Interim report first quarter

2011

RECORDATI

Recordati, established in 1926,
is a European pharmaceutical group,
listed on the Italian Stock Exchange
(Reuters RECI.MI, Bloomberg REC IM,
ISIN IT 0003828271),
dedicated to the research, development,
manufacturing and marketing of pharmaceuticals
and pharmaceutical chemicals,
with headquarters in Milan, Italy
and operations in the main European countries.

MANAGEMENT REVIEW

HIGHLIGHTS

REVENUE

€ (thousands)	First quarter 2011	%	First quarter 2010	%	Change 2011/2010	%
TOTAL REVENUE	197,842	100.0	185,856	100.0	11,986	6.4
Italy	61,906	31.3	56,437	30.4	5,469	9.7
International	135,936	68.7	129,419	69.6	6,517	5.0

KEY CONSOLIDATED DATA

€ (thousands)	First quarter 2011	% of revenue	First quarter 2010	% of revenue	Change 2011/2010	%
Revenue	197,842	100.0	185,856	100.0	11,986	6.4
EBITDA[1]	50,452	25.5	49,710	26.7	742	1.5
Operating income	44,326	22.4	43,075	23.2	1,251	2.9
Net income	31,423	15.9	29,974	16.1	1,449	4.8

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

KEY CONSOLIDATED B/S DATA

€ (thousands)	31 March 2011	31 December 2010	Change 2011/2010	%
Net financial position[2]	37,506	45,967	(8,461)	(18,4)
Shareholders' equity	599,052	576,006	23,046	4,0

(2) Short-term financial investments, cash and cash equivalents, net of bank overdrafts and loans which include the measurement at fair value of hedging derivatives (fair value hedge).

Consolidated revenue in the first quarter 2011 is € 197.8 million, up by 6.4% compared to the same period of the preceding year. Pharmaceutical sales are € 189.6 million, an increase of 5.5% despite sales of lercanidipine down by 19.7% as a result of the entry of generics into the market following this product's patent expiry in 2010 .

Operating income, at 22.4% of sales, is € 44.3 million, an increase of 2.9% over the same period of the preceding year. Selling expenses increase by 8.5% mainly to support the launch of the new products.

Net income is € 31.4 million, an increase of 4.8%, higher than that recorded by operating income thanks to a lower tax rate.

Net financial position at 31 March 2011 records net cash of € 37.5 million, a decrease of of € 8.5 million as compared to 31 December 2010 due to the acquisition of the new product Procto-Glyvenol® and the purchase of own shares. Shareholders' equity increased to € 599.1 million.

COMPANY DEVELOPMENT NEWS

The marketing authorizations, the brand and the rights to the product Procto-Glyvenol® were acquired from Novartis Consumer Health for the following countries: Poland, Russia, Turkey, Romania, Czech Republic, Slovakia, Ukraine, Portugal, the Baltic countries and Cyprus. Procto-Glyvenol® is indicated for the localized treatment of internal and external hemorrhoids and is currently on the market in the countries included in the agreement.

REVIEW OF OPERATIONS

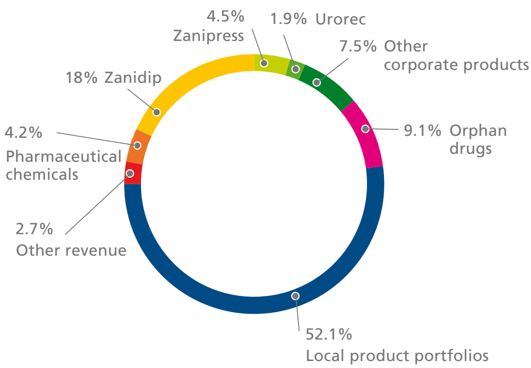
The breakdown of the first quarter 2011 sales is as follows:

€ (thousands)	First quarter 2011	First quarter 2010	Change 2011/2010	%
Italy	60,651	55,583	5,068	9.1
France	32,632	36,908	(4,276)	(11.6)
Germany	16,005	15,494	511	3.3
Portugal	9,058	8,112	946	11.7
Spain	8,304	6,908	1,396	20.2
United Kingdom	2,081	2,475	(394)	(15.9)
Other Western European countries	4,938	4,289	649	15.1
Russia, Turkey, Czech Rep., other C.E.E. countries	21,053	14,621	6,432	44.0
Other international sales	34,873	35,237	(364)	(1.0)
Total pharmaceutical sales	189,595	179,627	9,968	5.5
Pharmaceutical chemicals sales	8,247	6,229	2,018	32.4
TOTAL SALES	197,842	185,856	11,986	6.4

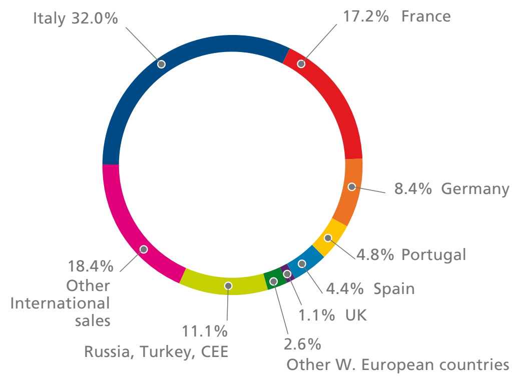
Both years include sales as well as income from up-front payments, royalties and miscellaneous items.

Pharmaceutical sales are € 189.6 million, up by 5.5%. International pharmaceutical sales grow by 4.0% and those in Italy by 9.1%. Pharmaceutical chemicals sales are € 8.2 million, growing by 32.4%, and now represent 4.2% of total revenues.

SALES BY BUSINESS:



PHARMACEUTICAL SALES:



Our lercanidipine based products are sold directly to the market by our own marketing organizations in the five main European countries as well as in Ireland, Greece, Portugal and Turkey. In the other markets they are sold by licensees, and in some of the aforementioned ones co-marketing agreements are in place. Following the expiry of the lercanidipine patent in 2010 competing generic versions manufactured by other producers are now marketed alongside the original Zanidip® and the other brands under which Recordati's lercanidipine based products are sold.

