



Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries

Condensed Consolidated Interim Financial
Statements

30 June 2018

Consolidated Interim Directors' Report 2018

(With Limited Review Report Thereon)

(Free translation from the original in Spanish. In
the event of discrepancy, the Spanish-language
version prevails.)



KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements

Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

To the Shareholders of Laboratorios Farmacéuticos Rovi, S.A. commissioned by the Directors of the Company

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Laboratorios Farmacéuticos Rovi, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the balance sheet at 30 June 2018, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the explanatory notes for the six-month period then ended (all condensed and consolidated). Pursuant to article 12 of Royal Decree 1362/2007 the Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We conducted our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2018 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.



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Emphasis of matter

We draw your attention to the accompanying note 2, which states that these interim financial statements do not include all the information required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2017. This matter does not modify our conclusion.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2018 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2018. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries.

Paragraph on Other Matters

This report has been prepared at the request of the board of directors in relation to the publication of the six-monthly financial report required by article 119 of the Revised Securities Market Law, enacted by Royal Decree 1362/2007 of 19 October 2007

(Signed on the original in Spanish)

José Ignacio Rodríguez Prado

25 July 2018

**LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND
SUBSIDIARIES**

Condensed consolidated interim financial statements for the
six-month period ending 30 June 2018

Free translation of the condensed consolidated interim financial statements issued in Spanish and prepared in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancy, the Spanish version prevails.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (Thousands of euros)

	Note	30 June 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	7	89,095	89,056
Intangible assets	8	26,233	27,078
Investment in a joint venture	9	2,029	2,054
Deferred income tax assets	14	13,183	11,893
Equity securities	10	69	69
Financial receivables	12	65	65
		130,674	130,215
Current assets			
Inventories	11	91,422	75,492
Trade and other receivables	12	57,152	49,747
Current income tax assets		3,033	2,228
Cash and cash equivalents	13	29,966	40,700
		181,573	168,167
Total assets		312,247	298,382

Notes 1 to 29 are an integral part of these condensed consolidated interim financial statements.

Free translation of the condensed consolidated interim financial statements issued in Spanish and prepared in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancy, the Spanish version prevails.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (Thousands of euros)

	Note	30 June 2018	31 December 2017
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	15	3,000	3,000
Legal reserve		600	600
Treasury shares	15	(8,600)	(8,407)
Retained earnings and voluntary reserves		190,567	179,255
Profit for the period / year		7,550	17,241
Other reserves		(3)	(2)
Total equity		193,114	191,687
LIABILITIES			
Non-current liabilities			
Financial debt	17	19,389	27,029
Deferred income tax liabilities	14	937	1,438
Contract liabilities	18	3,710	-
Deferred income	19	3,906	5,005
		27,942	33,472
Current liabilities			
Financial debt	17	19,069	16,208
Trade and other payables	16	71,333	52,942
Contract liabilities	18	76	-
Deferred income	19	713	565
Provision for other liabilities and charges	20	-	3,508
		91,191	73,223
Total liabilities		119,133	106,695
Total equity and liabilities		312,247	298,382

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (Thousands of euros)

	Note	Six-month period ending 30 June	
		2018	2017
Revenue	21	146,309	138,759
Changes in inventories of finished goods and work in progress	11	8,719	9,435
Raw materials and consumables used		(70,662)	(64,675)
Employee benefit expenses	22	(36,266)	(31,846)
Other operating expenses	22	(35,513)	(28,426)
Amortization	7 & 8	(5,858)	(5,918)
Recognition of government grants on non-financial non-current assets and other		754	681
OPERATING PROFIT		7,483	18,010
Finance income		7	57
Finance costs		(438)	(544)
FINANCE COSTS - NET		(431)	(487)
Share of profit of joint venture	9	(25)	(289)
PROFIT BEFORE INCOME TAX		7,027	17,234
Income tax	23	523	(1,477)
PROFIT FOR THE PERIOD		7,550	15,757
Earnings per share (basic and diluted) attributable to shareholders of the Company (euros):			
- Basic and diluted	24	0.15	0.32

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME
(Thousands of euros)**

	Note	Six-month period ending 30 June	
		2018	2017
Profit for the period		7,550	15,757
Items that may subsequently be reclassified to profit and loss			
+ Changes in value of equity securities	10	(1)	1
+ Corporate income tax items that may be reclassified		(1)	1
		-	-
Other comprehensive income for the period, net of tax		(1)	1
Total comprehensive income for the period		7,549	15,758

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2017

(Thousands of euros)

	Share capital (Note 15)	Legal reserve	Treasury shares (Note 15)	Retained earnings and voluntary reserves	Profit for the period	Other reserves	TOTAL EQUITY
Balance at 1 January 2017	3,000	600	(8,701)	162,421	26,089	(3)	183,406
Total comprehensive income for the period	-	-	-	-	15,757	1	15,758
2016 profit transfer	-	-	-	16,939	(16,939)	-	-
Dividends paid	-	-	-	-	(9,150)	-	(9,150)
Acquisition of treasury shares (Note 15)	-	-	(264)	-	-	-	(264)
Reissue of treasury shares (Note 15)	-	-	644	124	-	-	768
Other movements	-	-	-	(396)	-	-	(396)
Balance at 30 June 2017	3,000	600	(8,321)	179,088	15,757	(2)	190,122

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2018 (Thousands of euros)

	Share capital (Note 15)	Legal reserve	Treasury shares (Note 15)	Retained earnings and voluntary reserves	Profit for the period	Other reserves	TOTAL EQUITY
Balance at 1 January 2018	3,000	600	(8,407)	179,255	17,241	(2)	191,687
Total comprehensive income for the period	-	-	-	-	7,550	(1)	7,549
2017 profit transfer	-	-	-	11,206	(11,206)	-	-
Dividends paid	-	-	-	-	(6,035)	-	(6,035)
Acquisition of treasury shares (Note 15)	-	-	(490)	-	-	-	(490)
Reissue of treasury shares (Note 15)	-	-	297	100	-	-	397
Other movements	-	-	-	6	-	-	6
Balance at 30 June 2018	3,000	600	(8,600)	190,567	7,550	(3)	193,114

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(Thousands of euros)

	Note	Six-month period ending 30 June	
		2018	2017
Cash flows from operating activities			
Profit before income tax		7,027	17,234
Adjustments for non-monetary transactions			
Amortization	7 & 8	5,858	5,918
Finance income		(7)	(57)
Valuation allowance	11 & 12	2,226	499
Finance expense		438	544
Net changes in provisions	20	-	178
Grant on non-financial assets and income from distribution licences	19 & 21	(792)	(763)
Share of profit of joint venture	9	25	289
Changes in working capital:			
Trade and other receivables		(7,068)	276
Inventories		(18,234)	(6,628)
Trade and other payables		8,854	(16,013)
Other collections and payments			
Proceeds from distribution licences	19	2,910	87
Income tax cash flow		(2,074)	87
Net cash generated from (used in) operating activities		(837)	1,651
Cash flows from investing activities			
Purchases of intangible assets	8	(369)	(2,448)
Purchases of property, plant and equipment	7	(4,695)	(2,694)
Proceeds from sale of property, plant and equipment	7	12	-
Proceeds from sale of shares in joint venture		-	450
Interest received		95	48
Net cash flows generated from (used in) investing activities		(4,957)	(4,644)
Cash flows from financing activities			
Repayments of financial debt		(6,677)	(6,522)
Proceeds from financial debt	17	1,933	21,882
Interest paid		(103)	(127)
Purchase of treasury shares	15	(490)	(264)
Reissue of treasury shares	15	397	768
Net cash generated from (used in) financing activities		(4,940)	15,737
Net (decrease) increase in cash and cash equivalents		(10,734)	12,744
Cash and cash equivalents at the beginning of the period		40,700	41,378
Cash and cash equivalents at the end of the period	13	29,966	54,122

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018 (Thousands of euros)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Laboratorios Farmacéuticos Rovi, S.A. (the "Parent Company" or the "Company"), was incorporated as a public limited company in Madrid on 21 December 1946. It is entered in the Companies Register of Madrid, page 1,179, sheet 197 of volume 713 of Companies Book 283. Its registered office is located at Julián Camarillo, 35, Madrid and its head office is at the same address in Madrid.

The Company mainly engages in the sale of pharmaceutical products and the distribution of other products for which it holds licences granted by other laboratories for specific periods, in accordance with the terms and conditions contained in the agreements entered into with said laboratories.

Laboratorios Farmacéuticos Rovi, S.A. is the parent of a pharmaceutical business group (hereinafter, "ROVI", the "Rovi Group" or the "Group"), engaged mainly in the production and marketing of pharmaceutical products. The Group's main product is Bemiparin, a low-molecular-weight heparin, which is marketed in various countries. As of 30 June 2018 and 31 December 2017, Norbel Inversiones, S.L. is the owner of 69.64% of the shares of Laboratorios Farmacéuticos Rovi, S.A. Said company, which has its registered office at Julián Camarillo 35, Madrid, files consolidated annual accounts with the Madrid Companies Registry.

The shares of the Company are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and included in the Spanish Stock Market Interconnection System (Continuous Market).

2. Basis of preparation

These condensed consolidated interim financial statements for the six-month period ended 30 June 2018 (hereinafter the "interim financial statements") have been prepared in accordance with International Financial Reporting Standard No. 34 "Interim Financial Statements" and should be read in conjunction with the consolidated annual financial statements of Laboratorios Farmacéuticos Rovi, S.A. and subsidiaries for the year ended 31 December 2017, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). These interim financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. This is the first set of the Group's six-month period financial statements where International Financial Reporting Standard (IFRS) 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in Note 3.

These interim financial statements were authorised for issue by the Company's board of directors on 25 July, 2018.

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018 (Thousands of euros)

Basis of preparation of the consolidated interim financial statements

The consolidation procedures applied are described in the consolidated annual financial statements of ROVI for the 2017 annual period.

Comparison of information

In order facilitate the comparison, the total amount of 55,240 thousand euros recognised in the "Cost of sales" line of the income statement for the six-month period ended June 30, 2017 has been broken down into two items in these interim financial statements:

- Change in inventories of finished goods and work in progress, which shows income of 9,435 thousand euros.
- Raw materials and consumables used, showing a total expense of 64,675 thousand euros.

3. Accounting policies

Except as described below, the accounting policies applied in preparing the condensed consolidated interim financial statements for the six-month period ended 30 June 2018 are the same as those used in preparing the consolidated annual financial statements for the year ended 31 December 2017 (the policy for recognising and measuring income taxes in the interim period is described in Note 23), as described in said consolidated annual financial statements, and no significant estimates inconsistent with those made in the 2017 annual period have been made.

From among the standards, amendments and interpretations adopted by the European Union and coming into effect from 2018, the following are applicable to the Group:

- IFRS 9 "Financial Instruments". It addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 is effective for annual periods beginning on or after 1 January, 2018. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement:

a) Classification and measurement of financial assets and financial liabilities

Trade and other receivables and Cash and cash equivalents that were classified as loans and receivables under International Accounting Standard ("IAS") 39 "Financial instruments: recognition and measurement" are now classified at amortised cost. At 31 December 2017 trade and other receivables were valued initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

Equity securities represent investments that the Group intends to hold in the future. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at fair value other comprehensive income ("FVOCI"). The valuation of this type of assets was the same at 31 December 2017.

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018 (Thousands of euros)

b) *Impairment of financial assets*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The impairment of financial assets, including trade and lease receivables, is now assessed using an expected credit loss model; previously, the incurred loss model was used.

The financial assets at amortised cost consist mainly of trade receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for financial assets measured at amortised cost are presented separately as deduction from the gross carrying amount of the assets.

Given the of nature Rovi's financial assets, the Group had no significant impact to its allowances for doubtful accounts or impairments from this change.

The Group has taken an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements.

Exposures within each group were segmented based on the type of customer (governmental and non governmental customers) and the months past due:

- At 1 January 2018 governmental customers amounted to 5,663 thousand of euros. Trade and other receivables of this type of customers relate to accounts receivables from governmental entities, on which, in view of their nature and with the information currently available, ROVI considers those financial assets as low credit risk and thus no expected losses have been recorded. The Group has a legal right to claim late payment interest on these receivable from the different governmental entities.
- At 1 January 2018 non governmental customers included mainly wholesalers, toll manufacturing clients, other pharmaceutical companies and private centres. Impairment loss allowances over non governmental customers are measured based on the time they are past due:

	Weighted- average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
Current	0.0%	22,756	-	No
3 months past due	0.0%	11,454	-	No
3-6 months past due	0.0%	1,120	-	No
More than 6 months past due	100.0%	1,837	1,837	Yes
		37,167	1,837	

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Condensed consolidated interim financial statements for the six-month period ending 30 June 2018 (Thousands of euros)

The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 coincides with the loss allowance at 31 December 2017 under IAS 39 amounting 1,837 thousand euros.

The methodology described above has also been used at the interim reporting date. Changes during the period to the Group's exposure to credit risk are described in Note 12.

The adoption of IFRS 9 has not had significant effect on the Group's interim financial statements.

- IFRS 15 "Revenue from Contracts with Customers". In May 2014, the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly issued a converged standard on recognition of revenue from contracts with customers. IFRS 15 is effective for annual periods beginning on or after 1 January, 2018. According to this standard, revenue is recognized when the customer obtains control of the good or service sold, i.e. when the customer is able to both direct the use of and obtain the benefits from the good or service. This IFRS includes new guidance to determine whether revenue should be recognized over time or at a point in time, which requires management judgement. The adoption of this standard has not had a significant effect on the interim financial statements as of and for the six-month period ending 30 June 2018.

The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The following tables summarises the impacts of adopting IFRS 15 on the Group's interim statement of financial position as at 30 June 2018 for each of the line items affected. This adoption has not had any impact on the assets:

30 June 2018	Note	Amounts without adoption of IFRS 15	Adjustments	As reported
ASSETS				
Non-current assets		130,674	-	130,674
Current assets		181,573	-	181,573
Total assets		312,247	-	312,247

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018 (Thousands of euros)

Adoption of IFRS 15 has had the following impacts on the liabilities:

30 June 2018	Note	Amounts without adoption of IFRS 15	Adjustments	As reported
EQUITY				
Total equity		193,114	-	193,114
LIABILITIES				
Non-current liabilities		27,942	-	27,942
Financial debt		19,389	-	19,389
Deferred income tax liabilities		937	-	937
Contract liabilities	18	-	3,710	3,710
Deferred income	19	7,616	(3,710)	3,906
Current liabilities		91,191	-	91,191
Financial debts		19,069	-	19,069
Trade and other payables	16	67,528	3,805	71,333
Contract liabilities	18	-	76	76
Deferred income	19	789	(76)	713
Provisions for other liabilities and charges	20	3,805	(3,805)	-
Total equity and liabilities		312,247	-	312,247

There was no material impact on the Group's interim income statement and on the statement of cash flows for the six-month period ended 30 June 2018.

The details of this accounting policy and the nature of the changes to previous accounting policies are set out below:

a) Sale of goods

The Group's "Sale of goods" are derived from the sale of pharmaceutical products, contrast agents and other hospital products and other non-prescription pharmaceutical products, where control transfers to the customers and the performance obligations are satisfied when the goods are made available to other pharmaceutical companies or at the time of the delivery to the remaining customers. Invoices are usually due in a maximum period of 90 days.

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IFRS 15 states that an entity that grants the right to return the product should recognize the revenue for the transferred products in the amount of consideration to which the entity expects to be entitled, a refund liability, and an asset for its right to recover products. ROVI recognizes its revenues net of estimated returns at the date of sale, together with the refund liability. The Group does not recognize an asset for its right to recover products because, based on experience and the type of product sold, the goods returned can no longer be sold or form part of the Group's inventories.

The amount of revenue recognized is adjusted for expected returns, which are estimated considering the average returns rates of recent years.

Discounts granted to governmental customers are recorded as a deduction from revenue at the time the related revenues are recorded. In its case, a liability is calculated on the basis of historical experience which requires the use of judgment.

Therefore, ROVI's revenue from contract with customers is subject to variable consideration for rebates, refunds and returns, which is only recorded for the amount that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The impact of the application of the IFRS 15 has been a reclassification from the provision for returns and contribution to public healthcare system to trade and other payables caption.

The adoption of IFRS 15 did not significantly change the timing or amount of revenue recognized under these arrangements.

b) Sale of services

The Group sales of services, or toll manufacturing, consists of revenues from manufacturing and packaging services provided to third parties where control transfers to the toll manufacturing clients and the performance obligations are mainly satisfied when the manufactured goods are made available. Invoices are usually payable between 30 and 120 days.

The adoption of IFRS 15 did not significantly change the timing or amount of revenue recognized under these arrangements.

