,906	840	288,499	329,245
Current liabilities	184,837	31,813	41,908	258,558
Total liabilities	224,743	32,653	330,407	587,803
Net capital employed	755,739	203,889		

* Includes the pharmaceutical chemicals operations.

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

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

21. LITIGATION AND CONTINGENT LIABILITIES

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

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

RECORDATI S.p.A. AND SUBSIDIARIES
SUBSIDIARIES INCLUDED IN THE CONSOLIDATED ACCOUNTS AT 30 SEPTEMBER 2015
ATTACHMENT 1.

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI S.P.A. <i>Development, production, marketing and sales of pharmaceuticals and pharmaceutical chemicals</i>	Italy	26,140,644.50	Euro	Line-by-line
RECOFARMA S.R.L. <i>Dormant, holds pharmaceutical marketing rights</i>	Italy	1,258,400.00	Euro	Line-by-line
INNOVA PHARMA S.P.A. <i>Marketing and sales of pharmaceuticals</i>	Italy	1,920,000.00	Euro	Line-by-line
CASEN RECORDATI S.L. <i>Development, production, marketing and sales of pharmaceuticals</i>	Spain	238,966,000.00	Euro	Line-by-line
RECORDATI S.A. Chemical and Pharmaceutical Company <i>Holding company</i>	Luxembourg	82,500,000.00	Euro	Line-by-line
BOUCHARA RECORDATI S.A.S. <i>Development, production, marketing and sales of pharmaceuticals</i>	France	4,600,000.00	Euro	Line-by-line
RECORDATI PORTUGUESA LDA <i>Dormant</i>	Portugal	24,940.00	Euro	Line-by-line
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA <i>Dormant, holds pharmaceutical marketing rights in Brazil</i>	Brazil	166.00	BRL	Line-by-line
RECORDATI RARE DISEASES INC. <i>Development, production, marketing and sales of pharmaceuticals</i>	U.S.A.	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD <i>Development, production, marketing and sales of pharmaceuticals</i>	Ireland	200,000.00	Euro	Line-by-line
RECORDATI S.A. <i>Provision of services, holds pharmaceutical marketing rights</i>	Switzerland	2,000,000.00	CHF	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. <i>Development, production, marketing and sales of pharmaceuticals</i>	France	14,000,000.00	Euro	Line-by-line
RECORDATI PHARMA GmbH <i>Marketing and sales of pharmaceuticals</i>	Germany	600,000.00	Euro	Line-by-line
RECORDATI PHARMACEUTICALS LTD <i>Marketing and sales of pharmaceuticals</i>	United Kingdom	15,000,000.00	GBP	Line-by-line
RECORDATI HELLAS PHARMACEUTICALS S.A. <i>Marketing and sales of pharmaceuticals</i>	Greece	13,900,000.00	Euro	Line-by-line
JABA RECORDATI S.A. <i>Marketing and sales of pharmaceuticals</i>	Portugal	2,000,000.00	Euro	Line-by-line
JABAFARMA PRODUTOS FARMACÉUTICOS S.A. <i>Marketing of pharmaceuticals</i>	Portugal	50,000.00	Euro	Line-by-line
BONAFARMA PRODUTOS FARMACÉUTICOS S.A. <i>Marketing of pharmaceuticals</i>	Portugal	50,000.00	Euro	Line-by-line
RECORDATI ORPHAN DRUGS S.A.S. <i>Holding company</i>	France	57,000,000.00	Euro	Line-by-line
ORPHAN EUROPE SWITZERLAND GmbH <i>Marketing and sales of pharmaceuticals</i>	Switzerland	20,000.00	CHF	Line-by-line
ORPHAN EUROPE MIDDLE EAST FZ LLC <i>Marketing and sales of pharmaceuticals</i>	United Arab Emirates	100,000.00	AED	Line-by-line
ORPHAN EUROPE NORDIC A.B. <i>Marketing and sales of pharmaceuticals</i>	Sweden	100,000.00	SEK	Line-by-line
ORPHAN EUROPE PORTUGAL LDA <i>Marketing and sales of pharmaceuticals</i>	Portugal	5,000.00	Euro	Line-by-line