€ (thousands)	First quarter 2011	First quarter 2010	Change 2011/2010	%
Direct sales	18,703	26,571	(7,868)	(29.6)
Sales to licensees	16,818	17,662	(844)	(4.8)
Total lercanidipine sales	35,521	44,233	(8,712)	(19.7)

The reduction of direct sales is due mainly to the lower sales in Italy of Zanedip® and Lercadip® (-20.5%), which derives mostly from their price reduction following the market entry of generic versions of lercanidipine, and to the loss in sales of Zanidip® in France (-50.2%) principally due to lower sales volumes as a result of generic competition. Direct sales in the other European countries have suffered an overall reduction of 16.2% while sales to licensees, which represent 47.3% of total lercanidipine sales, are down by 4.8%.

Zanipress® is an original specialty also indicated for the treatment of hypertension developed by Recordati which consists of a fixed combination of lercanidipine with enalapril, a well known drug belonging to the angiotensin conversion enzyme inhibitor class (ACE inhibitor). This product is sold directly by Recordati and /or by its licensees in Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Israel, Lebanon, Norway, the Netherlands, Portugal, South Africa and Spain. Furthermore, this product was also launched in Italy towards the end of the first quarter under the brands Zanipril® and Lercaprel®. Further launches are planned during 2011.

€ (thousands)	First quarter 2011	First quarter 2010	Change 2011/2010	%
Direct sales	6,076	4,247	1,829	43.1
Sales to licensees	2,726	2,178	548	25.2
Total lercanidipine+enalapril sales	8,802	6,425	2,377	37.0

Urorec® (silodosin) is a new specialty indicated for the treatment of symptoms associated with benign prostatic hyperplasia (BPH). Initial launches of Urorec® were made during 2010 and continued during the first quarter 2011. Currently the product is already available in Belgium, France, Germany, Greece, Ireland, Lebanon, the Netherlands, Portugal and Spain with sales of € 3.8 million in the first quarter. Further launches are planned during the next months.

In the first quarter of 2011 sales of other corporate products which comprise Lomexin® (fenticonazole), Urispas® (flavoxate), Kentera® (oxybutynin transdermal patch), TransAct® LAT (flurbiprofen transdermal patch), rupatadine (Alergoliber®, Rupafin® e Wystamm®), frovatriptan (Isimig® e Pitunal®) and Lopresor® (metoprolol) totaled € 14.9 million, up by 10.6% mainly thanks to the acquisition of Lopresor® during 2010.

Our specialties indicated for the treatment of rare and orphan diseases, marketed by Orphan Europe directly throughout Europe, in Turkey and in the Middle East and through partners in other parts of the world, generated sales of € 18.1 million in the first quarter 2011, an increase of 15.1% due to the strong growth of all products and in particular of Carbaglu® (carglumic acid) which is now available also in the U.S.A..

Sales of pharmaceuticals in Italy are up by 9.1%, as compared to the same period of the preceding year, driven by the growth of Entact® (escitalopram), indicated for the treatment of depression, and of Peptazol® (pantoprazole) for the treatment of ulcers, in addition to sales of the new entry Cardicor® (bisoprolol) following the license agreement signed in 2010 with Merck KGaA. Cardicor® belongs to the beta-blocker class of drugs and is indicated for the treatment of chronic, stable, moderate to severe heart failure.

Pharmaceutical sales in France are down by 11.6% due to the sales decrease of Zanidip® (lercanidipine) which was partly offset by the growth in sales of Zanextra® (lercanidipine+enalapril), of methadone and of Wystamm® (rupatadine), a systemic antihistamine, as well as by sales of Urorec® (silodosin) launched in the last quarter 2010.

In Germany sales are up by 3.3% thanks to the sales growth of Zanipress® (lercanidipine+enalapril) and of Ortoton® (metocarbamol). Furthermore, Urorec® (silodosin) was introduced into the German market in the second quarter 2010. Increasing sales in Germany of our treatment for rare diseases also contributed to growth.

Sales in Portugal by our subsidiaries are up by 11.7%. Zanipress® (lercanidipine+enalapril) and Co-Tareg® (valsartan+HCTZ) performed well. Furthermore Urorec® (silodosin) was launched in Portugal in January.

In Spain sales increase by 20.2% thanks to the strong growth of Zanipress® (lercanidipine+enalapril) and of Cidine® (cinitapride) in addition to sales of Urorec® (silodosin), launched in Spain during September 2010, and of generic lercanidipine. Sales of the products for the treatment of rare diseases are growing significantly in this market.

Sales in the United Kingdom are down 15.9% due to the drop in Zanidip® (lercanidipine) sales and the cessation of direct marketing of Kentera® (oxybutynin transdermal patch). Kentera® has been licensed-out to another pharmaceutical company and therefore sales of this product are now included in sales to licensees.

Sales in other countries in Western Europe, up by 15.1%, comprise sales of products for the treatment of rare diseases in a number of countries which are growing significantly, sales in Ireland generated by Recordati Ireland and sales in Greece generated by Recordati Hellas Pharmaceuticals.

Revenue generated in Russia and in the other countries within the Commonwealth of Independent States (C.I.S.) is € 8.6 million up by 84.8% over the same period of the preceding year thanks to the strong growth of all products in the portfolio. Sales in Turkey recorded by Yeni Recordati are € 7.6 million, up 22.3%, thanks to growing sales of the corporate products Lercadip® (lercanidipine), Urispas® (flavoxate) and Gyno-Lomexin® (fenticonazole) and to the contribution of Procto-Glyvenol®, the new product for the treatment of hemorrhoids acquired in January. Sales generated by Herbacos Recordati in the Czech and Slovak Republics are € 3.5 million, up by 20.5% compared to the same period of the preceding year driven by revenues from Procto-Glyvenol®. Sales in these countries of our treatments for rare diseases increase by 13.2%.

Other international sales comprise the sales to and other revenues from our licensees for our original drugs as well as Bouchara Recordati's export sales. The 1.0% decrease recorded in the first quarter is due mainly to the reduction in lercanidipine sales which was almost entirely offset by sales of silodosin to our licensees. Sales of the products for the treatment of rare diseases grow by 57.0%.