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LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Condensed consolidated interim financial statements for the six-month period ending 30 June 2018 (Thousands of euros)

c) *Sale of services with distribution licenses*

Occasionally the Group grants licenses to other pharmaceutical companies to sell its products on an exclusive basis in a specific territory and also promise to manufacture the pharmaceutical product for the customer. For these agreements, the Group collects a single down-payment for the transfer of the license, which is either non-refundable or may be refundable under very strict terms if the product is finally not authorized for distribution in a specific territory. In these contracts signed with third parties, whereby Rovi grants the distribution licenses, the obligations arising from the granting of these licenses are always linked to the obligation to supply and manufacture the product and no other entity can manufacture this product. As the customer cannot benefit from the licence without the manufacturing service, the licence and the manufacturing service are not distinct and therefore the Group accounts for the licence and the manufacturing service as a single performance obligation.

Additionally, in these types of contracts the Group has an enforceable right to payment for performance completed to date as the entity would be entitled to an amount that at least compensates the Group for its performance completed to date in the event that the customer or another party terminates the contract for reasons other than the entity's failure to perform as promised. Consequently, the Group recognises revenue over time and defers revenues from the granting of product distribution licenses over the units produced.

The deferral system implemented by ROVI is in accordance with IFRS 15 for this type of revenue, and therefore the application of this standard has had no significant impact on the contracts already in place. Any impact would be on new contracts for granting distribution licenses, with terms and conditions that differ from those currently in place. This has not occurred to date.

A number of other new standards are effective from 1 January 2018 but they do not have an effect on the Group's financial statements.

From among the standards, amendments and interpretations adopted by the European Union and coming into force for annual periods beginning after 1 January 2018, the following is applicable to the Group:

- IFRS 16 "Leases" ("IFRS 16"). According to this standard, which replaces IAS 17 "Leases", when accounting for leases, it will be necessary, as a general rule, to recognize leases in the statement of financial position and measure lease liabilities. This standard will be applicable to annual periods beginning on or after 1 January 2019, and early adoption is permitted. The Group has not yet adopted this standard although an initial qualitative assessment has been carried out of the potential impact on the consolidated annual accounts a detailed assessment has not been completed. The actual impact of applying IFRS 16 on the Group's financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date and the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions. Thus far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of factory facilities, buildings and cars. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating leases

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expenses with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Group plans to apply IFRS 16 initially on 1 January, 2019 using a modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

In view of the Group's activity and structure, other IFRS amendments coming into effect for annual periods ending 31 December 2018 are not expected to have a material effect on the Group.

4. Estimates and judgements

The preparation of interim financial statements requires management to exercise its judgement and make estimates and assumptions that affect the application of the accounting policies and the amounts presented in the assets and liabilities and the revenues and expenses. The actual figures may differ from these estimates.

While preparing these interim financial statements, the matters where management has exercised its judgement significantly and the key sources of uncertainty in the estimates were the same as those applied in the consolidated annual accounts for the year ended 31 December 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 3.

5. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim financial statements do not include all the information and breakdowns of the financial risk management that are mandatory for annual accounts and, therefore, must be read in conjunction with the Group's annual financial statements for the annual period ended 31 December 2017. There have been no changes in risk management or in any risk management policy since the date of the financial statements for the preceding annual period.

Liquidity risk

There have been no significant changes in the non-discounted contractual cash flows for financial liabilities in comparison with the date of the Group's financial statements for the preceding annual period.

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Fair value estimation

Measurement of financial instruments at market price is classified into:

- Level 1. Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2. Observable inputs for the asset or liability, either directly observable (i.e. prices) or indirectly observable (i.e. price-based), other than the quoted prices included in Level 1.
- Level 3. Inputs for the asset or liability not based on observable market data (i.e. non-observable inputs).

Measurements at market prices of the Group's financial instruments recorded at fair value, the totality of which are classified as available for sale (Note 10) and are not material for the Group, are classified as Level 1.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the annual reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of reimbursable advances without a rate of interest or with a subsidized interest rate is determined by applying the interest rate curve in force at the date of receipt of the advance to the reimbursements to be made and adding the spread normally applied in loans to the Group. For financial reporting purposes, fair value is calculated at the end of each reporting period by applying the interest rate curve in force at each year end to the payments outstanding and adding the corresponding spread. For loans at variable rates of interest, fair value has been regarded as coinciding with the amount for which they are recognized (Note 17). Measurement of reimbursable advances without an interest rate at market prices is classified as Level 2.

The fair value of the following financial assets and liabilities is approximately the same as their carrying amount:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents (excluding bank overdrafts)
- Trade and other payables

6. Operating segment reporting

The Group's operating segments have been determined taking into account the information used by the Management Committee for decision making. This information is divided in accordance with whether it is generated by manufacturing activities or marketing activities, regardless of the geographical area where they take place. Therefore, segment identification does not seem so much from the geographical distribution of the business but rather from a differentiation between types of activity.

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Thus, the segment called “manufacturing” obtains its revenue from contracts for rendering services that consist of completing the production process of pharmaceutical products for external entities and the manufacture of products to be subsequently marketed by other Group companies, while the “marketing” segment has the principal activity of the sale of the Group’s own products or those marketed under a licence agreement to third parties.

The heading “Other” includes other services that are not significant for the Group.

The information by segment used by the Management Committee for the six-month period ended 30 June 2018 and the reconciliation with the income statement figures and with the reportable segment profit is as follows:

	Manufacturing	Marketing	Other	TOTAL	Inter-segments transactions	Consolidated figures
Total segment revenues	64,531	143,985	-	208,516	(62,207)	146,309
Profit / (loss)	6,637	13,082	(4)	19,715	(12,165)	7,550
Corporate income tax	1,118	(1,694)	(1)	(577)	54	(523)
Profit / (loss) before tax	7,755	11,388	(5)	19,138	(12,111)	7,027
Share of profit of joint venture	-	25	-	25	-	25
Finance costs - net	7	(11,923)	-	(11,916)	12,347	431
Amortization	2,296	3,562	-	5,858	-	5,858
EBITDA (*)	10,058	3,052	(5)	13,105	236	13,341
Amortization	(2,296)	(3,562)	-	(5,858)	-	(5,858)
EBIT (**)	7,762	(510)	(5)	7,247	236	7,483

The information by segment used by the Management Committee for the six-month period ended 30 June 2017 and the reconciliation with the income statement figures and with the reportable segment profit is as follows:

	Manufacturing	Marketing	Other	TOTAL	Inter-segments transactions	Consolidated figures
Total segment revenues	61,785	124,463	-	186,248	(47,489)	138,759
Profit / (loss)	7,535	18,623	(1)	26,157	(10,400)	15,757
Corporate income tax	2,103	(324)	-	1,779	(302)	1,477
Profit / (loss) before tax	9,638	18,299	(1)	27,936	(10,098)	17,234
Share of profit of joint venture	-	289	-	289	-	289
Finance costs - net	19	(9,032)	-	(9,013)	9,500	487
Amortization	2,153	3,765	-	5,918	-	5,918
EBITDA (*)	11,810	13,321	-	25,130	(1,202)	23,928
Amortization	(2,153)	(3,765)	-	(5,918)	-	(5,918)
EBIT (**)	9,657	9,556	-	19,212	(1,202)	18,010

(*) EBITDA is calculated as profit before taxes, interest, depreciation and amortization.

(**) EBIT is the operating profit for the period.

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Inter-segment transactions recognized as “profit / (loss)” for the six-month periods ended 30 June 2018 and 2017 relate principally to dividends paid between Group companies.

Sales made to external customers in each segment at 30 June 2018 is as follows:

	Manufacturing	Marketing	Other	TOTAL
Total segment revenues	64,531	143,985	-	208,516
Inter-segment revenues	(41,490)	(20,717)	-	(62,207)
Revenues from external customers (Note 21)	23,041	123,268	-	146,309

Sales made to external customers at 30 June 2017 was as follows:

	Manufacturing	Marketing	Other	TOTAL
Total segment revenues	61,785	124,463	-	186,248
Inter-segment revenues	(30,922)	(16,567)	-	(47,489)
Revenues from external customers (Note 21)	30,863	107,896	-	138,759

Segment revenues from external customers are disaggregated by type of product and geographical market in Note 21.

The breakdown of assets and liabilities by segment at 30 June 2018 is:

	Manufacturing	Marketing	Other	TOTAL
Total assets	162,613	304,501	584	467,698
Of which:				
Investments in Group companies	-	8,899	-	8,899
Increases in non-current non-financial assets	2,435	2,629	-	5,064
Total liabilities	(117,442)	(144,538)	(7)	(261,987)

The breakdown of assets and liabilities by segment at 31 December 2017 was:

	Manufacturing	Marketing	Other	TOTAL
Total assets	131,079	259,389	587	391,055
Of which:				
Investments in Group companies	-	8,904	-	8,904
Increases in non-current non-financial assets	8,406	11,538	-	19,944
Total liabilities	(80,198)	(106,385)	(5)	(186,588)

The assets of the aggregated segments at 30 June 2018 reconcile with the total consolidated assets is as follows:

	Manufacturing	Marketing	Other	Intercompany balances	Group investments	Consolidated figures
Total assets	162,613	304,501	584	(146,552)	(8,899)	312,247

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The reconciliation of assets at 31 December 2017 was as follows:

	Manufacturing	Marketing	Other	Intercompany balances	Group investments	Consolidated figures
Total assets	131,079	259,389	587	(83,769)	(8,904)	298,382

7. Property, plant and equipment

Movement on the property, plant and equipment for the six-month periods ended 30 June 2018 and 2017 is as follows:

	Land and buildings	Technical facilities, machinery and tools	Furniture, fittings and other	IT equipment and vehicles	Total
Balance at 01.01.17					
Cost	34,292	154,271	2,998	13,218	204,779
Accumulated amortization	(17,671)	(90,876)	(2,342)	(11,068)	(121,957)
Net carrying amount 01.01.17	16,621	63,395	656	2,150	82,822
Additions	4	2,410	6	274	2,694
Amortization charge	(114)	(3,734)	(50)	(529)	(4,427)
Balance at 30.06.17					
Cost	34,296	156,681	3,004	13,492	207,473
Accumulated amortization	(17,785)	(94,610)	(2,392)	(11,597)	(126,384)
Net carrying amount 30.06.17	16,511	62,071	612	1,895	81,089

	Land and buildings	Technical facilities, machinery and tools	Furniture, fittings and other	IT equipment and vehicles	Total
Balance at 01.01.18					
Cost	34,296	168,410	3,236	13,721	219,663
Accumulated amortization	(17,900)	(98,178)	(2,442)	(12,087)	(130,607)
Net carrying amount 01.01.18	16,396	70,232	794	1,634	89,056
Additions	-	4,282	33	380	4,695
Disposals	-	(16)	-	-	(16)
Derecognition of amortization	-	4	-	-	4
Amortization charge	(115)	(4,000)	(55)	(474)	(4,644)
Balance at 30.06.18					
Cost	34,296	172,676	3,269	14,101	224,342
Accumulated amortization	(18,015)	(102,174)	(2,497)	(12,561)	(135,247)
Net carrying amount 30.06.18	16,281	70,502	772	1,540	89,095

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Most of the additions recognized during the first six months of 2018 and 2017 relate to investments in ROVI's various manufacturing plants, mainly:

- 0.9 million euros corresponds to investment capex related to the injectable facility, the same amount as in the first half of 2017;
- 0.9 million euros relates to investment capex regarding the San Sebastián de los Reyes plant, versus 1.1 million euros in the first half of 2017;
- 1.2 million euros were invested in the Granada facility, versus 0.1 million euros in the first half of 2017;
- 1.2 million euros were invested in the Alcalá de Henares (Frosst Ibérica) facility, versus 0.2 million euros in the first half of 2017; and
- 0.5 million euros relates to investments on maintenance, versus 0.4 million euros in the first half of 2017.

At 30 June 2018 and 2017, there were no investments for which contracts had been signed that were not recognized in the interim financial statements.

At 30 June 2018, the Group held property, plant and equipment with a value of 680 thousand euros subject to retention of title (720 thousand euros at 31 December 2017).

At 30 June 2018 and 31 December 2017, there was no impairment of property, plant and equipment.

The Group holds several insurance policies to cover the risks the property, plant and equipment is exposed to. The insurance cover is considered sufficient.

8. Intangible assets

Movement on intangible assets for the six-month periods ended 30 June 2018 and 2017 is as follows:

	Development	Trademarks and licences	Computer software	Total
Balance at 01.01.17				
Cost	4,251	21,880	10,062	36,193
Accumulated amortization	(11)	(3,297)	(8,013)	(11,321)
Net carrying amount 01.01.17	4,240	18,583	2,049	24,872
Additions	2,272	25	151	2,448
Amortization charge	(399)	(540)	(552)	(1,491)
Balance at 30.06.17				
Cost	6,523	21,905	10,213	38,641
Accumulated amortization	(410)	(3,837)	(8,565)	(12,812)
Net carrying amount 30.06.17	6,113	18,068	1,648	25,829

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	Development	Trademarks and licences	Computer software	Total
Balance at 01.01.18				
Cost	8,737	21,920	10,548	41,205
Accumulated amortization	(308)	(4,865)	(8,954)	(14,127)
Net carrying amount 01.01.18	8,429	17,055	1,594	27,078
Additions	47	10	312	369
Amortization charge	(90)	(787)	(337)	(1,214)
Balance at 30.06.18				
Cost	8,784	21,930	10,860	41,574
Accumulated amortization	(398)	(5,652)	(9,291)	(15,341)
Net carrying amount 30.06.18	8,386	16,278	1,569	26,233

Under the caption "Trademarks and licences", assets with indefinite useful lives were recognized for an amount of 5,366 thousand euros at 30 June 2018 and 31 December 2017. Management reviews these assets for indications of impairment, and there has been none to date. At 31 December 2017 the recoverable value was significantly greater than its carrying amount and accordingly the Group has not re-estimated at 30 June 2018 the recoverable amount as no events have occurred that would indicate there is an impairment.

At 30 June 2018 and 31 December 2017 the assets included under the "Development" caption correspond to assets related to the development of a low-molecular-weight heparin, biosimilar to enoxaparin, sales of which commenced in 2017. Additions in 2017 amounting to 2,272 thousand euros mainly corresponds to costs incurred in the production of batches for validation.

Amortization of this asset commenced during the first quarter of 2017, with the favourable result of the decentralized process used by the Group to apply for marketing authorization in twenty-six European Union countries. The useful life of this asset is 20 years, and no indications of impairment were noted in either reporting periods.

At 30 June 2018 and 31 December 2017, there was no impairment of intangible assets.

Total research and development expenses incurred in the six-month period ended 30 June 2018 were 16,769 thousand euros (9,357 thousand euros in the same period of 2017). These expenses were mainly concentrated on the Glycomics and ISM[®] platforms, the latter of which is a drug-release system, owned by ROVI, the purpose of which is to improve patient adherence to treatment. Of the total research and development expenditure incurred in the six-month period ended 30 June 2018, 4,932 thousand euros are recognized under the "Employee benefit expenses" caption (4,406 thousand euros in the same period 2017) and 11,837 thousand euros under "Other operating expenses" (4,951 thousand euros in the same period 2017).

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9. Investments in joint ventures

Movement on investments in joint ventures in the period is as follows:

	30 June 2018	30 June 2017
Balance at beginning of period	2,054	2,571
Share in profit/(loss)	(25)	(289)
Balance at end of period	2,029	2,282

Nature of the investment in joint ventures at 30 June 2018 and 31 December 2017:

Name	Country of incorporation	% interest	Nature of relationship	Measurement method
Alentia Biotech, S.L.	Spain	50%	a)	Equity
Enervit Nutrition, S.L.	Spain	51%	b)	Equity

a) Alentia Biotech, S.L.

In 2010, the company Alentia Biotech, S.L. (Alentia) was created, 100% held by ROVI. In February 2012, the effective sale of 50% of the shares in Alentia Biotech, S.L. by Laboratorios Farmacéuticos Rovi, S.A. to Grupo Ferrer Internacional, S.A. took place and Alentia became a joint venture held by these two companies at 50% each.

b) Enervit Nutrition, S.L.

In the first half of 2016, ROVI contributed assets consisting of the distribution rights of the EnerZona rights in Spain and the know-how related to the promotion, distribution and sale of these products to a newly-created subsidiary (Enervit Nutrition, S.L.), which was the vehicle responsible for promoting these products. Said company was incorporated in January 2016 with an initial share capital of 3 thousand euros, 100%-held by Laboratorios Farmacéuticos Rovi, S.A. It was incorporated with the intention of marketing the EnerZona products, for which ROVI held exclusive marketing rights in Spain, and exploring and, if applicable, developing, new market possibilities for dietetic and food supplements.

ROVI and Enervit S.p.A. agreed to create a joint venture between them to carry out the project. To do this, under certain agreements, ROVI lost control of its subsidiary Enervit Nutrition, S.L, which, instead of being 100%-owned by ROVI, became a joint venture under joint control with Enervit, S.p.A. The agreements were signed on 16 March 2016.