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

⁽¹⁾ Established in 2014

Consolidated companies	PERCENTAGE OF OWNERSHIP										Total
	Recordati S.p.A. (Parent)	Recordati S.A. (Lux)	Recordati Pharma GmbH	Bouchara Recordati S.A.S.	Casen Recordati S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe S.A.R.L.	Herbacos Recordati s.r.o.	Recordati Ilaç A.Ş.	Opalia Pharma S.A.	
RECOFARMA S.R.L.	100.00										100.00
INNOVA PHARMA S.P.A.	100.00										100.00
CASEN RECORDATI S.L.	68.447	31.553									100.00
RECORDATI S.A. Chemical and Pharmaceutical Company	100.00										100.00
BOUCHARA RECORDATI S.A.S.	99.94	0.06									100.00
RECORDATI PORTUGUESA LDA	98.00	2.00									100.00
RECORDATI RARE DISEASES COMERCIO DE MEDICAMENTOS LTDA		99.398					0.602				100.00
RECORDATI RARE DISEASES INC.		100.00									100.00
RECORDATI IRELAND LTD		100.00									100.00
RECORDATI S.A.		100.00									100.00
LABORATOIRES BOUCHARA RECORDATI S.A.S.				100.00							100.00
RECORDATI PHARMA GmbH		55.00			45.00						100.00
RECORDATI PHARMACEUTICALS LTD	3.33	96.67									100.00
RECORDATI HELLAS PHARMACEUTICALS S.A.	0.68	99.32									100.00
JABA RECORDATI S.A.					100.00						100.00
JABAFARMA PRODUTOS FARMACÊUTICOS S.A.					100.00						100.00
BONAFARMA PRODUTOS FARMACÊUTICOS S.A.					100.00						100.00
RECORDATI ORPHAN DRUGS S.A.S.		90.00	10.00								100.00
ORPHAN EUROPE SWITZERLAND GmbH						100.00					100.00
ORPHAN EUROPE MIDDLE EAST FZ LLC						100.00					100.00
ORPHAN EUROPE NORDIC A.B.						100.00					100.00
ORPHAN EUROPE PORTUGAL LDA						100.00					100.00
ORPHAN EUROPE S.A.R.L.						100.00					100.00
ORPHAN EUROPE UNITED KINGDOM LTD							100.00				100.00
ORPHAN EUROPE GERMANY GmbH							100.00				100.00

Consolidated companies	PERCENTAGE OF OWNERSHIP										Total
	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 İlaç A.Ş.	Opalia Pharma S.A.	
ORPHAN EUROPE SPAIN S.L.							100.00				100.00
ORPHAN EUROPE ITALY S.R.L.							99.00				99.00
ORPHAN EUROPE BENELUX BVBA						99.46	0.54				100.00
FIC MEDICAL S.A.R.L.				100.00							100.00
HERBACOS RECORDATI s.r.o.	0.08	99.92									100.00
RECORDATI SK s.r.o.								100.00			100.00
RUSFIC LLC				100.00							100.00
RECOFARMA İLAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.Ş.									100.00		100.00
RECORDATI ROMÂNIA S.R.L.		100.00									100.00
RECORDATI İLAÇ Sanayi Ve Ticaret A.Ş.					100.00						100.00
RECORDATI POLSKA Sp. z o.o	100.00										100.00
ACCENT LLC		100.00									100.00
RECORDATI UKRAINE LLC		0.01		99.99							100.00
CASEN RECORDATI PORTUGAL Unipessoal Lda					100.00						100.00
OPALIA PHARMA S.A.		90.00									90.00
OPALIA RECORDATI S.A.R.L. ⁽¹⁾				1.00						99.00	100.00
RECORDATI RARE DISEASES S.A. DE C.V. ⁽¹⁾		99.998					0.002				100.00

⁽¹⁾ Established in 2014

RECORDATI S.p.A. AND SUBSIDIARIES

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 2015

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