FINANCIAL REVIEW

INCOME STATEMENT

The following table shows the profit and loss accounts, including their expression as a percent of sales and change versus the first quarter of 2010:

€ (thousands)	First quarter 2011	% of revenue	First quarter 2010	% of revenue	Change 2011/2010	%
Revenue	**197,842**	**100.0**	**185,856**	**100.0**	**11,986**	**6.4**
Cost of sales	(66,910)	(33.8)	(59,699)	(32.1)	(7,211)	12.1
Gross profit	**130,932**	**66.2**	**126,157**	**67.9**	**4,775**	**3.8**
Selling expenses	(60,024)	(30.3)	(55,323)	(29.8)	(4,701)	8.5
R&D expenses	(15,627)	(7.9)	(16,428)	(8.8)	801	(4.9)
G&A expenses	(10,903)	(5.5)	(10,433)	(5.6)	(470)	4.5
Other income (expense), net	(52)	0.0	(898)	(0.5)	846	(94.2)
Operating income	**44,326**	**22.4**	**43,075**	**23.2**	**1,251**	**2.9**
Financial income (expense), net	(1,015)	(0.5)	(780)	(0.4)	(235)	30.1
Pretax income	**43,311**	**21.9**	**42,295**	**22.8**	**1,016**	**2.4**
Provision for income taxes	(11,888)	(6.0)	(12,321)	(6.6)	433	(3.5)
Net income	**31,423**	**15.9**	**29,974**	**16.1**	**1,449**	**4.8**
Attributable to:						
Equity holders of the parent	31,420	15.9	29,974	16.1	1,446	4.8
Minority interests	3	0.0	0	0.0	3	n.s.

Revenue for the period is € 197.8 million, an increase of € 12.0 million compared to the first quarter 2010. For a detailed analysis please refer to the preceding "Review of Operations".

Gross profit is € 130.9 million with a margin of 66.2% on sales, down compared to that of the first quarter 2010 due to the lower proportion of lercanidipine to total product sales.

Selling expenses increase compared to the same period of the preceding year mainly due to marketing expenses incurred to support the launch of new products. R&D expenses are € 15.6 million, a reduction as compared to the same period of the preceding year due mainly to lower amortization charges. G&A expenses are up by 4.5%.

Other expenses net of other income are € 0.1 million and include the pay-back due to AIFA (the Italian medicines agency) in substitution for the 5% price reduction on selected products.

Net financial charges are € 1.0 million (€ 0.8 million in the same period of 2010), an increase over the first quarter 2010 due to a lower impact currency exchange differences.

The effective tax rate during the period is 27.4%, an improvement compared to that in the same period of the preceding year.

Net income is € 31.4 million, an increase of 4.8% over the same period of the preceding year. The growth is higher than that recorded by operating income thanks to a lower tax rate.

FINANCIAL POSITION

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

€ (thousands)	31 March 2011	31 December 2010	Change 2011/2010	%
Cash and short-term financial investments	200,088	161,680	38,408	23.8
Bank overdrafts and short-term loans	(5,861)	(3,506)	(2,355)	67.2
Loans – due within one year (1)	(16,021)	(16,265)	244	(1.5)
Net liquid assets	**178,206**	**141,909**	**36,297**	**25.6**
Loans – due after one year(1)	(140,700)	(95,942)	(44,758)	46.7
Net financial position	**37,506**	**45,967**	**(8,461)**	**(18.4)**

(1) Includes change in fair value (fair value hedge).

At 31 March 2011 the net financial position shows a positive balance of € 37.5 down by € 8.5 million compared to the position at 31 December 2010. During the period € 32.0 million were paid to Novartis Consumer Health for the acquisition of the product Procto-Glyvenol® and own shares were purchased for a total cash outlay of € 9.6 million.

RELATED PARTY TRANSACTIONS

The balance sheet accounts as at 31 March 2011 include current liabilities and non-current liabilities, each for an amount of € 0.4 million, due to Mr. William Gunnarsson, a member of the Board of Directors of Recordati S.p.A. until 13 April 2011, in connection with the acquisition of the Orphan Europe group of companies.

Other assets include an estimated net tax amount of € 0.3 million, computed by Recordati S.p.A. based on estimated taxable income, receivable from the controlling company Fimei S.p.A. consequent to the participation in a tax consolidation grouping under tax laws in Italy.

Except for the above, to our knowledge, no transactions or contracts have been entered into with related parties that can be considered significant, in value or conditions, or which could in any way materially affect the accounts.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

On April 21, 2011 the 2010 dividend was paid with an overall disbursement of € 54.6 million.

The group's business performance was in line with expectations during April. For the full year 2011 we expect to achieve revenues of around € 750 million, operating income of around € 160 million and net income of around € 110 million.

Milan, 6 May 2011

Giovanni Recordati
Chairman and Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2011

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

RECORDATI S.P.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2011

INCOME STATEMENT

€ (thousands)	First quarter 2011	First quarter 2010
Revenue	197,842	185,856
Cost of sales	(66,910)	(59,699)
Gross profit	130,932	126,157
Selling expenses	(60,024)	(55,323)
R&D expenses	(15,627)	(16,428)
G&A expenses	(10,903)	(10,433)
Other income (expense), net	(52)	(898)
Operating income	44,326	43,075
Financial income (expense), net	(1,015)	(780)
Pretax income	43,311	42,295
Provision for income taxes	(11,888)	(12.321)
Net income	31,423	29,974
Attributable to:		
Equity holders of the parent	31,420	29,974
Minority interests	3	0
Earnings per share		
Basic	€ 0.158	€ 0.152
Diluted	€ 0.150	€ 0.144

Earnings per share (EPS) are based on average shares outstanding during each year, 198.778.475 in 2011 and 197.652.801 in 2010, net of average treasury stock which amounted to 10.346.681 shares in 2011 and to 11,472,355 shares in 2010.
Diluted earnings per share is calculated taking into account stock options granted to employees.