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Condensed financial information

The condensed statement of financial position of Alentia Biotech, S.L. and Enervit Nutrition, S.L. as of 30 June 2018 and 31 December 2017 and the condensed statement of comprehensive income as of 30 June 2018 and 2017 are as follows:

Condensed statement of financial position	30 June 2018		31 December 2017	
	Alentia Biotech, S.L.	Enervit Nutrition, S.L.	Alentia Biotech, S.L.	Enervit Nutrition, S.L.
Current				
Cash and cash equivalents	102	37	104	703
Other current assets (excluding cash)	6	3,227	6	2,305
Total current assets	108	3,264	110	3,008
Financial liabilities (excluding trade payables)	-	(1,331)	-	(1,266)
Other current liabilities (including trade payables)	-	(1,589)	-	(1,427)
Total current liabilities	-	(2,920)	-	(2,693)
Non-current				
Property, plant and equipment	-	22	-	-
Intangible assets	-	3,585	-	3,685
Other financial assets	-	5	-	5
Deferred income tax assets	-	37	-	37
Total non-current assets	-	3,649	-	3,727
Financial liabilities	(2,200)	-	(2,200)	-
Other liabilities	-	(14)	-	(14)
Total non-current liabilities	(2,200)	(14)	(2,200)	(14)
NET ASSETS	(2,092)	3,979	(2,090)	4,028

Condensed statement of comprehensive income	30 June 2018		30 June 2017	
	Alentia Biotech, S.L.	Enervit Nutrition, S.L.	Alentia Biotech, S.L.	Enervit Nutrition, S.L.
Revenue	-	3,869	-	4,289
Raw material and consumables used	-	(2,729)	-	(2,944)
Employee benefit expenses	-	(532)	-	(556)
Other operating expenses	(2)	(517)	-	(1,253)
Amortization	-	(107)	-	(104)
Profit / (loss) before tax	(2)	(16)	-	(568)
Finance costs-net	-	(27)	1	-
Corporate income tax	-	(6)	-	-
Profit / (loss) for the period	(2)	(49)	1	(568)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	(2)	(49)	1	(568)
Dividends received from joint ventures	-	-	-	-

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Reconciliation of the condensed financial information

Reconciliation of the condensed financial information presented with the carrying amount of the interests in the joint ventures at 30 June 2018:

Condensed financial information	Alentia Biotech, S.L.	Enervit Nutrition, S.L.
Joint ventures net assets at beginning of period	(2,090)	4,028
Profit / (loss) for the period	(2)	(49)
Joint ventures net assets at end of period	(2,092)	3,979
Interest in a joint venture	-	2,029
Carrying amount	-	2,029

Enervit Nutrition, S.L. and Alentia Biotech, S.L. are both private entities and, therefore, there is no quoted market price for their shares.

The Group has no commitments or contingent liabilities in relation to its joint ventures.

10. Equity securities

	30 June 2018	30 June 2017
Beginning of the period	69	70
Net profit/(loss) recognized in equity	-	(1)
End of the period	69	69
Less: non-current portion	69	69
Current portion	-	-

Equity securities included:

	30 June 2018	31 December 2017
Unlisted securities		
– Variable-income securities (equity securities)	59	59
Listed securities:		
– Investment funds and equity securities	10	10
	69	69

At 30 June 2018 and 31 December 2017, these securities are denominated in euros.

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11. Inventories

	30 June 2018	31 December 2017
Raw materials and other consumables	33,769	22,117
Work in progress and semi-finished goods	26,072	25,404
Finished goods produced internally	19,696	11,645
Commercial products	11,885	16,326
	91,422	75,492

During the six-month period ending 30 June 2018, the Group impaired its inventory by 2,304 thousand euros due to obsolescence and expiration of the products. The write-down is included in "raw materials and other consumables used" and "changes in inventories of finished goods and work in progress" in the condensed consolidated interim income statement. During the six-month period ending 30 June 2017 the Group wrote down inventory for an amount of 637 thousand euros.

The inventories purchase/sale commitments for the Group at the period end were as normal in its course of its business. Management estimates that meeting these commitments will not generate losses for the Group. The Group has insurance policies to cover the risks the inventories are exposed to. The insurance coverage is considered sufficient.

12. Trade and other receivables

The breakdown of trade and other receivables is as follows:

	30 June 2018	31 December 2017
Trade receivables	53,225	42,830
Less: loss allowance	(1,455)	(1,837)
Trade receivables - Net	51,770	40,993
Deposits	1,386	1,374
Other receivables	4,061	7,445
Total	57,217	49,812
Less: non-current portion: financial receivables	65	65
Current portion	57,152	49,747

At 30 June 2018, deposits included banks deposits of 1,386 thousand euros at an interest rate lower than 1% (1,374 thousand euros at 31 December 2017). 1,327 thousand euros of said deposits were pledged in favour of Banco Santander. The Group considers those deposits as low credit risk and thus no expected losses have been recorded.

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The movement in the allowance for impairments in respect of trade receivables during the reporting period was as follows:

	30 June 2018	30 June 2017
Beginning of the period	1,837	1,623
Net remeasurement of loss allowance	(78)	(138)
Amounts written off	(304)	-
End of the period	1,455	1,485

13. Cash and cash equivalents

	30 June 2018	31 December 2017
Cash at bank and on hand	29,966	40,700
	29,966	40,700

14. Deferred taxes

Gross movement on the deferred tax accounts was as follows:

	Deferred tax assets	Deferred tax liabilities	Net deferred taxes
At 1 January 2017	10,252	(1,640)	8,612
(Charged)/credited to profit and loss	474	85	559
(Charged)/credited to equity	-	-	-
At 30 June 2017	10,726	(1,555)	9,171
At 1 January 2018	11,893	(1,438)	10,455
(Charged)/credited to profit and loss	1,290	501	1,791
(Charged)/credited to equity	-	-	-
At 30 June 2018	13,183	(937)	12,246

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15. Share capital and treasury shares

Share capital

	No. of shares	Par value (euros)	Total share capital (thousands)
At 1 January 2017	50,000,000	0.06	3,000
Balance at 31 December 2017	50,000,000	0.06	3,000
At 1 January 2018	50,000,000	0.06	3,000
Balance at 30 June 2018	50,000,000	0.06	3,000

At 30 June 2018 and 31 December 2017, Norbel Inversiones, S.L. is the owner of 69.64% of the shares of Laboratorios Farmacéuticos Rovi, S.A. This company is held by Mr Juan López-Belmonte (20%) and Messrs Juan, Iván and Javier López-Belmonte Encina (26.67% each).

Treasury shares

In the first six months of 2018, the Group has acquired a total of 29,923 treasury shares (18,603 during the first six months of 2017), paying the sum of 490 thousand euros for them (264 thousand euros at 30 June 2017). In the first six months of 2018, a total of 24,069 treasury shares were sold (52,968 in the first six months of 2017) for a sum of 397 thousand euros (768 thousand euros in 2017). These shares had been acquired at a weighted average cost of 297 thousand euros (644 thousand euros in 2017), giving rise to a profit of 100 thousand euros on the sale, which has been taken to reserves in 2018 (124 thousand euros in 2017). At 30 June 2018, 691,037 treasury shares were held (683,181 at 30 June 2017).

16. Trade and other payables

	30 June 2018	31 December 2017
Trade payables	50,970	42,129
Dividends payable (Note 25)	6,035	-
Other payables	14,328	10,813
	71,333	52,942

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At 30 June 2018 other payables caption includes the following liabilities:

	30 June 2018
Returns	814
Contribution to the public healthcare system	2,873
Other liabilities	118
	3,805

Contribution to the public healthcare system

In Spain, under Law 29/2006, all companies that sell prescription pharmaceuticals or other health products that are paid for with public funds must make payments amounting to between 1.5% and 2.0% of their sales (depending on sales volume) to the Spanish National Health System every four months. It corresponds to a rate whose objective is to regulate the margin of a regulated activity through the intervention of the price established by law. The Group records the accrued contribution to the public healthcare system as a revenue reduction when the sale is made. The estimated amount accrued but unpaid is recorded in "Other payables" caption.

Although those amounts should not be considered returns or refunds to customers, they have been recorded as a revenue reduction, because the objective of the law is to regulate the prices and margins earned for those products.

In 2017, those amounts were recorded under provisions for other liabilities and charges caption, similar to the accounting treatment of expected returns to customers. In 2018, those amounts are presented as "Other payables", similar to any other refund, rebate or return from customers.

17. Financial debt

The breakdown of financial debt at 30 June 2018 and 31 December 2017 was as follows:

	30 June 2018	31 December 2017
Non-current financial debt	19,389	27,029
Current financial debt	19,069	16,208
	38,458	43,237

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Movement on financial debt for the six-month periods ending 30 June 2018 and 2017 was as follows:

Six-month period ending 30 June 2018:	Net carrying amount				Net carrying amount
	01.01.2018	Additions	Disposals	Payments	30.06.2018
Bank borrowings (a)	30,938	-	-	(5,032)	25,906
Debt with government entities (b)	12,299	1,615	(7)	(1,355)	12,552
	43,237	1,615	(7)	(6,387)	38,458

Six-month period ending 30 June 2017:	Net carrying amount				Net carrying amount
	01.01.2017	Additions	Disposals	Payments	30.06.2017
Bank borrowings (a)	20,931	20,000	-	(4,985)	35,946
Debt with government entities (b)	12,863	1,573	-	(1,247)	13,189
	33,794	21,573	-	(6,232)	49,135

a) Bank borrowings

The conditions and maturities of the loans granted by banks did not undergo any changes in the first six months of 2018.

At 31 December 2017 the Group complied with the covenants (financial ratios) established in the financing contract with European Investment Bank (EIB), which have been certified in the first half of 2018.

b) Debt with government entities

Since 2001, the Group has been receiving reimbursable advances from various Ministries to finance different R&D projects. The transactions do not accrue interest and, therefore, are recognized at their fair value at the inception. The difference between the fair value at the inception and the nominal value accrues based on market interest rates (Euribor and the interest rate for the Spanish Treasury debt plus a spread that depends on the Group's risk).

b.1) Loans received in the first six months of 2018 were the following:

Company	Project	Thousand euros		Years		
		Nominal amount	Initial fair value	Repayment period	Grace period	
ROVI	Corporación Tecnológica de Andalucía	(1)	4	3	10	4
ROVI	CDTI	(1)	160	136	7	3
ROVI	CDTI	(1)	956	799	7	3
ROVI	CDTI	(1)	734	611	7	3
ROVI	CDTI	(1)	79	66	7	3
			1,933	1,615		

(1) Finance the projects to develop drugs with ISM technology.

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b.2) Loans received in the first six months of 2017 were the following:

Company	Project	Thousand euros		Years		
		Nominal amount	Initial fair value	Repayment period	Grace period	
ROVI	Corporación Tecnológica de Andalucía	(1)	28	22	10	4
ROVI	Corporación Tecnológica de Andalucía	(1)	54	46	10	4
ROVI	Corporación Tecnológica de Andalucía	(1)	28	23	10	4
ROVI	Corporación Tecnológica de Andalucía	(1)	140	118	7	3
ROVI	CDTI	(1)	1,575	1,314	8	4
ROVI	Torres Quevedo Program	(2)	57	50	3	3
			1,882	1,573		

(1) Finance the projects to develop drugs with ISM technology.

(2) Funds the recruitment of qualified personnel for R&D&I activities.

Fair value of non-current financial debt

The carrying amounts and fair values of non-current bank borrowings and debt with government entities were as follows:

	Carrying amount		Fair Value	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Bank borrowings	8,869	17,716	13,136	17,521
Debt with government entities	10,520	9,313	11,211	10,071
	19,389	27,029	24,347	27,592

The fair values of current financial debt are equal to their corresponding nominal amounts since the effect of discounting is not significant. The fair values are based on cash flows discounted at a rate of 2%, based on the borrowing rate (2% in 2017).

To calculate the fair value of fixed rate non-current bank borrowings at the reporting date, the interest rate on the sole variable-rate loan held by the Company was taken as a reference: Euribor at 12 months plus a 0.70% spread. This interest rate was established in the second half of 2015 as a result of the novation of an existing loan agreement.

18. Contract liabilities

During the six-month period ending 30 June 2018 new contract liabilities on distribution licenses of 2,910 thousand euros were recognized in relation to new distribution licenses contracts.

During the six-month period ending 30 June 2018 ROVI has recognized revenues on distribution licenses amounting to 38 thousand euros (Note 21).

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At 30 June 2018, contract liabilities on distribution licences matured as follows:

	30 June 2018
2018	41
2019	70
2020	70
	<u>181</u>
Non-current	<u>105</u>
Current	<u>76</u>

At 30 June 2018 there were contract liabilities on distribution licences amounting to 3,605 thousand euros which the timing of recognition of revenues in the income statement could not be determined as they are subject to the fulfilment of certain milestones of indeterminate dates.

19. Deferred income

	30 June 2018	31 December 2017
Non-current		
Deferred income on distribution licenses	-	835
Deferred income on grants	3,906	4,170
	<u>3,906</u>	<u>5,005</u>
Current		
Deferred income on distribution licenses	-	79
Deferred income on grants	713	486
	<u>713</u>	<u>565</u>
	<u>4,619</u>	<u>5,570</u>

Deferred income on distribution licences

During the six-month period ending 30 June 2017 new deferred income on distribution licenses of 128 thousand euros were recognized in relation to new distribution licenses contracts.

During the six-month period ending 30 June 2017 ROVI has recognized revenues on distribution licenses amounting to 88 thousand euros (Note 21).

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At 31 December 2017, deferred income on distribution licences matured as follows:

	31 December 2017
2018	79
2019	70
2020	70
	<u>219</u>
Non-current	<u>140</u>
Current	<u>79</u>

At 31 December 2017 there were deferred income on distribution licences amounting to 695 thousand euros which the timing of recognition of revenues in the income statement could not be determined as they are subject to the fulfilment of certain milestones of indeterminate dates.

Deferred income on grants

Movement on deferred income on grants for the six-month period ending 30 June 2018 and 30 June 2017 was as follows:

	30 June 2018	30 June 2017
Beginning of the period	4,656	5,210
Net profit/(loss) recognized	(405)	(389)
Additions	374	262
Eliminations	(6)	(28)
End of the period	4,619	5,055

20. Provisions for other liabilities and charges

Movement on the provisions for other liabilities and charges for the six-month periods ending 30 June 2017 and the breakdown at 31 December 2017 was as follows:

	Returns	Contribution to the public healthcare system	Other	Total
Balances at 1 January 2017	665	2,093	120	2,878
Additions	759	1,191	130	2,080
Applications	(665)	(1,117)	(120)	(1,902)
Balances at 30 June 2017	759	2,167	130	3,056
Balances at 31 December 2017	699	2,690	119	3,508

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Due to the adoption of the IFRS 15 in 2018 these liabilities have been reclassified to “trade and other payables” caption (Notes 3 and 16).

21. Revenues

The breakdown of net revenues is as follows:

	30 June 2018	30 June 2017
Sale of goods (*)	123,230	107,808
Sale of services	23,041	30,863
Revenues from distribution licences	38	88
	146,309	138,759

(*) Sales of goods included 642 thousand euros at 30 June 2017 related with promotion services for third-party products.

The total amount of sales of goods was reduced by 8,070 thousand euros in the first half of 2018 (7,428 thousand euros in six-month period ending 30 June 2017) as a result of discounts to the National Health System.

The breakdown of sales of goods by product group (in marketing segment) is shown below:

	30 June 2018	30 June 2017
Prescription pharmaceutical products	106,681	91,436
Contrast agents and other hospital products	15,334	14,805
Non-prescription pharmaceutical products	742	1,130
Other	473	437
	123,230	107,808

The revenue disaggregated by primary geographical market and reportable segment at 30 June 2018 is shown below:

	Manufacturing	Marketing	TOTAL
Spain	5,411	98,318	103,729
UE	16,979	17,233	34,212
Other countries	651	7,717	8,368
	23,041	123,268	146,309

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At 30 June 2017, the breakdown was as follow:

	Manufacturing	Marketing	TOTAL
Spain	5,997	92,238	98,235
UE	24,605	8,782	33,387
Other countries	261	6,876	7,137
	30,863	107,896	138,759

22. Other expenses

In the first half of 2018, operating profit was affected by non recurring expenses of 2,636 thousand euros related to:

- The study and analysis of potential corporate operations, amounting to 1,542 thousand euros. This amount was recognized under the "Other operating expenses" caption.
- A compensation for a substantial change to the Frosst Ibérica employees' working conditions, amounting to 1,094 thousand euros. This amount was recognized under the "Employee benefit expenses" caption.

23. Income tax

The tax rate applied in 2018 and 2017 is 25%.

The breakdown of the corporate income tax expense in the income statement is as follows:

	30 June 2018	30 June 2017
Current tax for the period	1,269	2,035
Deferred tax for the period	(1,791)	(559)
Adjustment prior years' corporate income tax expense	(1)	1
	(523)	1,477

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect on certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the consolidated annual accounts.

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The effective tax rate was -7.4% in the first six months of 2018, compared with 8.6% in the same period of 2017. The reduction in the effective rate is mainly due to:

- the increase in the capitalization of research and development deductions; and
- the increase in the capitalization of negative tax bases (tax loss carryforwards) from Frosst Ibérica, S.A. The negative tax bases pending application recognized as an asset by ROVI totalled 11,633 thousand euros at 30 June 2018 versus 9,589 thousand euros at 31 December 2017. The Group only recognizes negative tax bases (tax loss carryforwards) as an asset if there is convincing evidence that sufficient taxable profit will be available against which the unused tax asset can be utilised by the Group.

As of 31 December 2017, ROVI total negative tax bases amounted to 35,127 thousand euros, of which 1,509 thousand euros will be used in the 2017 income tax and 731 thousand euros in the first half of 2018.

One of the consequences of the possible different interpretations of current tax legislation is that additional liabilities could arise as a result of an inspection. However, the directors consider that, if any such liabilities were to arise, they would not have a material effect on the financial statements.

24. Earnings per share

	30 June 2018	30 June 2017
Profits attributable to company shareholders (thousands of euros)	7,550	15,757
Weighted average number of ordinary shares in issue (thousands)	49,316	49,302
Basic earnings per share (euros per share)	0.15	0.32

There is no factor that leads to a dilution of the earnings per share.

25. Dividends

- On 29 May 2018, the General Meeting of Shareholders approved the distribution of the 2017 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 6,035 thousand euros (0.1207 euros gross per share). At 30 June, 2018, this amount was recognized under the "Trade and other payables" caption (Note 16).
- On 31 May 2017, the General Meeting of Shareholders approved the distribution of the 2016 profit, which included a dividend to be distributed to shareholders for a maximum total amount of 9,150 thousand euros (0.1830 euros gross per share). This dividend was paid out in July 2017.

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26. Related-party transactions

a) Sales of goods and services

	30 June 2018	30 June 2017
Sale of goods:		
– Joint ventures	62	112
	62	112

b) Purchases of goods and services

	30 June 2018	30 June 2017
Services received		
– Joint ventures	100	100
– Shareholders and members of the Board of Directors	12	12
– Companies in which Mr. Juan López-Belmonte López holds an ownership interest	1,017	780
Purchases of goods:		
– Joint ventures	41	-
	1,170	892

Purchase of services from companies in which Mr Juan López-Belmonte López holds an interest relates to operating lease payments to the companies Inversiones Borbollón, S.L. and Norba Inversiones, S.L.

The services recognized on the “Joint ventures” line relate to product promotion services received.

c) Compensation of key management staff and directors

	30 June 2018	30 June 2017
Salaries and other short-term benefits		
- As members of the Board of Directors	255	255
- As key management	1,533	1,252
Contributions to defined-contribution plans		
- Key management	14	13
	1,802	1,520

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The remuneration of executive directors related to their management tasks is included under the “Key management” caption. At 30 June 2018, the Management Committee was formed by 13 members (14 at 30 June 2017).

ROVI has a Long Term Incentive Plan for years 2016 to 2018 for the executive directors of the Company (“LTIP”) to compensate them for the creation of long-term value for the Group in order to serve the interests of the shareholders. On 29 May 2018 the General Meeting of Shareholders has approved, for the years 2019 to 2021, a new incentive plan with the same characteristics as the current plan.

27. Seasonality

The Group has no sales that are subject to significant variations in the course of its fiscal year. The Group’s principal products and services are sold or rendered on a regular basis throughout the year.

28. Other significant information

a) First six months of 2018

ROVI has commenced the marketing of the Enoxaparin biosimilar in Germany, UK and Italy, and has reached a distribution and marketing agreement with Hikma and Sandoz

ROVI informed (by publication of the relevant fact number 249265 dated 7th of March of 2017) that the decentralised procedure used for the Company to submit, in 26 countries of the European Union, the marketing authorization application of a low molecular weight heparin (Enoxaparin biosimilar) was completed with positive outcome.

In the mentioned decentralised procedure, Germany has acted as Reference Member State (RMS). The national phase of the registration process, which is expected to be completed with the granting by the competent local authorities of the marketing authorisation in each concerned country, was initiated in the first half 2017, and it continued during the rest of the year and the first half of 2018.

In September 2017, ROVI informed by publication of a relevant fact (number 256121) about the commencement of marketing of Enoxaparin biosimilar in Germany, the first European country where ROVI launches its biosimilar and one of the top Enoxaparin countries in Europe (in terms of volume and value). In the first half of 2018, ROVI commenced the marketing of Enoxaparin biosimilar in UK and Italy.

As of 30th June 2018, the countries with the registration national phase approved are Germany, France, United Kingdom, Italy, Spain, Portugal, Belgium, Finland, Norway, Sweden, Austria, Hungary, Slovenia, Estonia, Latvia, Slovakia, Bulgaria, Romania, Croatia, Czech Republic and Denmark.

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In April 2018, ROVI has signed a licensing agreement with Hikma Pharmaceuticals PLC, the quoted multinational pharmaceutical group (LSE: HIK), for the exclusive distribution and marketing of its Enoxaparin biosimilar in 17 MENA¹ (Middle East and North Africa) countries: Kingdom of Saudi Arabia, Jordan, Algeria, Egypt, Tunisia, Sudan, Syria, Yemen, Iraq, Oman, United Arab Emirates, Kuwait, Qatar, Bahrain, Libya, Palestine and Lebanon, Iraq, Oman, United Arab Emirates, Kuwait, Qatar, Bahrain, Libya, Palestine and Lebanon.

Likewise, in June 2018 ROVI announced the signature of a licensing agreement with Sandoz, a division of Novartis AG and a global leader in generic pharmaceuticals and biosimilars, to distribute and market its enoxaparin biosimilar in 14 countries/regions (Australia, New Zealand, Philippines, Hong Kong, Singapore, Vietnam, Malaysia, Canada, South Africa, Brazil, Colombia, Argentina, Mexico and Central America). Under the terms of the agreement, Sandoz has the exclusive rights for three of these countries, which are Hong Kong, Singapore and Vietnam.

Besides Europe, by July 2018, ROVI has distribution and marketing agreements for the Enoxaparin biosimilar in 45 countries.

ROVI will regularly update the milestones considered relevant in this process of marketing authorisation as the schedule of the registration of the medicinal product progresses in each country.

ROVI updates the pivotal PRISMA 3 study of DORIA® (Risperidone ISM®)

ROVI informed that after a prespecified Interim Analysis on the pivotal PRISMA-3 study for the once-monthly injectable formulation of Risperidone ISM®, DORIA®, an independent Data Monitoring Committee has recommended to continue the clinical trial and not increasing the currently planned number of randomized patients.

The PRISMA-3 study is a multicentre, randomized, double-blind, placebo-controlled clinical trial to evaluate the efficacy and safety of monthly intramuscular injections of DORIA® in patients with acute exacerbation of schizophrenia², having initiated patients' recruitment in May 2017, as previously informed the 25th of October 2017 on a relevant fact (number 257753).

As expected, ROVI has carried out one unblinded interim analysis that was planned to be conducted when approximately 50% of randomized patients have either reached study day 85 or withdrawn from the study to re-estimate the sample size required for the final analysis. In this sense, an independent DMC has received unblinded results from this interim analysis and has communicated to ROVI the blinded outcome, concluding that the clinical trial can continue and an increase of the study sample size is not needed.

Consequently, the company plans to file an NDA (New Drug Application), US Registration Dossier for the FDA (Food and Drug Administration), the second half 2019.

¹ The agreement does not include Morocco and Lebanon has a semi-exclusive agreement.

² <https://clinicaltrials.gov/ct2/show/NCT03160521>

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b) First six months of 2017

Rovi continues with the national phase of the registration process of the biosimilar of enoxaparin

On 7 March 2017, the market was informed by publication of a relevant fact (number 249265) that the Decentralised procedure used for the Company to submit, in twenty-six countries of the European Union, the marketing authorization application of a low molecular weight heparin (biosimilar of enoxaparin) was completed with positive outcome.

In the mentioned Decentralised procedure, Germany has acted as Reference Member State (RMS). The national phase of the registration process, which is expected to be completed with the granting by the competent local authorities of the marketing authorisation in each concerned country, was initiated in the first quarter 2017 and it continued during 2017.

ROVI will regularly update the milestones considered relevant in this process of marketing authorisation as the schedule of the registration of the medicinal product progresses in each country.

29. Events since the end of the reporting period

No significant events have taken place since 30 June 2018.

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Interim management report for the six-month period ending 30 June 2018

Mr. Juan López-Belmonte López, as Board of Directors Chairman of Laboratorios Farmacéuticos Rovi, S.A. (Rovi) issues the following management report in accordance with Article 262 and 148.d) of the Spanish Capital Company Act ("Ley de Sociedades de Capital"), 116.bis of the Securities Market Law and 49 of the Code of Commerce and in accordance with "Guidelines on Alternative Performance Measures" issued by European Securities and Markets Authority (ESMA).

1.- Corporate profile

ROVI is a fully-integrated specialized Spanish pharmaceutical company engaged in the research and development, contract manufacturing and the marketing of small molecules and biological specialties. The company has three principal growth pillars:

- Pharmaceutical products, with a diversified portfolio of both its own and licensed innovative products, protected by patents.
- Contract manufacturing of prefilled syringes and oral forms.
- A sound, low-risk R&D policy.

The growth of these pillars provides ROVI with a defensive profile that has allowed it to increase profits over recent years, in spite of the difficult environment that exists in the sector, hampered by the cuts in public pharmaceutical spending.

ROVI enjoys a series of competitive advantages that have allowed it to position itself as one of the principal leaders in its market niche, in a sector which, moreover, has high entry barriers.

- Unique knowledge of low-molecular-weight heparins (LMWH)
- Infrastructure with operating advantages
- Diversified portfolio protected by patents
- Low-risk innovation
- International expansion

All the companies that form the ROVI Group are aware of the health improvements their products provide and would like to meet certain social demands in relation to the impact of their activities on society and the environment. Therefore, ROVI's economic development must be compatible with its conduct in relation to ethics, society, the workplace, the environment and respect for human rights.

Awareness of these values, which express the Group's commitment in relation to business ethics and corporate responsibility, making them known to others and implementing them provide guidance for the actions of ROVI's Board of Directors and other governing bodies in their relations with stakeholders. For this purpose, the Group has support tools the objectives of which are to:

- Favour attainment of the Group's strategic objectives.
- Improve the Group's competitiveness by implementing management practices based on innovation, equal opportunities, productivity, profitability and sustainability.

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Interim management report for the six-month period ending 30 June 2018

- Manage risks and opportunities derived from the changing environment responsibly, maximizing the positive impacts of the Group's activities in the different territories where it operates and minimizing any adverse impacts as far as possible.
- Promote a culture of ethical conduct and increase business transparency, in order to generate credibility and confidence among stakeholders, including society as a whole.
- Promote trust relationships and value creation for all stakeholders, providing all of them with a balanced response that integrates their concerns.

The business model, supported by the company's financial model, has allowed the company to achieve high revenues and cash flows, as well as high profitability for the interested parties, on a sustainable basis.

For more information, please visit: www.rovi.es

2.- Business performance

- Revenue increased by 5% to 146.3 million euros in the first half of 2018, driven by the strength of the specialty pharmaceutical business, where sales rose 14%, strongly outperforming the market.
- In the first half of 2018, ROVI commenced the marketing of Enoxaparin biosimilar in UK and Italy, two top Enoxaparin markets in Europe together with Germany where the company commenced marketing in September 2017.
- In the first half of 2018, ROVI announced the signature of two licensing agreements for the distribution and marketing of its Enoxaparin biosimilar, the first with Hikma Pharmaceuticals for 17 MENA (Middle East and North Africa) countries and the second with Sandoz for 14 countries/regions.
- By 30th June 2018, the countries with the national registration approved of the Enoxaparin biosimilar are Germany, France, United Kingdom, Italy, Spain, Portugal, Belgium, Finland, Norway, Sweden, Austria, Hungary, Slovenia, Estonia, Latvia, Slovakia, Bulgaria, Romania, Croatia, Czech Republic and Denmark.
- Sales of the Enoxaparin biosimilar amounted to 8.9 million euros in the first half of 2018.
- In 2018, ROVI expects a mid-single-digit growth rate for the operating revenue, with sales of its Enoxaparin biosimilar within a range of between 20 and 30 million euros.
- Sales of Bemiparin increased 13% in the first half of 2018 to 48.3 million euros; this growth came from sales in Spain (16%) and from international sales (7%).
- Sales of Vytorin[®], Orvatez[®] and Absorcol[®] increased by 3% to 19.6 million euros in the first half of 2018. Sales of Volutsa[®], increased by 25% to 5.4 million euros, and sales of Hirobriz[®] Breezhaler[®] and Ulunar[®] Breezhaler[®] increased by 9% to 7.7 million euros in the first half of 2018, compared to the same period the previous year.
- Sales of Neparvis[®], launched in December 2016, reached 5.9 million euros in the first half of 2018.

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Interim management report for the six-month period ending 30 June 2018

- In the first half of 2018, EBITDA¹ was affected by non-recurring expenses of 2.6 million euros. 1.5 million euros of this amount were related to the study and analysis of potential corporate operations, while 1.1 million euros were linked to a substantial change to Frosst Ibérica employees working conditions.
- EBITDA “Pre-R&D”¹, calculated excluding R&D expenses in the first half of 2018 and 2017 and the impact of non-recurring expenses in the first half of 2018, decreased by 1%, from 33.0 million euros in the first half of 2017 to 32.7 million euros in the first half of 2018, reflecting a 1.4 percentage point fall in the EBITDA¹ margin to 22.4% in the first half of 2018.
- Net profit “Pre-R&D”¹, calculated excluding R&D expenses in the first half of 2018 and 2017 and the impact of non-recurring expenses in the first half of 2018, increased by 17%, from 24.3 million euros in the first half of 2017 to 28.4 million euros in the first half of 2018.

3.- Liquidity and capital resources

3.1 Liquidity

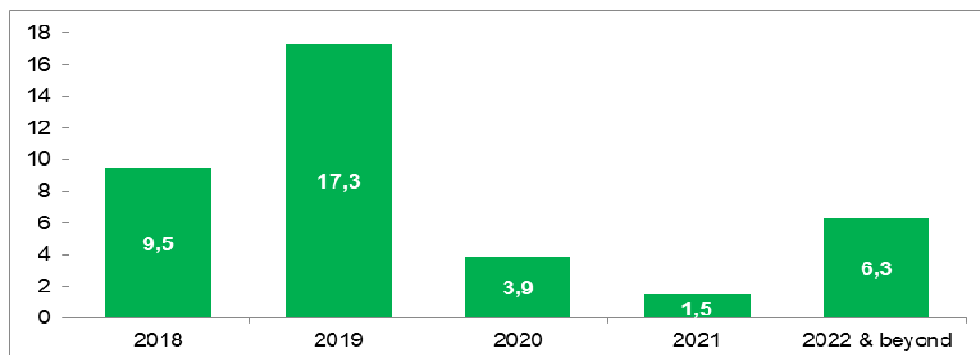
As of 30 June 2018, ROVI had gross cash position of 31.4 million euros, compared to 42.1 million euros as of 31 December 2017, and net debt¹ of 7.0 million euros (equity securities plus deposits plus cash and cash equivalents minus short term and long term financial debt), compared to 1.1 million euros as of 31 December 2017.

3.2 Capital resources

As of 30 June 2018, ROVI had total debt of 38.5 million euros. Debt with public administration, which is 0% interest rate debt, represented 33% of total debt as of 30 June 2018:

<i>In thousand euros</i>	30 June 18	31 December 17
Bank borrowings	25,906	30,938
Debt with public administration	12,552	12,299
Total	38,458	43,237

Debt maturities at 30 June, 2018 are shown in the following graph (millions of euros):



¹ See description in Appendix 1 about Alternative Performance Measures

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3.3 Analysis of contractual obligations and items off the statement of financial position

In the ordinary course of activities, in order to manage its own transactions and financing, the Group has carried out certain transactions that are not included on the statement of financial position, such as operating leases. The Group's objective is to optimize the financing costs that are involved in determined financial transactions and, therefore, on certain occasions, has chosen operating leases rather than the acquisition of assets.

4.- Other significant agreements

ROVI has commenced the marketing of the Enoxaparin biosimilar in Germany, UK and Italy, and has reached a distribution and marketing agreement with Hikma and Sandoz

ROVI informed (by publication of the relevant fact number 249265 dated 7th of March of 2017) that the decentralised procedure used for the Company to submit, in 26 countries of the European Union, the marketing authorization application of a low molecular weight heparin (Enoxaparin biosimilar) was completed with positive outcome.