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 MARCH 2011

ASSETS

€ (thousands)	31 March 2011	31 December 2010
Non-current assets		
Property, plant and equipment	51,376	53,017
Intangible assets	143,327	113,512
Goodwill	303,695	305,741
Other investments	1,930	1,930
Other non-current assets	2,406	2,485
Deferred tax assets	19,853	20,221
Total non-current assets	**522,587**	**496,906**
Current assets		
Inventories	89,489	85,190
Trade receivables	149,078	126,575
Other receivables	21,557	26,734
Other current assets	4,859	2,825
Fair value of hedging derivatives *(fair value hedge)*	0	1,164
Short-term financial investments, cash and cash equivalents	200,088	161,680
Total current assets	**465,071**	**404,168**
Total assets	**987,658**	**901,074**

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 MARCH 2011

EQUITY AND LIABILITIES

€ (thousands)	31 March 2011	31 December 2010
Shareholders' equity		
Share capital	26,141	26,141
Additional paid-in capital	83,719	83,719
Treasury stock	(59,877)	(52,579)
Hedging reserve *(cash flow hedge)*	(3,386)	(4,299)
Translation reserve	(3,564)	(592)
Other reserves	25,844	25,733
Retained earnings	498,724	389,284
Net income for the year	31,420	108,571
Group shareholders' equity	**599,021**	**575,978**
Minority interest	31	28
Shareholders' equity	**599,052**	**576,006**
Non-current liabilities		
Loans – due after one year	139,118	96,767
Staff leaving indemnities	19,078	19,259
Deferred tax liabilities	5,740	5,699
Other non-current liabilities	611	606
Total non-current liabilities	**164,547**	**122,331**
Current liabilities		
Trade payables	103,397	93,068
Other payables	58,048	53,536
Tax liabilities	14,159	9,691
Other current liabilities	596	620
Provisions	21,009	21,413
Fair value of hedging derivatives *(cash flow hedge)*	3,386	4,299
Fair value of hedging derivatives *(fair value hedge)*	1,276	0
Loans – due within one year	16,327	16,604
Bank overdrafts and short-term loans	5,861	3,506
Total current liabilities	**224,059**	**202,737**
Total equity and liabilities	**987,658**	**901,074**

RECORDATI S.P.A. AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2011

€ (thousands)	First quarter 2011	First quarter 2010
Net income for the period	31,423	29,974
Gains/(losses) on cash flow hedges	913	(1,253)
Gains/(losses) on translation of foreign financial statements	(2,972)	3,909
Income and expense for the period recognized directly in equity	(2,059)	2,656
Comprehensive income for the period	29,364	32,630
Attributable to:		
Equity holders of the parent	29,361	32,630
Minority interests	3	0

RECORDATI S.P.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN GROUP SHAREHOLDERS' EQUITY

€ (thousands)	Share capital	Additional paid-in capital	Treasury stock	Hedging reserve	Translation reserve	Other reserves	Retained earnings	Net income for the period	Minority Interest	Total
Balance at 31 December 2009	**26,141**	**83,719**	**(59,103)**	**(4,040)**	**(6,178)**	**25,025**	**332,836**	**110,560**	**19**	**508,979**
Allocation of 2009 net income:										
- Retained earnings							110,560	(110,560)		
Increase in the reserve for share based payments						407				**407**
Comprehensive income for the year				(1,253)	3,909			29,974		**32,630**
Balance at 31 March 2010	**26,141**	**83,719**	**(59,103)**	**(5,293)**	**(2,269)**	**25,432**	**443,396**	**29,974**	**19**	**542,016**
Balance at 31 December 2010	**26,141**	**83,719**	**(52,579)**	**(4,299)**	**(592)**	**25,733**	**389,284**	**108,571**	**28**	**576,006**
Allocation of 2010 net income:										
- Retained earnings							108,571	(108,571)		
Increase in the reserve for share based payments						111	328			**439**
Purchase of own shares			(9,681)							**(9,681)**
Disposal of own shares			2,383				541			**2,924**
Comprehensive income for the year				913	(2,972)			31,420	3	**29,364**
Balance at 31 March 2011	**26,141**	**83,719**	**(59,877)**	**(3,386)**	**(3,564)**	**25,844**	**498,724**	**31,420**	**31**	**599,052**

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2011

€ (thousands)	First quarter 2011	First quarter 2010
Operating activities		
Cash flow		
Net Income	31,423	29,974
Depreciation of property, plant and equipment	2,727	2,784
Amortization of intangible assets	3,399	3,851
Total cash flow	**37,549**	**36,609**
(Increase)/decrease in deferred tax assets	368	2,413
Increase/(decrease) in staff leaving indemnities	(181)	(339)
Increase/(decrease) in other non-current liabilities	46	(490)
	37,782	38,193
Changes in working capital		
Trade receivables	(22,503)	(9,681)
Inventories	(4,299)	(1,638)
Other receivables and other current assets	3,143	2,110
Trade payables	10,329	7,306
Tax liabilities	4,468	1,835
Other payables and other current liabilities	4,488	(1,058)
Provisions	(404)	(2,907)
Changes in working capital	**(4,778)**	**(4,033)**
Net cash from operating activities	**33,004**	**34,160**
Investing activities		
Net (investments)/disposals in property, plant and equipment	(1,086)	(1,311)
Net (investments)/disposals in intangible assets	(33,214)	(17,361)
Net (increase)/decrease in equity investments	(15)(1)	0
Net (increase)/decrease in other equity investments	0	(7)
Net (increase)/decrease in other non-current receivables	79	(36)
Net cash used in investing activities	**(34,236)**	**(18,715)**
Financing activities		
Medium/long term loans granted	44,743	0
Re-payment of loans	(229)	(780)
(Increase)/decrease in treasury stock	(6,757)	0
Effect of application of IAS/IFRS	439	407
Change in translation reserve	(911)	1,334
Net cash from/(used in) financing activities	**37,285**	**961**
Changes in short-term financial position	36,053	16,406
Short-term financial position at beginning of year *	158,174	64,923
Short-term financial position at end of period *	194,227	81,329

* Includes cash and cash equivalents net of bank overdrafts and short-term loans.
(1) Acquisition of **FIC** and **FIC Médical**: Change in purchase price (15).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2011

1. GENERAL

The consolidated financial statements at 31 March 2011 comprise Recordati S.p.A. (the Company) and subsidiaries controlled by the Company. The companies included in the consolidated accounts, the consolidation method applied, their percentage of ownership and a description of their activity are set out in attachment 1.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The first quarter consolidated condensed financial statements were prepared in accordance with the IAS 34 requirements for interim reporting. The statements do not include the full information required for the annual financial statements and must therefore be read together with the annual report for the full year ended 31 December 2010, prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and in compliance with the European Union's guidelines on the preparation of consolidated financial statements.

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

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

3. REVENUE

Net revenue for the first quarter 2011 is € 197.8 million (€ 185.9 million in the same period of the preceding year) and can be broken down as follows:

€ (thousands)	First quarter 2011	First quarter 2010	Change 2011/2010
Net sales	191,844	178,132	13,712
Royalties	1,741	2,225	(484)
Up-front payments	1,515	3,583	(2,068)
Other revenue	2,742	1,916	826
Total revenue	**197,842**	**185,856**	**11,986**

4. OPERATING EXPENSES

Overall operating expenses in the first quarter 2011 are € 153.5 million, an increase as compared to the € 142.8 million in the same period of the preceding year and are analyzed by function. Personnel costs are € 48.8 million and include a cost for stock options of € 0.4 million. Total depreciation and amortization charges are € 6.1 million, down by € 0.5 million compared to the first quarter 2010.

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

€ (thousands)	First quarter 2011	First quarter 2010	Change 2011/2010
Amounts due to the Italian public healthcare scheme	(565)	(892)	327
Others	513	(6)	519
Total other income (expense), net	**(52)**	**(898)**	**846**

The amount due to the Italian public healthcare scheme refers to the pay back due to the Italian medicines agency (AIFA) in substitution for the 5% price reduction on selected products. This mechanism which was already applied during previous years, was extended to 2011. The amount due is based on the sales of the selected products during 2010 and is spread equally over the year.

5. FINANCIAL INCOME AND EXPENSE

In the first quarter 2011 and in the same period of 2010 financial items record a net expense of € 1.0 million and € 0.8 million respectively which are comprised as follows:

€ (thousands)	First quarter 2011	First quarter 2010	Change 2011/2010
Exchange gains (losses)	(31)	181	(212)
Interest expense on loans	(1,162)	(949)	(213)
Net interest income (expense) on short-term financial position	308	122	186
Interest cost in respect of defined benefit plans	(130)	(134)	4
Total financial income (expense), net	**(1,015)**	**(780)**	**(235)**

The increase in interest expense is mainly due to the loan agreement with Centrobanca undersigned by the Parent Company to fund a three year research and investment program.

The improvement of the short-term net financial position is mainly due to the increase in amounts invested and to a more efficient use of the liquidity within the group.

The change in fair value of hedging derivatives is negative by € 2.4 million and refers to the measurement of the cross-currency interest rate swap covering the series of long term senior unsecured notes privately placed in 2004 with the objective of eliminating the exchange risk linked to the *tranches* denominated in U.S. dollars and in pounds sterling. This amount is equivalent to the change in the fair value of the underlying debt as compared to its nominal value with a combined zero effect on the income statement as the transaction is perfectly hedged.

6. PROPERTY, PLANT AND EQUIPMENT

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

€ (thousands)	Land & buildings	Plant & machinery	Other equipment	Advances/ construction in progress	Total
Cost					
Balance at 31.12.10	42,056	163,950	42,975	3,867	252,848
Additions	18	130	234	792	1,174
Disposals	0	(3)	(288)	0	(291)
Other changes	6	(16)	400	(746)	(356)
Balance at 31.03.11	**42,080**	**164,061**	**43,321**	**3,913**	**253,375**
Accumulated depreciation					
Balance at 31.12.10	24,974	138,955	35,902	0	199,831
Additions	377	1.854	496	0	2.727
Disposals	0	(1)	(283)	0	(284)
Other changes	2	(253)	(24)	0	(275)
Balance at 31.03.11	**25,353**	**140,555**	**36,091**	**0**	**201,999**
Carrying amount at					
31 March 2011	16,727	23,506	7,230	3,913	51,376
31 December 2010	17,082	24,995	7,073	3,867	53,017

The additions during the period refer mainly to investments in the Italian plants and in the headquarters building.

7. INTANGIBLE ASSETS

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

€ (thousands)	Patent rights and marketing authorizations	Distribution, license, trademark and similar rights	Other	Advance payments	Total
Cost					
Balance at 31.12.10	106,812	111,986	14,792	12,376	245,966
Additions	32,071	1,041	1	38	33,151
Disposals	(1)	(114)	0	0	(115)
Other changes	128	7,100	(3)	(7,255)	(30)
Balance at 31.03.11	**139,010**	**120,013**	**14,790**	**5,159**	**278,972**
Accumulated amortization					
Balance at 31.12.10	60,029	57,820	14,605	0	132,454
Additions	1,278	2,112	9	0	3,399
Disposals	0	(105)	0	0	(105)
Other changes	52	(155)	0	0	(103)
Balance at 31.03.11	**61,359**	**59,672**	**14,614**	**0**	**135,645**
Carrying amount at					
31 March 2011	77,651	60,341	176	5,159	143,327
31 December 2010	46,783	54,166	187	12,376	113,512

During the period the marketing authorizations, the brand and the rights to the product Procto-Glyvenol® were acquired from Novartis Consumer Health for an amount of € 32.0 million.

The additions to licenses comprise an amount of € 1.0 million which refers to the renewal of the license to Adagen® by Sigma Tau.

8. GOODWILL

Net goodwill at 31 March 2011, amounting to € 303.7 million, relates to the following acquisitions, which represent the same number of cash generating units:

- Doms Adrian/companies belonging to the Bouchara group/ FIC and FIC Médical: € 57.7 million;
- Merckle Recordati: € 48.8 million;
- Companies belonging to the Jaba group: € 32.8 million;
- the Orphan Europe group: € 110.6 million;
- Yeni Ilaç: € 39.1 million;
- Herbacos-Bofarma: € 14.4 million;
- ArtMed International: € 0.3 million.