In the mentioned decentralised procedure, Germany has acted as Reference Member State (RMS). The national phase of the registration process, which is expected to be completed with the granting by the competent local authorities of the marketing authorisation in each concerned country, was initiated in the first half 2017, and it continued during the rest of the year and the first half of 2018.

In September 2017, ROVI informed by publication of a relevant fact (number 256121) about the commencement of marketing of Enoxaparin biosimilar in Germany, the first European country where ROVI launches its biosimilar and one of the top Enoxaparin countries in Europe (in terms of volume and value). In the first half of 2018, ROVI commenced the marketing of Enoxaparin biosimilar in UK and Italy.

As of 30th June 2018, the countries with the registration national phase approved are Germany, France, United Kingdom, Italy, Spain, Portugal, Belgium, Finland, Norway, Sweden, Austria, Hungary, Slovenia, Estonia, Latvia, Slovakia, Bulgaria, Romania, Croatia, Czech Republic and Denmark.

In April 2018, ROVI has signed a licensing agreement with Hikma Pharmaceuticals PLC, the quoted multinational pharmaceutical group (LSE: HIK), for the exclusive distribution and marketing of its Enoxaparin biosimilar in 17 MENA¹ (Middle East and North Africa) countries: Kingdom of Saudi Arabia, Jordan, Algeria, Egypt, Tunisia, Sudan, Syria, Yemen, Iraq, Oman, United Arab Emirates, Kuwait, Qatar, Bahrain, Libya, Palestine and Lebanon.

Likewise, in June 2018 ROVI announced the signature of a licensing agreement with Sandoz, a division of Novartis AG and a global leader in generic pharmaceuticals and biosimilars, to distribute and market its enoxaparin biosimilar in 14 countries/regions (Australia, New Zealand, Philippines, Hong Kong, Singapore, Vietnam, Malaysia, Canada, South Africa, Brazil, Colombia, Argentina, Mexico and Central America). Under the terms of the agreement, Sandoz has the exclusive rights for three of these countries, which are Hong Kong, Singapore and Vietnam.

Besides Europe, by July 2018, ROVI has distribution and marketing agreements for the Enoxaparin biosimilar in 45 countries.

¹ The agreement does not include Morocco and Lebanon has a semi-exclusive agreement.

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ROVI will regularly update the milestones considered relevant in this process of marketing authorisation as the schedule of the registration of the medicinal product progresses in each country.

ROVI updates the pivotal PRISMA 3 study of DORIA® (Risperidone ISM®)

ROVI informed that after a prespecified Interim Analysis on the pivotal PRISMA-3 study for the once-monthly injectable formulation of Risperidone ISM®, DORIA®, an independent Data Monitoring Committee has recommended to continue the clinical trial and not increasing the currently planned number of randomized patients.

The PRISMA-3 study is a multicentre, randomized, double-blind, placebo-controlled clinical trial to evaluate the efficacy and safety of monthly intramuscular injections of DORIA® in patients with acute exacerbation of schizophrenia¹, having initiated patients' recruitment in May 2017, as previously informed the 25th of October 2017 on a relevant fact (number 257753).

As expected, ROVI has carried out one unblinded interim analysis that was planned to be conducted when approximately 50% of randomized patients have either reached study day 85 or withdrawn from the study to re-estimate the sample size required for the final analysis. In this sense, an independent DMC has received unblinded results from this interim analysis and has communicated to ROVI the blinded outcome, concluding that the clinical trial can continue and an increase of the study sample size is not needed.

Consequently, the company plans to file an NDA (New Drug Application), US Registration Dossier for the FDA (Food and Drug Administration), the second half 2019.

5.- Research and Development

ISM® technology platform

As previously informed, ROVI has progressed in the development of DORIA®, the first candidate for its leading-edge drug delivery technology, ISM®, for a prolonged release of risperidone, a well-established second-generation antipsychotic medicine.

After successfully finishing the phase I & II program^{2,3} of DORIA®, ROVI started the pivotal phase III trial "PRISMA-3"⁴ with the recruitment of the first patient in May 2017. An update of the project with details of the design and cost of Phase III was released, together with a presentation to analysts on 24th October 2017. The company plans to file an NDA (New Drug Application) US Registration Dossier for the FDA (Food and Drug Administration), the second half 2019.

¹ <https://clinicaltrials.gov/ct2/show/NCT03160521>

² Llaudó J, et al. Phase I, open-label, randomized, parallel study to evaluate the pharmacokinetics, safety, and tolerability of one intramuscular injection of risperidone ISM at different dose strengths in patients with schizophrenia or schizoaffective disorder (PRISMA-1). *Int Clin Psychopharmacol.* 2016;31(6):323-31.

³ Anta L, Llaudó J, Ayani I, Martínez J, Litman RE, Gutierrez I. A phase II study to evaluate the pharmacokinetics, safety, and tolerability of Risperidone ISM multiple intramuscular injections once every 4 weeks in patients with schizophrenia. *Int Clin Psychopharmacol.* 2018;33(2):79-87.

⁴ Study to Evaluate the Efficacy and Safety of Risperidone In Situ Microparticles® (ISM®) in Patients With Acute Schizophrenia (PRISMA-3). *Clinicaltrials.gov#NCT03160521* [<https://clinicaltrials.gov/show/NCT03160521>].

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On the other hand, in November 2017 ROVI started the clinical development of Letrozole ISM[®], the first long-acting injectable aromatase inhibitor intended for the treatment of hormone-dependent breast cancer. The first phase I clinical trial, the LISA-1 study¹, is an open-label, dose escalation study to evaluate the pharmacokinetics, safety and tolerability of single intramuscular injections of Letrozole ISM[®] at different strengths in healthy post-menopausal women. The clinical trial is currently ongoing as scheduled.

6.- Dividends

The ROVI General Shareholders Meeting, on 29 May 2018, approved the payment of a gross dividend of 0.1207 euros per share on 2017 earnings.

7.- Capital expenditure

ROVI invested 5.1 million euros in the first half of 2018, the same amount as in the first half of 2017. Of this amount:

- 0.9 million euros corresponds to investment capex related to the injectable facility, the same amount as in the first half of 2017;
- 0.9 million euros relates to investment capex regarding the San Sebastián de los Reyes plant, versus 1.1 million euros in the first half of 2017;
- 1.2 million euros were invested in the Granada facility, versus 0.1 million euros in the first half of 2017;
- 1.2 million euros were invested in the Alcalá de Henares (Frosst Ibérica) facility, versus 0.2 million euros in the first half of 2017; and
- 0.8 million euros relates to investments on maintenance and other capex, versus 2.7 million euros in the first half of 2017 (including capex related to the biosimilar of enoxaparin).

8.- Treasury shares transaction

In the first six months of 2018, the Group has acquired a total of 29,923 treasury shares (18,603 during the first six months of 2017), paying the sum of 490 thousand euros for them (264 thousand euros at 30 June 2017). In the first six months of 2018, a total of 24,069 treasury shares were sold (52,968 in the first six months of 2017) for a sum of 397 thousand euros (768 thousand euros in 2017). These shares had been acquired at a weighted average cost of 297 thousand euros (644 thousand euros in 2017), giving rise to a profit of 100 thousand euros on the sale, which has been taken to reserves in 2018 (124 thousand euros in 2017). At 30 June 2018, 691,037 treasury shares were held (683,181 at 30 June 2017).

9.- Headcount evolution

At 30 June 2018 the Group's headcount reached 1,199 people (1,170 at 30 June 2017), 657 of whom were women (634 at 30 June, 2017).

¹ Evaluation of IM Letrozole ISM[®] Pharmacokinetics, Safety, and Tolerability in Healthy Post-menopausal Women (LISA-1). Clinicaltrials.gov#NCT03401320 [<https://clinicaltrials.gov/ct2/show/NCT03401320>].

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10.- Environmental information

The Company Laboratorios Farmacéuticos Rovi, S.A. is registered with the SIGRE for the environmental management of packaging recovery.

The Group companies Rovi Contract Manufacturing, S.L. and Frosst Ibérica, S.A. handle the rest of the Group's environmental tasks and incurred waste management expenses of 78 thousand euros and 41 thousand euros, respectively, in the first six months of 2018 (87 thousand euros and 34 thousand euros, respectively, in the first half of 2017).

11.- Outlook for 2018

In 2018, ROVI expects a mid-single digit growth rate for the operating revenue with a range of 20 to 30 million-euro sales of Enoxaparin biosimilar, despite (i) a new reduction in health expenditure from 6.0% to 5.8% of GDP expected for 2018 (the lowest health spending forecast since 2007), according to the 2018 Draft Budget Plan¹, and (ii) 1-4% growth rate in spending on medicine in Spain to 2021 forecast by QuintilesIMS².

ROVI expects its growth drivers to be Bemiparin, the latest license agreements (Neparvis[®], Volutsa[®], Orvatez[®] and Ulunar[®]), the Enoxaparin biosimilar, its existing portfolio of specialty pharmaceuticals, new product distribution licenses and new contracts in the toll manufacturing area.

In the second quarter of 2018, the active principle ezetimibe went out of patent and the price of Absorcol[®] was reduced. Likewise, generics formulated with ezetimibe and simvastatin have recently been marketed, so the price of Vytorin[®] has been reduced to be competitive. However, Vytorin[®] is patent protected until April 2019, then ROVI is evaluating the most convenient way to protect his licensing rights.

Likewise, ROVI expects to stop distributing Merus Labs products (Sintrom[®], Salagen[®], Cordiplast[®] and Estraderm[®]) as of the fourth quarter of 2018.

12.- Risk management

12.1 Operational risks

The main risk factors to which the Group considers itself to be exposed in respect of meeting its business objectives are the following:

- Changes in the legislation regulating the market aimed to contain pharmaceutical expense (price control, reference prices, support for generic products, co-payment, purchase platforms, ...);
- Finalization of contractual relationships with customers representing a significant part of its sales or renewal in less favourable conditions than the current ones;
- Changes in the conditions under which raw materials and other packaging materials needed for manufacturing its products are supplied;
- Late payment on the part of the public authorities in the short term; and
- Tax risk inherent to the activity of companies of the size and complexity of the Group.

¹ http://www.minhafp.gob.es/Documentacion/Publico/CDI/EstrategiaPoliticaFiscal/2018/PLAN_PRESUPUESTARIO_2018.pdf

² Outlook for Global Medicines through 2021. Report by the QuintilesIMS Institute.

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ROVI is permanently on the alert and is keeping any risks that may have an adverse effect on its business activities under constant surveillance, applying the appropriate policies and mechanisms to manage them and constantly developing contingency plans that can be used to mitigate or offset their impact. Among them, we highlight the fact that the Group (i) continues, every year, to apply an internal saving policy that is principally based on improving the efficiency of its internal and external operating processes; (ii) is working intensively to maintain a broad and diversified portfolio of products and customers; (iii) is continuing with its target of constantly opening up new markets as a result of its international expansion plan; and (iv) the Group exercises strict credit control and manages its cash effectively, which ensures that sufficient working capital is generated and maintained to allow its day-to-day operations to be carried out; and (v) The Company has an exhaustive tax risk control system, with external tax advisors who review the preparation and filing of the different taxes as well as the Group's decision-making on tax issues.

12.2 Financial risks

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The main detected and managed risks of the Group are detailed below:

- *Market risk*

Market risk is divided in:

- a) Foreign exchange risk: is very low as virtually all assets and liabilities of the Group are in euros, with no subsidiary out of the Euro zone. Additionally the majority of the foreign transactions are carried out in euros.
- b) Price risk: the Group is exposed to price risk by its short-term and long-term financial investments. To manage the price risk arising from the investments, the Group diversifies its portfolio.
- c) Interest rate risk: The Group is subject to an interest rate risk in respect of cash flows on long-term borrowing transactions at variable rates. The risk, however, is slight since most of the Group's debt consists of refundable advances from official organisations on which there is no interest rate risk.
- d) Raw material price risk: the Group is exposed to changes in the conditions under which raw materials and other packaging materials needed to manufacture its products are supplied.

- *Credit risk*

Credit risk is managed by groups. The credit risk arises from cash and cash equivalents, long-term financial investments, deposits held at call in banks and financial institutions and equity securities, as well as from wholesalers and retailers, including accounts receivables and committed transactions. The Group monitors the solvency of these assets by reviewing external credit ratings and qualifying internally assets which are not externally rated.

It should be mentioned here that despite this management work, the Regional Government continue to be extremely slow in making payments for pharmaceutical supplies, to the detriment of companies operating in this sector. Despite this, the Group's financial position is sound and its liquidity unaffected.

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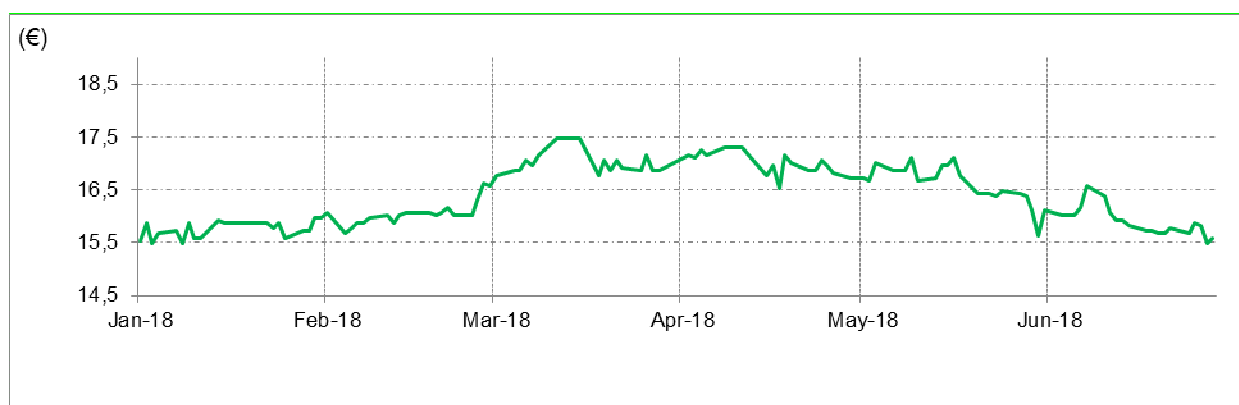
- *Liquidity risk*

Management monitors the liquidity estimates of the Group according to the expected cash flows; therefore, the Group always has sufficient cash and trade securities to confront its liquidity requirements.

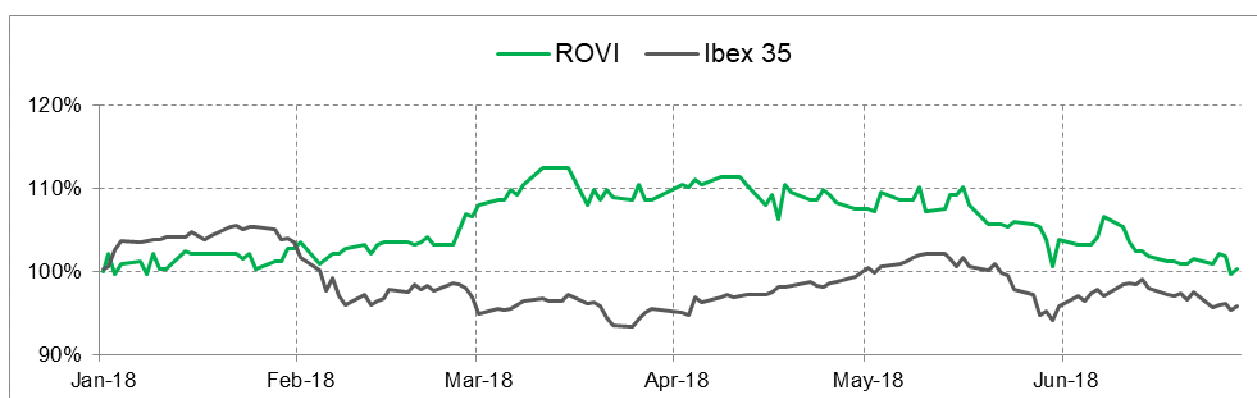
13.- Stock market capitalization

On the December 5th 2007, ROVI carried out an Initial Public Offering (IPO) of shares initially intended for qualified investors in Spain and to qualified institutional investors abroad. The face value of the operation, without including the shares corresponding to the green shoe purchase option, was 17,389,350 shares already issued and in circulation with a nominal value of 0.06 euros per share, giving a total nominal amount of 1,043,361 euros. The offering price for the operation was 9.60 euros per share.

The following graph shows the fluctuations of the share price in the stock market in 2018:



The following chart shows the performance of the share price of ROVI compared with the IBEX 35 index in the first half of 2018:



14.- Events after balance sheet date

No significant events have taken place since 30 June 2018.

Free translation of the 30 June, 2018 Management interim report originally issued in Spanish. In the event of discrepancy, the Spanish version prevails.