Goodwill related to Yeni Ilaç, to Herbacos-Bofarma and to ArtMed is calculated in local currency and converted into Euro at the period-end exchange rate. The conversion of Herbacos-Bofarma's and ArtMed's goodwill resulted in a comprehensive increase of € 0.3 million as compared to 31 December 2010, while the conversion of Yeni Ilaç's goodwill resulted in a decrease of € 2.4 million.

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

9. OTHER INVESTMENTS

At 31 March 2011 other investments amount to € 1.9 million, unchanged compared to those at 31 December 2010, and comprise mainly the holding in PureTech Ventures LLC (U.S.A.), an investment company specialized in start-up companies dedicated to new therapies, medical devices and new research technologies.

10. OTHER NON CURRENT ASSETS

Receivables included in non-current assets at 31 March 2011 are € 2.4 million and include the present value of the residual receivable (€ 1.4 million) related to the settlement from Swedish Orphan which is due in 2012.

11. DEFERRED TAX ASSETS AND LIABILITIES

At 31 March 2011 deferred tax assets decrease by € 0.4 million as compared to those at 31 December 2010 while deferred tax liabilities remain substantially unchanged

12. SHAREHOLDERS' EQUITY

Shareholders' Equity at 31 March 2011 is € 599.0 million, an increase of € 23.0 million compared to that at 31 December 2010 for the following reasons:

- net income for the period (increase of € 31.4 million),
- cost of stock option plans set-off directly in equity (increase of € 0.4 million),
- sale of 450,000 own shares in treasury stock for the servicing of the 2006-2009 stock option plan (increase of € 2.9 million),
- purchase of 1,430,935 own shares (decrease of € 9.6 million),
- change in the fair value of hedging derivatives qualifying as a cash flow hedge (increase of € 0.9 million),
- translation adjustments (decrease of € 3.0 million).

All consolidated companies are 100% owned except for the Italian subsidiary of Orphan Europe which is 99% owned, giving rise to a minority interest of € 31.0 thousand.

As at 31 March 2011 the Company has two stock option plans in place in favor of certain group employees, the 2006-2009 plan, under which options were granted on four occasions, and the 2010-2013 plan under which options were granted on 9 February 2011. The strike price of the options is the average of the parent company's listed share price during the 30 days prior to the grant date. Stock options granted under the 2006-2009 plan are vested over a period of four years and options not exercised within the fifth year of the date of grant expire. Stock options granted under the 2010-2013 plan are vested over a period of five years and options not exercised within the eighth year of the date of grant expire. Options may not be exercised if the employee leaves the company before they are vested.

Stock options outstanding at 31 March 2011 are analyzed in the following table.

€ (thousands)	Strike price (€)	Options outstanding at 1.1.2011	Options granted during 2011	Options exercised during 2011	Options cancelled or expired	Options outstanding at 31.03.2011
Date of grant						
6 April 2006	6.4975	1,365,000	-	(450,000)	-	915,000
29 October 2008	4.0730	2,783,750	-	-	-	2,783,750
11 February 2009	3.8940	155,000	-	-	(15,000)	140,000
27 October 2009	4.8700	3,915,000	-	-	(20.000)	3,895,000
9 February 2011	6.7505	-	4,330,000	-	-	4,330,000
Total		8,218,750	4,330,000	(450,000)	(35,000)	12,063,750

At 31 March 2011, 11,187,040 shares are held as treasury stock, an increase of 980,935 shares as compared to those at 31 December 2010. The change is to be attributed to the buy-back of 1,430,935 shares on the stock exchange for an overall value of € 9.6 million and to the sale of 450,000 shares for an overall value of € 2.9 million to service the exercise of stock options issued under the 2006-2009 plan. The overall purchase cost of the shares held in treasury stock is € 59.9 million with an average unit price of € 5.35.

13. LOANS

At 31 March 2011 medium and long-term loans, which include a positive effect of € 1.3 million resulting from the measurement at fair value of the guaranteed senior notes issued and privately placed in 2004, are € 155.4 million, an increase of € 42.1 million compared to those at 31 December 2010. This change arises from loans granted and reimbursements made during the period (€ 44.7 million and € 0.2 million respectively) and the change in fair value of the guaranteed senior notes issued and privately placed (decrease of € 2.4 million).

On 30 November 2010 the Parent Company undersigned a loan agreement with Centrobanca to fund a three year research and investment program. The loan, for which Centrobanca received funding from the European Investment Bank, amounts to € 75.0 million of which € 30 million were cashed in during 2010 and € 45 million in the first quarter of 2011, net of the € 0.3 million expenses. The main terms and conditions provide for a variable interest rate and a duration of 12 years with semi-annual repayments of capital from June 2012 through December 2022. The loan agreement includes the following financial covenants which, if not met, could lead to a request for immediate repayment of the loan:

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

The above conditions were amply fulfilled during the period.

The series of guaranteed senior notes issued at the end of 2004 by Recordati S.A. (Luxembourg) comprises *tranches* in various currencies at fixed interest rates. The *tranches* denominated in currencies other than the Euro have been covered with a cross-currency interest rate swap effectively converting the whole debt into Euro at a variable interest rate equivalent to the Euribor 6 months rate plus a spread. The *tranches* denominated in Euro have been covered with an interest rate swap effectively converting the interest charges on the debt from fixed to variable at the same abovementioned conditions. The measurement at fair value of the swaps at 31 March 2011 generated a liability of € 1.3 million, an amount equivalent to the change in the fair value of the underlying debt. This amount is recognized in the balance sheet as a variation of debt and under current liabilities as 'Fair value of hedging derivatives (*fair value hedge*)'.

The total amount of the notes was simultaneously covered with a further interest rate swap, qualifying as a cash flow hedge, to fix a range (which at 31 March 2011 is between 3.81% and 4.85%) within which the interest rate can fluctuate in order to optimize the cost of financing for the duration of the notes. The € 3.4 million fair value of the cash flow hedge is recognized directly in equity and stated as a current liability (see Note 18).

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

The note and guarantee agreement covering the guaranteed senior notes includes the following financial covenants which, if not met, could lead to a request for immediate repayment of the notes:

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

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

14. STAFF LEAVING INDEMNITIES

The staff leaving indemnity fund at 31 March 2011 is of € 19.1 million, a decrease of € 0.2 million as compared to that at 31 December 2010.

15. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities as at 31 March 2011 refer entirely to the residual liability due for the acquisition of Orphan Europe following the settlement with Swedish Orphan. The amount due in 2012, net of the present value adjustment, is of € 0.6 million.

16. CURRENT ASSETS

Inventories are € 89.5 million, an increase of € 4.3 million compared to those stated at 31 December 2010.

The balance of trade receivables at 31 March 2011 is € 149.1 million and is stated net of a € 10.5 million provision for doubtful accounts which reflects the collection risk connected with certain customers and geographic areas.

Other receivables decrease by € 5.2 million compared to those at 31 December 2010, mainly due to a reduction of tax credits, and include the current installment due related to the Swedish Orphan settlement (€ 1.5 million).

Other current assets are € 4.9 million and refer mainly to prepaid expenses.

17. CURRENT LIABILITIES

Trade payables, which include invoices to be received, are € 103.4 million.

Other payables increase by € 4.5 million compared to 31 December 2010 and include a € 0.6 million pay-back installment due to be paid to AIFA (the Italian Medicines Agency) (see Note 4).

Tax payables increase by € 4.5 million and result mainly from the provision of income taxes for the period.

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

The measurement at fair value of the interest rate swaps covering the cash flows related to medium and long-term loans gave rise to a € 3.4 million liability at 31 March 2011. This amount represents the unrealized benefit of paying the current expected future rates instead of the rates agreed. This amount refers entirely to the interest rate swap defining a collar which limits the fluctuation of the interest rates payable on the guaranteed senior notes issued by Recordati S.A. Chemical & Pharmaceutical Company.

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

Short term financial investments, cash and cash equivalents at 31 March 2011 are € 200.1 million and comprise short term time deposits, denominated mainly in Euro which have maturities of six months or less, and bank current accounts. During the period the second tranche of the loan granted by Centrobanca was cashed (see Note 13).

20. BANK OVERDRAFTS AND SHORT-TERM LOANS

Bank overdrafts and short-term loans are € 5.9 million and are comprised mainly of interest accrued on existing loans, current account overdrafts and temporary use of lines of credit.

21. OPERATING SEGMENTS

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

The following table shows financial information for these two business segments as at 31 March 2011 and includes comparative data.

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated	Consolidated accounts
First quarter 2011				
Revenues	179,738	18,104	-	197,842
Expenses	(140,146)	(13,370)	-	(153,516)
Operating income	**39,592**	**4,734**	-	**44,326**
First quarter 2010				
Revenues	170,137	15,719	-	185,856
Expenses	(131,084)	(11,697)	-	(142,781)
Operating income	**39,053**	**4,022**	-	**43,075**

* Includes the pharmaceutical chemicals operations

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated**	Consolidated accounts
31 March 2011				
Non-current assets	402,160	118,497	1,930	522,587
Inventories	84,254	5,235	-	89,489
Trade receivables	133,260	15,818	-	149,078
Other current assets	22,891	3,525	-	26,416
Short-term investments, cash and cash equivalents	-	-	200,088	200,088
Total assets	**642,565**	**143,075**	**202,018**	**987,658**
Non-current liabilities	23,900	1,529	139,118	164,547
Current liabilities	177,543	19,666	26,850	224,059
Total liabilities	**201,443**	**21,195**	**165,968**	**388,606**
Net capital employed	**441,122**	**121,880**		
31 March 2010				
Non-current assets	377,218	117,758	1,930	496,906
Inventories	79,815	5,375	-	85,190
Trade receivables	113,937	12,638	-	126,575
Other current assets	23,064	6,495	1,164	30,723
Short-term investments, cash and cash equivalents	-	-	161,680	161,680
Total assets	**594,034**	**142,266**	**164,774**	**901,074**
Non-current liabilities	24,082	1,482	96,767	122,331
Current liabilities	159,641	18,687	24,409	202,737
Total liabilities	**183,723**	**20,169**	**121,176**	**325,068**
Net capital employed	**410,311**	**122,097**		

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

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

22. LITIGATION AND CONTINGENT LIABILITIES

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

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

On 26 January 2011 the Frankfurt court issued a judgement of first instance on the lawsuit which was filed by Innova Pharma against Bayer Healthcare following the termination of the Octegra® license agreement, unilaterally decided by Bayer on the basis of a contractual interpretation which the company deemed arbitrary. Innova Pharma, which considers the termination invalid, took legal action to obtain compensation for the damages incurred. The abovementioned judgement rejected Innova Pharma's claim considering Bayer's unilateral termination valid. The company decided to appeal the court's decision.

RECORDATI S.P.A. AND SUBSIDIARIES
SUBSIDIARIES INCLUDED IN THE CONSOLIDATED ACCOUNTS AT 31 MARCH 2011

ATTACHMENT 1.

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI S.P.A. Development, production, marketing and sales of pharmaceuticals and pharmaceutical chemicals	Italy	26,140,644.50	Euro	Line-by-line
RECOFARMA S.R.L. Dormant, holds pharmaceutical marketing rights	Italy	1,258,400.00	Euro	Line-by-line
INNOVA PHARMA S.P.A. Marketing and sales of pharmaceuticals	Italy	1,920,000.00	Euro	Line-by-line
RECORDATI ESPAÑA S.L. Development, production, marketing and sales of pharmaceuticals	Spain	94,000,000.00	Euro	Line-by-line
RECORDATI S.A. Chemical and Pharmaceutical Company Holding company	Luxembourg	68,000,000.00	Euro	Line-by-line
BOUCHARA RECORDATI S.A.S. Development, production, marketing and sales of pharmaceuticals	France	4,600,000.00	Euro	Line-by-line
RECORDATI PORTUGUESA LDA Dormant	Portugal	24,940.00	Euro	Line-by-line
FARMARECORD LTDA Dormant, holds pharmaceutical marketing rights in Brazil	Brazil	166.00	BRL	Line-by-line
RECORDATI CORPORATION Sales Agent for pharmaceutical chemicals	U.S.A.	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD Development, production, marketing and sales of pharmaceuticals	Ireland	200,000.00	Euro	Line-by-line
RECORDATI S.A. Dormant, holds pharmaceutical marketing rights	Switzerland	6,000,000.00	CHF	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. Development, production, marketing and sales of pharmaceuticals	France	14,000,000.00	Euro	Line-by-line
MERCKLE RECORDATI GmbH Marketing and sales of pharmaceuticals	Germany	600,000.00	Euro	Line-by-line
RECORDATI PHARMACEUTICALS LTD Marketing and sales of pharmaceuticals	United Kingdom	15,000,000.00	GBP	Line-by-line
RECORDATI HELLAS PHARMACEUTICALS S.A. Marketing and sales of pharmaceuticals	Greece	13,900,000.00	Euro	Line-by-line
JABA RECORDATI S.A. Development, production, marketing and sales of pharmaceuticals	Portugal	2,000,000.00	Euro	Line-by-line
JABAFARMA PRODUTOS FARMACÊUTICOS S.A. Development, production, marketing and sales of pharmaceuticals	Portugal	50,000.00	Euro	Line-by-line
BONAFARMA PRODUTOS FARMACÊUTICOS S.A. Development, production, marketing and sales of pharmaceuticals	Portugal	50,000.00	Euro	Line-by-line