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APPENDIX 1

ALTERNATIVE PERFORMANCE MEASURES

LABORATORIOS FARMACÉUTICOS ROVI, S.A. AND SUBSIDIARIES

Interim management report for the six-month period ending 30 June 2018

ROVI's financial information contains figures and measures prepared in accordance with the applicable accounting legislation, as well as another series of measures prepared in accordance with established reporting standards, which are known as Alternative Performance Measures (APMs)

These APMs are considered adjusted figures in comparison with those that are reported under International Financial Reporting Standards endorsed by the European Union (IFRS-EU), which is the reporting framework applicable to the consolidated financial statements of the ROVI Group and, therefore, the reader should consider them to supplement the latter, but not replace them.

The APMs are important for the users of the financial information because they are the measures used by ROVI Management to evaluate the financial performance, the cash flows or the financial situation for making the Group's operating or strategic decisions. These APMs are consistent with the principal indicators used by the investor and analyst communities in the financial markets. In this respect, in accordance with the Guide issued by the European Securities and Markets Authority (ESMA), which has been in force since 3 July, 2016 and concerns the transparency of Alternative Performance Measures, ROVI sets out below information on the APMs included in the interim management for the six-month period ending 30 June 2018 information that it considers significant:

EBITDA

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) is an indicator that measures the company's operating profit before interest, taxes, impairment, depreciation and amortization have been deducted. Management uses it to assess the results over time, allowing a comparison with other companies in the sector.

We calculate EBITDA as profit before taxes, interest, depreciation and amortization.

EBITDA "Pre-R&D"

This APM is used by ROVI to show EBITDA from the on-going business.

We calculate EBITDA "Pre-R&D" as EBITDA excluding:

- Research and Development expenses ("R&D") (see Note 8 to the condensed consolidated interim financial statements for the six-month period ending 30 June 2018); and
- Non-recurring expenses/income (see Note 22 to the condensed consolidated interim financial statements for the six-month period ending 30 June 2018).

EBIT

EBIT (Earnings Before Interest and Taxes) is an indicator that measures the company's operating profit before interest and tax are deducted. Like the preceding indicator, Management uses it to assess the results over time, allowing a comparison with other companies in the sector.

EBIT also represents operating profit for the period.

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EBIT “Pre-R&D”

This APM is used by ROVI to show EBIT from the on-going business.

We calculate EBIT “Pre-R&D” as operating profit for the period excluding:

- Research and Development expenses (see Note 8 to the condensed consolidated interim financial statements for the six-month period ending 30 June 2018); and
- Non-recurring expenses/income (see Note 22 to the condensed consolidated interim financial statements for the six-month period ending 30 June 2018).

Net profit “Pre-R&D”

This APM is used by ROVI to show the profit for the period related to the on-going business.

We calculate Net profit “Pre-R&D” as EBIT “Pre-R&D” plus:

- Finance costs-net; and
- Income tax. Net profit “Pre-R&D” income tax is calculated by applying the same effective tax rate as reported in the income statement of the period.

Net debt/cash

Net Financial Debt or Net Debt is the main indicator used by Management to measure the Group’s indebtedness. It is composed of equity securities, plus deposits, plus cash and cash equivalents, less current and non-current financial debt.



APPENDIX I

GENERAL

1st

HALF-YEARLY FINANCIAL REPORT FOR THE REPORTING PERIOD

2018

PERIOD END DATE

30/06/2018

I. IDENTIFICATION DETAILS

Corporate name: LABORATORIOS FARMACEUTICOS ROVI, S.A

Registered address: c/ Julián Camarillo, 35, 28037 Madrid

Tax Id No.

A-28041283

II. INFORMATION SUPPLEMENTING THE PERIODIC INFORMATION PUBLISHED PREVIOUSLY

Explanation of the main changes in respect of the periodic information published previously (to be completed only in the cases set out in section B) of the instructions



III. STATEMENT(S) OF THOSE RESPONSIBLE FOR THE INFORMATION

To the best of our knowledge, the condensed annual financial statements presented, prepared in accordance with the applicable accounting principles, provide a true and fair view of the equity, financial situation and results of the issuer and/or the companies included in the consolidation considered overall, and the interim management report includes an accurate analysis of the information required.

Observations on the above statement(s):

Person(s) taking responsibility for this information:

Name/Corporate name	Position
Mr Juan López-Belmonte López	Chairman
Mr Iván López-Belmonte Encina	First Deputy Chairman
Mr Javier López-Belmonte Encina	Second Deputy Chairman
Mr Juan López-Belmonte Encina	Chief Executive Officer
Mr Enrique Castellón Leal	Director
Mr Miguel Corsini Freese	Director
Mr José Fernando de Almansa Moreno- Barreda	Director

Using the powers delegated by the Board of Directors, the secretary of the Board of Directors certifies that the half-yearly report has been signed by the directors.

Date on which this half-yearly report was signed by the pertinent governing body: 25/07/2018



IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL STATEMENT OF FINANCIAL POSITION (PREPARED USING NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

Units: thousands of euros

ASSETS		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 31/12/2017
A) NON-CURRENT ASSETS	0040	91.210	88.352
1. Intangible assets:	0030	23.483	24.555
a) Goodwill	0031		
b) Other intangible assets	0032	23.483	24.555
2. Property, plant and equipment	0033	42.795	42.957
3. Investment property	0034		
4. Non-current investments in group and associated companies	0035	14.129	10.725
5. Non-current financial investments	0036	1.473	1.464
6. Deferred tax assets	0037	9.330	8.651
7. Other non-current assets	0038		
B) CURRENT ASSETS	0085	217.982	170.772
1. Non-current assets held for sale	0050		
2. Inventories	0055	35.996	31.569
3. Trade and other receivables	0060	158.798	103.672
a) Trade receivables for sales of goods and services	0061	153.428	96.767
b) Other receivables	0062	2.337	4.677
c) Current tax assets	0063	3.033	2.228
4. Current investments in group and associated companies	0064	5	5
5. Current financial investments	0070		
6. Current accruals and prepayments	0071		
7. Cash and cash equivalents	0072	23.183	35.526
TOTAL ASSETS (A+B)	0100	309.192	259.124



IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL FINANCIAL STATEMENTS (PREPARED USING THE NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

Units: thousands of euros

LIABILITIES AND EQUITY		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 31/12/2017
A) EQUITY (A.1 + A.2 + A.3)	0195	166.040	155.187
A.1) EQUITY	0180	162.581	151.700
1. Capital:	0171	3.000	3.000
a) Authorized capital	0161	3.000	3.000
a) Less: uncalled capital	0162		
2. Share premium	0172		
3. Reserves	0173	6.959	6.959
4. Less: treasury stock	0174	(8.600)	(8.407)
5. Retained earnings	0178	144.213	131.475
6. Other shareholder contributions	0179		
7. Profit or loss for period	0175	17.009	18.673
8. Less: interim dividend	0176		
9. Other equity instruments	0177		
A.2) ADJUSTMENTS FOR CHANGES IN VALUE	0188	(3)	(2)
1. Available-for-sale financial assets	0181	(3)	(2)
2. Hedging transactions	0182		
3. Other	0183		
A.3) GRANTS, DONATIONS AND LEGACIES RECEIVED	0194	3.462	3.489
B) NON-CURRENT LIABILITIES	0120	25.080	29.947
1. Non-current provisions	0115		
2. Non-current debt:	0116	18.905	26.461
a) Bank borrowings and debentures or other negotiable instruments	0131	8.869	17.716
b) Other financial liabilities	0132	10.036	8.745
3. Non-current debt with group and associated companies	0117		
4. Deferred tax liabilities	0118	2.465	2.651
5. Other non-current liabilities	0135		
6. Non-current accruals	0119	3.710	835
C) CURRENT LIABILITIES	0130	118.072	73.990
1. Liabilities associated with non-current assets held for sale	0121		
2. Current provisions	0122	3.805	3.508
3. Current debt:	0123	18.930	16.031
a) Bank borrowings and debentures or other negotiable instruments	0133	17.037	13.222
b) Other financial liabilities	0134	1.893	2.809
4. Current debt with group and associated companies	0129	298	129
5. Trade and other payables:	0124	94.963	54.243
a) Trade payables	0125	82.391	48.973
b) Other payables	0126	12.572	5.270
c) Current tax liabilities	0127		
6. Other current liabilities	0136		
7. Current accruals	0128	76	79
TOTAL EQUITY AND LIABILITIES (A + B + C)	0200	309.192	259.124



IV. SELECTED FINANCIAL INFORMATION

2. INDIVIDUAL INCOME STATEMENT (PREPARED USING THE NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

Units: thousands of euros

		CURRENT PERIOD (2nd HALF)		PREVIOUS PERIOD (2nd HALF)		ACCUMULATED PERIOD 30/06/2018		ACCUMULATED PREVIOUS PERIOD 30/06/2017	
		Amount	%	Amount	%	Amount	%	Amount	%
(+) Net revenue	0205					147.077	100,00	123.652	100,00
(+/-) Change in inventories of finished products and work in progress	0206					108	0,07	2.918	2,36
(+) Work performed by the company on its assets	0207								
(-) Supplies	0208					(96.349)	(65,51)	(75.640)	(61,17)
(+) Other operating income	0209					5.369	3,65	1.223	0,99
(-) Employee benefit expenses	0217					(17.041)	(11,59)	(14.565)	(11,78)
(-) Other operating expenses	0210					(32.429)	(22,05)	(24.257)	(19,62)
(-) Amortization and depreciation charges	0211					(3.822)	(2,60)	(4.025)	(3,26)
(+) Allocation of grants for non-financial assets and other	0212					404	0,27	383	0,31
(+) Excess provisions	0213								
(+/-) Impairment and gains/(losses) on disposal of intangible assets and property, plant & equipment	0214					(8)	(0,01)		
(+/-) Other gains/(losses)	0215								
= OPERATING PROFIT/(LOSS)	0245					3.309	2,25	9.689	7,84
(+) Finance income	0250					12.808	8,71	9.948	8,05
(-) Finance expenses	0251					(430)	(0,29)	(523)	(0,42)
(+/-) Change in fair value of financial instruments	0252								
(+/-) Exchange rate differences	0254								
(+/-) Impairment and gains/(losses) on disposal of financial instruments	0255								
= FINANCE PROFIT/(LOSS)	0256					12.378	8,42	9.425	7,62
= PROFIT/(LOSS) BEFORE TAX	0265					15.687	10,67	19.114	15,46
(+/-) Corporate income tax	0270					1.322	0,90	223	0,18
= PROFIT/(LOSS) FOR PERIOD ON CONTINUING OPERATIONS	0280					17.009	11,56	19.337	15,64
(+/-) Profit/(loss) for period on discontinued operations, net of tax	0285								
= PROFIT/(LOSS) FOR PERIOD	0300					17.009	11,56	19.337	15,64

EARNINGS PER SHARE		Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)
Basic	0290			0.34	0.39
Diluted	0295				



IV. SELECTED FINANCIAL INFORMATION
3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
INDIVIDUAL STATEMENT OF RECOGNIZED INCOME AND EXPENSES (PREPARED USING THE NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

Units: thousands of euros

		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
A) PROFIT/(LOSS) FOR PERIOD (from Income Statement)	0305	17.009	19.337
B) INCOME OR EXPENSES CREDITED OR CHARGED DIRECTLY TO EQUITY:	0310	276	172
1. Measurement of financial instruments	0320	-	1
a) Available-for-sale financial assets	0021	-	1
b) Other income /(expenses)	0323		
2. Cash flow hedges	0330		
3. Grants, donations and legacies received	0340	368	229
4. Actuarial gains and losses and other adjustments	0344		
5. Other income or expenses credited or charged directly to equity	0343		
6. Tax effect	0345	(92)	(58)
C) TRANSFERS TO PROFIT AND LOSS:	0350	(304)	(287)
1. Measurement of financial instruments	0355		
a) Available-for-sale financial assets	0356		
b) Other income /(expenses)	0358		
2. Cash flow hedges	0360		
3. Grants, donations and legacies received	0366	(404)	(383)
4. Other income or expenses credited or charged directly to equity	0365		
5. Tax effect	0370	100	96
TOTAL RECOGNIZED INCOME/(EXPENSES) (A+B+C)	0400	16.981	19.222

IV. SELECTED FINANCIAL INFORMATION
4. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY (1/2)
INDIVIDUAL STATEMENT OF CHANGES IN TOTAL EQUITY (PREPARED USING THE NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

Units: thousands of euros

CURRENT PERIOD		Equity					Adjustments for changes in value	Grants, donations and legacies received	Total equity
		Share capital	Share premium and reserves	Treasury stock	Profit/(loss) for the period	Other equity instruments			
Opening balance at 01/01/2018	3010	3.000	138.434	(8.407)	18.673		(2)	3.489	155.187
Adjustments for changes in accounting policies	3011								
Adjustments for errors	3012								
Adjusted opening balance	3015	3.000	138.434	(8.407)	18.673		(2)	3.489	155.187
I. Total recognized income/(expenses)	3020				17.009		(1)	(27)	16.981
II. Transactions with shareholders or owners	3025		100	(193)	(6.035)				(6.128)
1. Capital increases/(reductions)	3026								
2. Conversion of financial liabilities to equity	3027								
3. Distribution of dividends	3028				(6.035)				(6.035)
4. Treasury stock transactions (net)	3029		100	(193)					(93)
5. Increases/(reductions) due to business combinations	3030								
6. Other transactions with shareholders or owners	3032								
III. Other equity transactions	3035		12.638		(12.638)				-
1. Payments based on equity instruments	3036								
2. Transfers between equity items	3037		12.638		(12.638)				
3. Other changes	3038		-						-
Closing balance at 30/06/2018	3040	3.000	151.172	(8.600)	17.009		(3)	3.462	166.040



IV. SELECTED FINANCIAL INFORMATION
4. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY (2/2)
INDIVIDUAL STATEMENT OF CHANGES IN TOTAL EQUITY (PREPARED USING THE NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

Units: thousands of euros

PREVIOUS PERIOD		Equity					Adjustments for changes in value	Grants, donations and legacies received	Total equity
		Share capital	Share premium and reserves (1)	Treasury stock	Profit/(loss) for the period	Other equity instruments			
Opening balance at 01/01/2017	3050	3.000	117.616	(8.701)	29.932		(3)	3.904	145.748
Adjustments for changes in accounting policies	3051								
Adjustments for errors	3052								
Adjusted opening balance	3055	3.000	117.616	(8.701)	29.932		(3)	3.904	145.748
I. Total recognized income/(expenses)	3060				19.337		1	(116)	19.222
II. Transactions with shareholders or owners	3065		124	380	(9.150)				(8.646)
1. Capital increases/(reductions)	3066								
2. Conversion of financial liabilities to equity	3067								
3. Distribution of dividends	3068				(9.150)				(9.150)
4. Treasury stock transactions (net)	3069		124	380					504
5. Increases/(reductions) due to business combinations	3070								
6. Other transactions with shareholders or owners	3072								
III. Other equity transactions	3075		20.508		(20.782)				(274)
1. Payments based on equity instruments	3076								
2. Transfers between equity items	3077		20.782		(20.782)				-
3. Other changes	3078		(274)						(274)
Closing balance at 30/06/2017	3080	3.000	138.248	(8.321)	19.337		(2)	3.788	156.050



IV. SELECTED FINANCIAL INFORMATION
5. INDIVIDUAL STATEMENT OF CASH FLOWS
(PREPARED USING NATIONAL ACCOUNTING STANDARDS CURRENTLY IN FORCE)

Units: thousands of euros

		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3+4)	0435	(1.647)	(2.646)
1. Profit/(loss) before tax	0405	15.687	19.114
2. Adjustments to profit/(loss)	0410	6.091	4.195
(+) Amortization and depreciation of intangible assets and property, plant and equipment	0411	3.822	4.025
(+/-) Other adjustments to profit/(loss) (net)	0412	2.269	170
3. Changes in working capital	0415	(24.259)	(26.129)
4. Other cash flows from operating activities:	0420	834	174
(-) Payment of interest	0421		
(+) Proceeds from dividends	0422		
(+) Proceeds from interest	0423		
(+/-) Proceeds from/(payments for) corporate income tax	0430	(2.076)	87
(+/-) Other proceeds from/(payments for) operating activities	0425	2.910	87
B) CASH FLOWS FROM INVESTING ACTIVITIES (1+2)	0425	(5.886)	(3.135)
1. Payments of investments:	0440	(6.004)	(3.632)
(-) Group companies, associates and business units	0441	(3.404)	
(-) Property, plant and equipment, intangible assets and investment property	0442	(2.600)	(3.632)
(-) Other financial assets	0443		
(-) Other assets	0444		
2. Proceeds from disinvestments	0450	118	497
(+) Group companies, associates and business units	0451		450
(+) Property, plant and equipment, intangible assets and investment property	0452	12	
(+) Other financial assets	0453		
(+) Other assets	0454	106	47
C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2+3)	0490	(4.810)	15.879
1. Proceeds from and (payments for) equity instruments:	0470	(93)	504
(+) Issue	0471		
(-) Amortization	0472		
(-) Acquisition	0473	(490)	(264)
(+) Disposal	0474	397	768
(+) Grants, donations and legacies received	0475		
2. Proceeds from and (payments for) financial liability instruments:	0480	(4.717)	15.375
(+) Issue	0481	1.933	21.882
(-) Repayment and amortization	0482	(6.650)	(6.507)
3. Payment of dividends and remuneration of other equity instruments	0485		
D) EFFECT OF EXCHANGE RATE CHANGES	0492		
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	0495	(12.343)	10.098
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	0499	35.526	37.008
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	0500	23.183	47.106

		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD			
(+) Cash in hand and at bank	0550	23.183	47.106
(+) Other financial assets	0552		
(-) Less: bank overdrafts repayable on demand	0553		
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	0600	23.183	47.106



IV. SELECTED FINANCIAL INFORMATION

6. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNDER IFRS ADOPTED) (1/2)

Units: thousands of euros

ASSETS		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 31/12/2017
A) NON-CURRENT ASSETS	1040	130.674	130.215
1. Intangible assets:	1030	26.233	27.078
a) Goodwill	1031		
b) Other intangible assets	1032	26.233	27.078
2. Property, plant and equipment	1033	89.095	89.056
3. Investment property	1034		
4. Investments in group and associated companies accounted for using the equity me	1035	2.029	2.054
5. Non-current financial investments	1036	69	69
6. Deferred tax assets	1037	13.183	11.893
7. Other non-current assets	1038	65	65
B) CURRENT ASSETS	1085	181.573	168.167
1. Non-current assets held for sale	1050		
2. Inventories	1055	91.422	75.492
3. Trade and other receivables	1060	60.185	51.975
a) Trade receivables for sale of goods and services	1061	51.770	40.993
b) Other receivables	1062	5.382	8.754
c) Current tax assets	1063	3.033	2.228
4. Other current financial assets	1070		
5. Other current assets	1075		
6. Cash and cash equivalents	1072	29.966	40.700
TOTAL ASSETS (A+B)	1100	312.247	298.382



IV. SELECTED FINANCIAL INFORMATION

6. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNDER IFRS ADOPTED) (2/2)

Units: thousands of euros

LIABILITIES AND EQUITY

		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 31/12/2017
A) EQUITY (A.1 + A.2 + A.3)	0195	193.114	191.687
A.1) EQUITY	0180	193.117	191.689
1. Capital:	0171	3.000	3.000
a) Authorized capital	0161	3.000	3.000
a) Less: uncalled capital	0162		
2. Share premium	0172		
3. Reserves	0173	600	600
4. Less treasury stock	0174	(8.600)	(8.407)
5. Retained earnings	0178	190.567	179.255
6. Other shareholder contributions	0179		
7. Profit or loss for period	0175	7.550	17.241
8. Less: interim dividend	0176		
9. Other equity instruments	0177		
A.2) ACCUMULATED OTHER COMPREHENSIVE INCOME	0188	(3)	(2)
1. Items not reclassified to profit and loss for the period	0186		
2. Items that may be reclassified to profit and loss for the period	0187	(3)	(2)
a) Available-for-sale financial assets	1181	(3)	(2)
b) Hedging transactions	1182		
c) Hedging differences	1184		
d) Other	1183		
EQUITY ATTRIBUTED TO PARENT COMPANY(A.1 + A.2)	0189	193.114	191.687
A.3) NON-CONTROLLING INTERESTS	0193		
B) NON-CURRENT ASSETS	0120	27.942	33.472
1. Grants	0117		
2. Non-current provisions	1115		
3. Non-current financial liabilities:	1116	19.389	27.029
a) Bank borrowings and debentures or other negotiable securities	1131	8.869	17.716
b) Other financial liabilities	1132	10.520	9.313
4. Deferred tax liabilities	1118	937	1.438
5. Other non-current liabilities	1135	7.616	5.005
C) CURRENT LIABILITIES	1130	91.191	73.223
1. Liabilities related to current assets held for sale	1121		
2. Current provisions	1122	-	3.508
3. Current financial liabilities:	1123	19.069	16.208
a) Bank borrowings and debentures or other negotiable securities	1133	17.037	13.222
b) Other financial liabilities	1134	2.032	2.986
4. Trade and other payables:	1124	71.333	52.942
a) Trade payables	1125	50.970	42.129
b) Other payables	1126	20.363	10.813
c) Current tax liabilities	1127		
5. Other current liabilities	1136	789	565
TOTAL EQUITY AND LIABILITIES (A + B + C)	1200	312.247	298.382



IV. SELECTED FINANCIAL INFORMATION

7. CONSOLIDATED INCOME STATEMENT (UNDER IFRS ADOPTED)

Units: thousands of euros

		CURRENT PERIOD (2nd HALF)		PREVIOUS PERIOD (2nd HALF)		ACCUMULATED PERIOD 30/06/2018		ACCUMULATED PREVIOUS PERIOD 30/06/2017	
		Amount	%	Amount	%	Amount	%	Amount	%
(+) Net revenue	1205					146.309	100,00	138.759	100,00
(+/-) Change in inventories of finished products and work in progress	1206					8.719	5,96	9.435	6,80
(+) Work performed by the company on its assets	1207								
(-) Supplies	1208					(70.662)	(48,30)	(64.675)	(46,61)
(+) Other operating income	1209								
(-) Employee benefit expenses	1217					(36.266)	(24,79)	(31.846)	(22,95)
(-) Other operating expenses	1210					(35.513)	(24,27)	(28.426)	(20,49)
(-) Amortization and depreciation charges	1211					(5.858)	(4,00)	(5.918)	(4,26)
(+) Allocation of grants for non-financial assets and other	1212					754	0,52	681	0,49
(+/-) Impairment and gains/(losses) on disposal of intangible assets and property, plant & equipment	1214								
(+/-) Other gains/(losses)	1215								
= OPERATING PROFIT/(LOSS)	1245					7.483	5,11	18.010	12,98
(+) Finance income	1250					7	0,00	57	0,04
(-) Finance expenses	1251					(438)	(0,30)	(544)	(0,39)
(+/-) Change in fair value of financial instruments	1252								
(+/-) Exchange rate differences	1254								
(+/-) Impairment and gains/(losses) on disposal of financial instruments	1255								
= FINANCE PROFIT/(LOSS)	1256					(431)	(0,29)	(487)	(0,35)
(+/-) Profit/(loss) of entities measured using the equity method	1253					(25)	(0,02)	(289)	(0,21)
= PROFIT/(LOSS) BEFORE TAX	1265					7.027	4,80	17.234	12,42
(+/-) Corporate income tax	1270					523	0,36	(1.477)	(1,06)
= PROFIT/(LOSS) FOR PERIOD FROM CONTINUING OPERATIONS	1280					7.550	5,16	15.757	11,36
(+/-) Profit/(loss) for period from discontinued operations, net of taxes	1285								
= CONSOLIDATED PROFIT/(LOSS) FOR PERIOD	1288					7.550	5,16	15.757	11,36
a) Profit/(loss) attributed to parent company	1300					7.550	5,16	15.757	11,36
b) Profit/(loss) attributed to non-controlling interests	1289								

EARNINGS PER SHARE		AMOUNT (X.XX euros)	AMOUNT (X.XX euros)	AMOUNT (X.XX euros)	AMOUNT (X.XX euros)
Basic	1290			0.15	0.32
Diluted	1295				



IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (UNDER IFRS ADOPTED)

Units: thousands of euros

		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
A) PROFIT/(LOSS) FOR PERIOD (from Income Statement)	1305	7.550	15.757
B) OTHER COMPREHENSIVE INCOME - ITEMS NOT RECLASSIFIED TO PROFIT AND LOSS FOR THE PERIOD	1310		
1. Remeasurement (reversal of remeasurement) of property, plant and equipment and intangible assets	1311		
2. Actuarial gains and losses	1344		
3. Share in other recognized comprehensive income from investments in joint ventures and associates	1342		
4. Other income and expenses not reclassified to profit and loss for the period	1343		
5. Tax effect	1345		
C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT AND LOSS FOR THE PERIOD:	1350	(1)	1
1. Available-for-sale financial assets:	1355	(1)	1
a) Gains/(losses) on remeasurement	1356	(1)	1
b) Amounts transferred to profit and loss	1357		
c) Other reclassifications	1358		
2. Cash-flow hedges:	1360		
a) Gains/(losses) on remeasurement	1361		
b) Amounts transferred to profit and loss	1362		
c) Amounts transferred at initial value of hedged items	1363		
d) Other reclassifications	1364		
3. Conversion differences:	1365		
a) Gains/(losses) on remeasurement	1366		
b) Amounts transferred to profit and loss	1367		
c) Other reclassifications	1368		
4. Share in other recognized comprehensive income from investments in joint ventures and associates	1370		
a) Gains/(losses) from measurement	1371		
b) Amounts transferred to profit and loss	1372		
c) Other reclassifications	1373		
5. Other comprehensive income and expenses that may subsequently be reclassified to profit and loss for the period:	1375		
a) Gains/(losses) on remeasurement	1376		
b) Amounts transferred to profit and loss	1377		
c) Other reclassifications	1978		
6. Tax effect	1380		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A+B+C)	1400	7.549	15.758
a) Attributed to parent company	1398	7.549	15.758
b) Attributed to non-controlling interests	1399		

IV. SELECTED FINANCIAL INFORMATION

9. CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (UNDER IFRS ADOPTED) (1/2)

Units: thousands of euros

CURRENT PERIOD		Equity attributed to parent company					Adjustments for changes in value	Non-controlling interests	Total equity
		Equity							
		Share capital	Share premium and reserves	Treasury stock	Profit/(loss) for the per. attributed to parent company	Other equity instruments			
Opening balance at 01/01/2018	3110	3.000	179.855	(8.407)	17.241		(2)	191.687	
Adjustments for changes in accounting policies	3111								
Adjustments for errors	3112								
Adjusted opening balance	3115	3.000	179.855	(8.407)	17.241		(2)	191.687	
I. Total recognized income/(expenses)	3120				7.550		(1)	7.549	
II. Transactions with shareholders or owners	3125		100	(193)	(6.035)			(6.128)	
1. Capital increases/(reductions)	3126								
2. Conversion of financial liabilities to equity	3127								
3. Distribution of dividends	3128				(6.035)			(6.035)	
4. Treasury stock transactions (net)	3129		100	(193)				(93)	
5. Increases/(reductions) due to business combinations	3130								
6. Other transactions with shareholders or owners	3132								
III. Other equity transactions	3135		11.212		(11.206)			6	
1. Payments based on equity instruments	3136								
2. Transfers between equity items	3137		11.206		(11.206)				
3. Other changes	3138		6					6	
Closing balance at 30/06/2018	3140	3.000	191.167	(8.600)	7.550		(3)	193.114	

IV. SELECTED FINANCIAL INFORMATION

9. CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (UNDER IFRS ADOPTED) (2/2)

Units: thousands of euros

PREVIOUS PERIOD	Equity attributed to parent company					Adjustments for changes in value	Non-controlling interests	Total equity
	Equity							
	Share capital	Share premium and reserves	Treasury stock	Profit/(loss) for the per. attributed to parent company	Other equity instruments			
Opening balance at 01/01/2017	3150	3.000	163.021	(8.701)	26.089	(3)		183.406
Adjustments for changes in accounting policies	3151							
Adjustments for errors	3152							
Adjusted opening balance	3155	3.000	163.021	(8.701)	26.089	(3)		183.406
I. Total recognized income/(expenses)	3160				15.757	1		15.758
II. Transactions with shareholders or owners	3165		124	380	(9.150)			(8.646)
1. Capital increases/(reductions)	3166							
2. Conversion of financial liabilities to equity	3167							
3. Distribution of dividends	3168				(9.150)			(9.150)
4. Treasury stock transactions (net)	3169		124	380				504
5. Increases/(reductions) due to business combinations	3170							
6. Other transactions with shareholders or owners	3172							
III. Other equity transactions	3175		16.543		(16.939)			(396)
1. Payments based on equity instruments	3176							
2. Transfers between equity items	3177		16.939		(16.939)			-
3. Other changes	3178		(396)					(396)
Closing balance at 30/06/2017	3180	3.000	179.688	(8.321)	15.757	(2)		190.122

IV. SELECTED FINANCIAL INFORMATION

10. CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD) (UNDER IFRS ADOPTED)

Units: thousands of euros

LIABILITIES AND EQUITY		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
A) CASH FLOWS FROM OPERATING ACTIVITIES (1+ 2+ 3 +4)	1435	(837)	1.651
1.Profit/(loss) before tax	1405	7.027	17.234
2. Adjustments to profit/(loss)	1410	7.748	6.608
(+) Amortization and depreciation of intangible assets and property, plant and equip	1411	5.858	5.918
(+/-) Other adjustments to profit/(loss) (net)	1412	1.890	690
3. Changes in working capital	1415	(16.448)	(22.365)
4. Other cash flows from operating activities:	1420	836	174
(-) Payment of interest	1421		
(-) Payment of dividends and remuneration of other equity instruments	1430		
(+) Proceeds from dividends	1422		
(+) Proceeds from interest	1423		
(+/-) Proceeds from/(payments of) corporate income tax	1424	(2.074)	87
(+/-) Other proceeds from/(payments for) operating activities	1425	2.910	87
B) CASH FLOWS FROM INVESTING ACTIVITIES (1+2+3)	1460	(4.957)	(4.644)
1. Payments of investments:	1440	(5.064)	(5.142)
(-) Group companies, associates and business units	1441		
(-) Property, plant and equipment, intangible assets and investment property	1442	(5.064)	(5.142)
(-) Other financial assets	1443		
(-) Other assets	1444		
2. Proceeds from disinvestments	1450	12	450
(+) Group companies, associates and business units	1451	-	450
(+) Property, plant and equipment, intangible assets and investment property	1452	12	
(+) Other financial assets	1453		
(+) Other assets	1454		
3. Other cash flows from investing activities	1455	95	48
(+) Proceeds from dividends	1456		
(+) Proceeds from interest	1457	95	48
(+/-) Other proceeds from/(payments for) investing activities	1458		
C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2+3+4)	1490	(4.940)	15.737
1. Proceeds from and (payments of) equity instruments:	1470	(93)	504
(+) Issue	1471		
(-) Amortization	1472		
(-) Acquisition	1473	(490)	(264)
(+) Disposal	1774	397	768
2. Proceeds from/ (payments for) financial liability instruments:	1480	(4.744)	15.360
(+) Issue	1481	1.933	21.882
(-) Repayment and amortization	1482	(6.677)	(6.522)
3. Payment of dividends and remuneration of other equity instruments	1485	-	
4. Other cash flows from financing activities	1486	(103)	(127)
(-) Payment of interest	1487	(103)	(127)
(+/-) Other proceeds from /(payments for) financing activities	1488		
D) EFFECT OF CHANGES IN EXCHANGE RATES	1492		
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	1495	(10.734)	12.744
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1499	40.700	41.378
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (E+F)	1500	29.966	54.122

COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		CURRENT PERIOD 30/06/2018	PREVIOUS PERIOD 30/06/2017
(+) Cash in hand and at bank	1550	29.966	54.122
(+) Other financial assets	1552		
(-) Less: bank overdrafts repayable on demand	1553		
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	1600	29.966	54.122



IV. SELECTED FINANCIAL INFORMATION

11. CHANGES IN COMPOSITION OF THE GROUP

Table 1:

BUSINESS COMBINATIONS OR OTHER ACQUISITIONS OR INCREASED HOLDINGS IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENTS IN ASSOCIATES (CURRENT PERIOD)						
Name of the entity (or branch of activity) acquired or merged	Category	Effective date of transaction (dd-mm-yyyy)	Cost (net) of the combination (a) + (b) (thousand euros)		% voting rights acquired	% of total voting rights in the entity after the acquisition
			Amount (net) paid for the acquisition + other costs directly attributable to the combination (a)	Fair value of equity instruments issued for acquisition of the entity (b)		

Table 2:

DECREASE IN HOLDINGS IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENTS IN ASSOCIATES AND OTHER TRANSACTIONS OF A SIMILAR NATURE (CURRENT PERIOD)					
Name of the entity (or branch of activity) disposed of, spun off or eliminated	Category	Effective date of transaction (dd-mm-yyyy)	% voting rights disposed of or eliminated	% of total voting rights in the entity after the disposal	Gain / (loss) generated (thousands euros)

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IV. SELECTED FINANCIAL INFORMATION

12. DIVIDENDS PAID

		CURRENT PERIOD			PREVIOUS PERIOD		
		% of nominal value	Euros per share (X.XX)	% of nominal value	% of nominal value	Euros per share (X.XX)	Amount (thousand euros)
Ordinary shares	2158						
Other shares (non-voting, redeemable, etc.)	2159						
Total dividends paid	2160	0,00	0,00	0,00	0,00	0,00	0
a) Dividends charged to profit and loss	2155						
a) Dividends charged to reserves or share premium	2156						
c) Dividends in kind	2157						