PERCENTAGE OF OWNERSHIP												
Recordati S.p.A. *(parent)*	Recordati S.A. *(Lux)*	Merckle Recordati GmbH	Bouchara Recordati S.A.S.	Recordati España S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe Holding S.A.	Orphan Europe Operations S.A.S.	Orphan Europe S.A.R.L.	FIC S.A.S.	Herbacos Recordati s.r.o.	Yeni Recordati Ilaç A.S.	Total
100.00%												100.00%
100.00%												100.00%
90.00%	10.00%											100.00%
100.00%												100.00%
99.94%	0.06%											100.00%
98.00%	2.00%											100.00%
	100.00%											100.00%
	100.00%											100.00%
	100.00%											100.00%
	100.00%											100.00%
			100.00%									100.00%
	55.00%			45.00%								100.00%
3.33%	96.67%											100.00%
0.68%	99.32%											100.00%
				100.00%								100.00%
				100.00%								100.00%
				100.00%								100.00%

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI ORPHAN DRUGS S.A.S. Holding company	France	57,000,000.00	Euro	Line-by-line
ORPHAN EUROPE HOLDING S.A. Holding company	France	1,701,260.00	Euro	Line-by-line
ORPHAN EUROPE OPERATIONS S.A.S. Marketing and sales of pharmaceuticals	France	5,112,000.00	Euro	Line-by-line
ORPHAN EUROPE SWITZERLAND GmbH Marketing and sales of pharmaceuticals	Switzerland	20,000.00	CHF	Line-by-line
ORPHAN EUROPE MIDDLE EAST FZ LLC Marketing and sales of pharmaceuticals	United Arab Emirates	100,000.00	AED	Line-by-line
ORPHAN EUROPE NORDIC A.B. Marketing and sales of pharmaceuticals	Sweden	100,000.00	SEK	Line-by-line
ORPHAN EUROPE PORTUGAL LDA Marketing and sales of pharmaceuticals	Portugal	5,000.00	Euro	Line-by-line
ORPHAN EUROPE S.A.R.L. Development, production, marketing and sales of pharmaceuticals	France	320,000.00	Euro	Line-by-line
ORPHAN EUROPE UNITED KINGDOM LTD Marketing and sales of pharmaceuticals	United Kingdom	50,000.00	GBP	Line-by-line
ORPHAN EUROPE GERMANY GmbH Marketing and sales of pharmaceuticals	Germany	25,564.69	Euro	Line-by-line
ORPHAN EUROPE SPAIN S.L. Marketing and sales of pharmaceuticals	Spain	37,563.27	Euro	Line-by-line
ORPHAN EUROPE ITALY S.R.L. Marketing and sales of pharmaceuticals	Italy	40,000.00	Euro	Line-by-line
ORPHAN EUROPE BENELUX BVBA Marketing and sales of pharmaceuticals	Belgium	18,600.00	Euro	Line-by-line
FIC S.A.S. Marketing and sales of pharmaceuticals	France	100,000.00	Euro	Line-by-line
FIC MEDICAL S.A.R.L. Marketing and sales of pharmaceuticals	France	9,999.89	Euro	Line-by-line
YENI RECORDATI ILAÇ Ve Hammaddeleri Sanayi Ve Ticaret A.S Development, production, marketing and sales of pharmaceuticals	Turkey	7,086,614.00	TRY	Line-by-line
HERBACOS RECORDATI s.r.o. Marketing and sales of pharmaceuticals	Czech Republic	25,600,000.00	CZK	Line-by-line
HB PHARM s.r.o. Marketing and sales of pharmaceuticals	Slovakia	33,193.92	Euro	Line-by-line
RUSFIC LLC Marketing and promotion of pharmaceuticals	Russian Federation	3,560,000.00	RUB	Line-by-line
RECOFARMA ILAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.S. Marketing and sales of pharmaceuticals	Turkey	5,000.00	TRY	Line-by-line
ARTMED INTERNATIONAL S.R.L.* Promotion of pharmaceuticals	Romania	95,200.00	RON	Line-by-line

* Acquired in 2010, P&L consolidated from 1 July 2010.

PERCENTAGE OF OWNERSHIP												
Recordati S.p.A. *(parent)*	Recordati S.A. *(Lux)*	Merckle Recordati GmbH	Bouchara Recordati S.A.S.	Recordati España S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe Holding S.A.	Orphan Europe Operations S.A.S.	Orphan Europe S.A.R.L.	FIC S.A.S.	Herbacos Recordati s.r.o.	Yeni Recordati Ilaç A.S.	Total
	90.00%	10.00%										100.00%
0.035%	0.035%				99.93%							100.00%
						100.00%						100.00%
							100.00%					100.00%
							100.00%					100.00%
							100.00%					100.00%
							100.00%					100.00%
							100.00%					100.00%
								100.00%				100.00%
								100.00%				100.00%
								100.00%				100.00%
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RECORDATI S.P.A. AND SUBSIDIARIES DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

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

Milan, 6 may 2011

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

RECORDATI

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