IV. SELECTED FINANCIAL INFORMATION

13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (1/2)

Units: thousands of euros

FINANCIAL ASSETS NATURE/CATEGORY		CURRENT PERIOD				
		Financial assets held for trading	Other financial assets held at fair value through P&L	Financial assets available for sale	Loans and receivables	Investments held to maturity
Equity instruments	5061					
Debt securities	5062					
Derivatives	5063					
Other financial assets	5064					
Long-term/non-current	5065			0	0	
Equity instruments	5066					
Debt securities	5067					
Derivatives	5068					
Other financial assets	5069					
Short-term/current	5070					
INDIVIDUAL TOTAL	5075			0	0	
Equity instruments	5161					
Debt securities	5162					
Derivatives	5163					
Other financial assets	5164					
Long-term/non-current	5165			0	0	
Equity instruments	5166					
Debt securities	5167					
Derivatives	5168					
Other financial assets	5169					
Short-term/current	5170			0	0	
CONSOLIDATED TOTAL	5175			0	0	

FINANCIAL LIABILITIES NATURE/CATEGORY		CURRENT PERIOD			
		Financial liabilities held for trading	Other financial liabilities held at fair value through P&L	Debits and payables	Hedging derivatives
Bank borrowings	2076				
Debentures and other negotiable securities	2077				
Derivatives	2078				
Other financial liabilities	2079				
Long-term debt/non-current financial liabilities	2080			0	
Bank borrowings	2081				
Debentures and other negotiable securities	2082				
Derivatives	2083				
Other financial liabilities	2084				
Short-term debt/current financial liabilities	2085			0	
INDIVIDUAL TOTAL	2090			0	
Bank borrowings	2176				
Debentures and other negotiable securities	2177				
Derivatives	2178				
Other financial liabilities	2179				
Long-term debt/non-current financial liabilities	2180			0	
Bank borrowings	2181				
Debentures and other negotiable securities	2182				
Derivatives	2183				
Other financial liabilities	2184				
Short-term debt/current financial liabilities	2185			0	
CONSOLIDATED TOTAL	2190			0	

IV. SELECTED FINANCIAL INFORMATION

13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (2/2)

Units: thousands of euros

FINANCIAL ASSETS NATURE/CATEGORY		PREVIOUS PERIOD					
		Financial assets held for trading	Other financial assets held at fair value through P&L	Financial assets available for sale	Loans and receivables	Investments held to maturity	Hedging derivatives
Equity instruments	2061						
Debt securities	2062						
Derivatives	2063						
Other financial assets	2064						
Long-term/non-current	2065			0	0		
Equity instruments	2066						
Debt securities	2067						
Derivatives	2068						
Other financial assets	2069						
Short-term/current	2070						
INDIVIDUAL TOTAL	2075			0	0		
Equity instruments	2161						
Debt securities	2162						
Derivatives	2163						
Other financial assets	2164						
Long-term/non-current	2165			0	0		
Equity instruments	2166						
Debt securities	2167						
Derivatives	2168						
Other financial assets	2169						
Short-term/current	2170				0		
CONSOLIDATED TOTAL	2175			0	0		

FINANCIAL LIABILITIES NATURE/CATEGORY		PREVIOUS PERIOD			
		Financial liabilities held for trading	Other financial liabilities held at fair value through P&L	Debits and payables	Hedging derivatives
Bank borrowings	2076				
Debentures and other negotiable securities	2077				
Derivatives	2078				
Other financial liabilities	2079				
Long-term debt/non-current financial liabilities	2080			0	
Bank borrowings	2081				
Debentures and other negotiable securities	2082				
Derivatives	2083				
Other financial liabilities	2084				
Short-term debt/current financial liabilities	2085			0	
INDIVIDUAL TOTAL	2090			0	
Bank borrowings	2176				
Debentures and other negotiable securities	2177				
Derivatives	2178				
Other financial liabilities	2179				
Long-term debt/non-current financial liabilities	2180			0	
Bank borrowings	2181				
Debentures and other negotiable securities	2182				
Derivatives	2183				
Other financial liabilities	2184				
Short-term debt/current financial liabilities	2185			0	
CONSOLIDATED TOTAL	2190			0	

IV. SELECTED FINANCIAL INFORMATION

14. SEGMENT REPORTING

Units: thousands of euros

Table 1:

GEOGRAPHICAL AREA		Distribution of net revenue by geographical area			
		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
Domestic market	2210	122.128	107.995	103.729	98.235
Exports:	2215	24.949	15.657	42.580	40.524
a) European Union	2216	17.233	8.781	34.212	33.387
b) O.E.C.D. countries	2217	4.700	3.584	5.350	3.845
c) Other countries	2218	3.016	3.292	3.018	3.292
TOTAL	2220	147.077	123.652	146.309	138.759

Table 2:

SEGMENTS		Ordinary revenue					
		CONSOLIDATED					
		Net revenue from external customers		Net revenue between segments		Total net revenue	
CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD		
Manufacturing	2221	23.041	30.863	41.490	30.922	64.531	61.785
Marketing	2222	123.268	107.896	20.717	16.567	143.985	124.463
Other	2223	0	0		0	0	0
	2224						
	2225						
	2226						
	2227						
	2228						
	2229						
	2230						
(-) Adjustments and elimination of ordinary revenue between segments	2231			(62.207)	(47.489)	(62.207)	(47.489)
TOTAL	2220	146.309	138.759	-	-	146.309	138.759

Table 3:

SEGMENTS		Profit or loss	
		CONSOLIDATED	
CURRENT PERIOD	PREVIOUS PERIOD		
Manufacturing	2250	6.637	7.535
Marketing	2251	13.082	18.623
Other	2252	(4)	(1)
	2253		
	2258		
	2259		
Total profit or loss of the segments reported	2260	19.715	26.157
(+/-) Non-allocable gains or (losses)	2261		
(+/-) Elimination of internal gains or (losses) (between segments)	2262	(12.165)	(10.400)
(+/-) Other gains or (losses)	2263		
(+/-) Corporate income tax and/or gains or (losses) on discontinued operations	2264	(523)	1.477
PROFIT/(LOSS) BEFORE TAX	2270	7.027	17.234



IV. SELECTED FINANCIAL INFORMATION

15. AVERAGE NUMBER OF EMPLOYEES

		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
AVERAGE NUMBER OF EMPLOYEES	2295	461	426	1.198	1.163
Men	2296	191	187	534	523
Women	2297	270	239	664	640

IV. SELECTED FINANCIAL INFORMATION

16. COMPENSATION RECEIVED BY DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS:

Item of compensation:		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Fixed compensation	2310	365	309
Variable compensation	2311	191	191
Per diem	2312		
Bylaw-stipulated items	2313		
Transactions with shares and/or other financial instruments	2314		
Other	2315	255	255
TOTAL	2320	811	755

Other benefits:

Advances	2326	0	0
Loans granted	2327	0	0
Pension funds and plans: contributions	2328	12	12
Pension funds and plans: obligations acquired	2329	0	0
Life insurance premiums	2330	0	0
Guarantees furnished in favour of directors	2331	0	0

SENIOR MANAGEMENT:

		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Total compensation received by senior management	2325	979	753



IV. SELECTED FINANCIAL INFORMATION

17. RELATED-PARTY TRANSACTIONS (1/2)

Units: thousands of euros

RELATED-PARTY TRANSACTIONS

		CURRENT PERIOD				
		Significant share-holders	Directors and senior management	Persons, companies or entities belonging to the group	Other related parties	Total
EXPENSES AND INCOME						
1) Finance expenses	2340					
2) Management or collaboration agreements	2341					
3) Transfers of R&D and licence agreements	2342					
4) Rentals	2343		12		1.017	1.029
5) Services received	2344				100	100
6) Purchases of goods (finished or in progress)	2345				41	41
7) Measurement corrections for bad or doubtful debts	2346					
8) Losses on the retirement or disposal of assets	2347					
9) Other expenses	2348					
EXPENSES (1+2+3+4+5+6+7+8+9)	2350		12		1.158	1.170
10) Finance income	2351					
11) Management or collaboration agreements	2352					
12) Transfers of R&D and licence agreements	2353					
13) Dividends received	2354					
14) Rentals	2355					
15) Services provided	2356					
16) Sale of goods (finished or in progress)	2357				62	62
17) Profit on the retirement or disposal of assets	2358					
18) Other income	2359					
INCOME (10+11+12+13+14+ 15+16+17+18)	2360				62	62

		CURRENT PERIOD				
		Significant share-holders	Directors and senior management	Persons, companies or entities belonging to the group	Other related parties	Total
OTHER TRANSACTIONS						
Purchase of PPE, intangible assets or other assets	2371					
Financing agreements: loans & capital contributions (lender)	2372					
Finance leases (lessor)	2373					
Repayment or cancellation of loans & rental agreements (lessor)	2377					
Sale of PPE, intangible assets or other assets	2374					
Financing agreements: loans & capital contributions (borrower)	2375					
Finance leases (lessee)	2376					
Repayment or cancellation of loans & rental agreements (lessee)	2378					
Guarantees and guarantee deposits furnished	2381					
Guarantees and guarantee deposits received	2382					
Commitments acquired	2382					
Commitments / guarantees cancelled	2384					
Dividends and other profits distributed	2386					
Other transactions	2385					

IV. SELECTED FINANCIAL INFORMATION

17. RELATED-PARTY TRANSACTIONS (2/2)

Units: thousands of euros

RELATED-PARTY TRANSACTIONS

		PREVIOUS PERIOD				
		Significant share-holders	Directors and senior management	Persons, companies or entities belonging to the group	Other related parties	Total
EXPENSES AND INCOME						
1) Finance expenses	6340					
2) Management or collaboration agreements	6341					
3) Transfers of R&D and licence agreements	6342					
4) Rentals	6343		12	780	792	
5) Services received	6344			100	100	
6) Purchases of goods (finished or in progress)	6345					
7) Measurement corrections for bad or doubtful debts	6346					
8) Losses on the retirement or disposal of assets	6347					
9) Other expenses	6348					
EXPENSES (1+2+3+4+5+6+7+8+9)	6350		12	880	892	
10) Finance income	6351					
11) Management or collaboration agreements	6352					
12) Transfers of R&D and licence agreements	6353					
13) Dividends received	6354					
14) Rentals	6355					
15) Services provided	6356					
16) Sale of goods (finished or in progress)	6357			112	112	
17) Profit on the retirement or disposal of assets	6358					
18) Other income	6359					
INCOME (10+11+12+13+14+ 15+16+17+18)	6360			112	112	

		PREVIOUS PERIOD				
		Significant share-holders	Directors and senior management	Persons, companies or entities belonging to the group	Other related parties	Total
OTHER TRANSACTIONS						
Purchase of PPE, intangible assets or other assets	6371					
Financing agreements: loans & capital contributions (lender)	6372					
Finance leases (lessor)	6373					
Repayment or cancellation of loans & rental agreements (lessor)	6377					
Sale of PPE, intangible assets or other assets	6374					
Financing agreements: loans & capital contributions (borrower)	6375					
Finance leases (lessee)	6376					
Repayment or cancellation of loans & rental agreements (lessee)	6378					
Guarantees and guarantee deposits furnished	6381					
Guarantees and guarantee deposits received	6382					
Commitments acquired	6383					
Commitments / guarantees cancelled	6384					
Dividends and other profits distributed	6386					
Other transactions	6385					



V. EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS/CONDENSED ANNUAL ACCOUNTS FOR THE INTERIM PERIOD

(1) Explanatory Notes to the financial statements: in this section, the Explanatory Notes to the Interim Financial Statements and the rest of the selected financial information of Chapter IV of this form will be attached and will contain at least the breakdowns of the minimum disclosures required in the instructions on preparing half-yearly annual accounts.

(2) Condensed annual accounts:

(2.1) Issuers who prepare condensed consolidated annual accounts: if the consolidated financial statement forms of sections 6, 7, 8, 9 and 10.A or 10.B of Chapter IV on Selected Financial Information do not meet the requirements of the international accounting standard adopted that is applicable to the interim financial information; or if the issuer voluntarily prepares condensed consolidated annual accounts for the interim period including its own condensed financial statement models, it will attach in this section the condensed consolidated annual accounts for the interim period, which will contain at least the minimum breakdowns required by the international accounting standard adopted that applies to the interim financial information, without prejudice to the obligation to also complete the financial information of Chapter IV Selected Financial Information.

(2.2) Issuers who do not prepare condensed consolidated annual accounts: in the exceptional case that the individual financial statements forms of sections 1,2,3, 4 and 5 of Chapter 4 Selected Financial Information do not meet the requirements of article 13 of Royal Decree 1362/2007; or if the issuer voluntarily prepares condensed individual annual accounts for the interim period including its own condensed financial statement models, it will attach in this section the condensed consolidated annual accounts for the interim period, which will contain at least the minimum breakdowns required by the international accounting standard adopted that applies to the interim financial information, without prejudice to the obligation to also complete the financial information of Chapter IV Selected Financial Information.

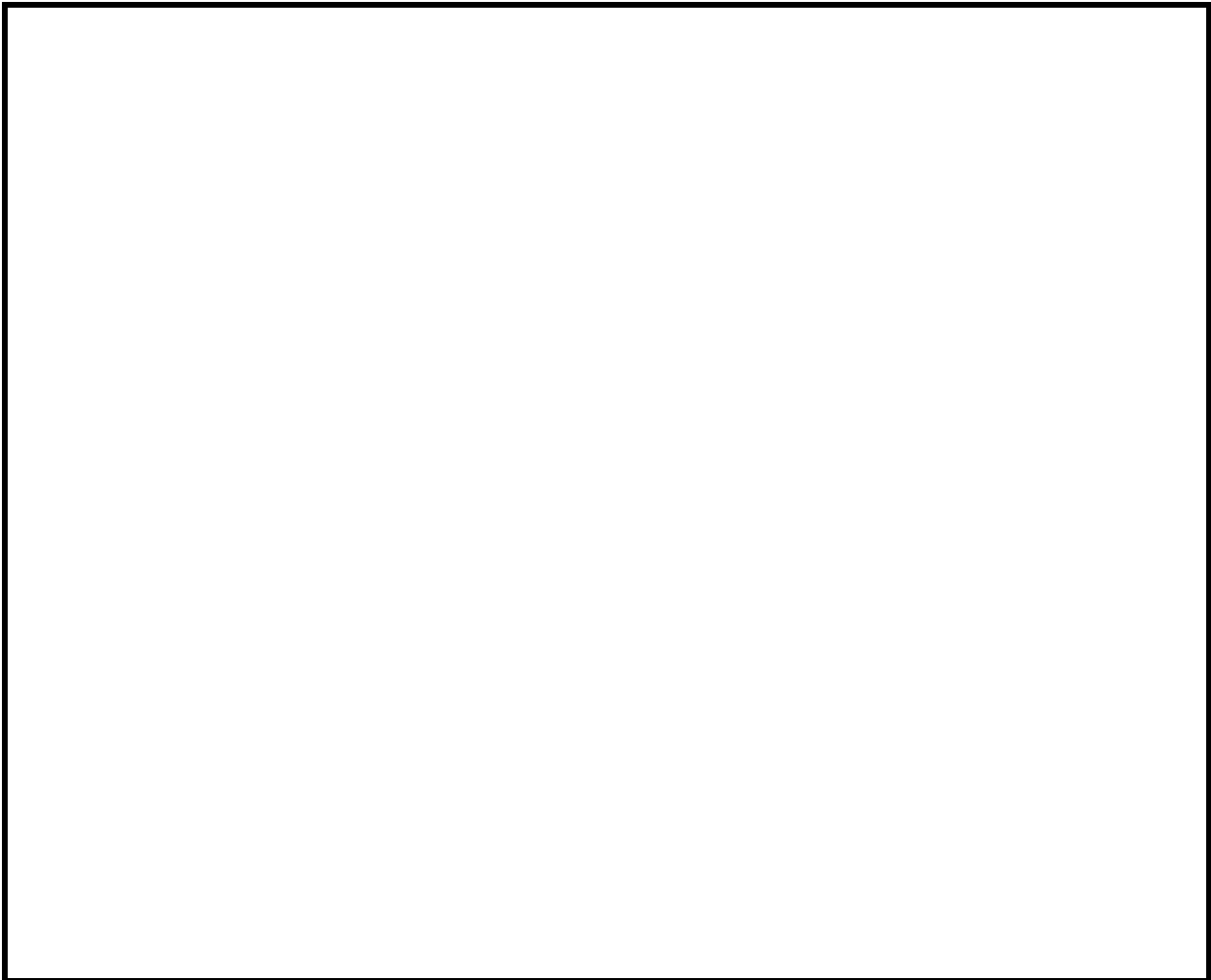
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VI. INTERIM MANAGEMENT REPORT



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VII. AUDIT REPORT

