

**DISTRIBUTION OF AN INTERIM
DIVIDEND BY RECORDATI S.P.A. FOR THE
FINANCIAL YEAR 2011 IN ACCORDANCE
WITH ARTICLE 2433-BIS OF THE ITALIAN
CIVIL CODE**

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DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ART 154-BIS, PARAGRAPH 2 OF LEGISLATIVE DECREE NO. 58/1998

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

Directors' considerations on the distribution of an interim dividend

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

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

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

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

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

In Recordati's case, the distribution of an interim dividend is based on the accounts at 30 September 2011 for the nine month period ended on that date, as prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission, in force at 30 September 2011.

The available reserves resulting from the accounts at 30 September 2011 amounted to € 95,218 thousand, while the net income available at 30 September 2011 amounted to € 75,225 thousand consisting of the net income earned, since an amount equal to one fifth of the share capital had already been allocated to the statutory reserve and no other obligations for allocations to reserves existed.

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

• net income to 30 September 2011	€ 75,225 thousand
• net income available	€ 75,225 thousand
• reserves available at 30 September 2011	€ 95,218 thousand
• interim dividend distributable (maximum amount)	€ 75,225 thousand
• interim dividend per share	€ 0.20

In accordance with Art. 2433-*bis*, paragraph 4 of the Italian Civil Code, the interim dividend distributable cannot exceed € 75,225 thousand, corresponding to the part of the net income for the period that may be distributed on an interim basis.

Having taken account of the above, and in the light of the information reported in the following pages concerning the operating, capital and financial performance of Recordati S.P.A. and the Group at 30 September 2011, the Board of Directors intends to distribute an interim dividend amounting to € 0.20 on each share outstanding on the ex dividend date of 21 November 2011, to be paid from 24 November 2011.

Milano, 14 November 2011

on behalf of the Board of Directors
The Chairman
Giovanni Recordati

Operating and financial review of Recordati SpA in the first nine months of 2011

The financial statements of Recordati S.p.A. at 30 September 2011 show net income of € 75,225 thousand, an increase of € 7,214 thousand on the first nine months of the previous year.

The items in the income statement are given below with the relative percentage of revenue and the change compared to the first nine months of 2010.

€ (thousands)	First nine months 2011	% of revenue	First nine months 2010	% of revenue	Change 2011/2010	%
Revenue	207,223	100.0	183,404	100.0	23,819	13.0
Cost of sales	(97,148)	(46.9)	(83,836)	(45.7)	(13,312)	15.9
Gross profit	110,075	53.1	99,568	54.3	10,507	10.6
Selling expenses	(36,986)	(17.8)	(33,051)	(18.0)	(3,935)	11.9
R&D expenses	(21,176)	(10.2)	(19,882)	(10.8)	(1,294)	6.5
G&A expenses	(13,216)	(6.4)	(12,310)	(6.7)	(906)	7.4
Other income (expense), net	(1,688)	(0.8)	(3,920)	(2.1)	2,232	n.s.
Operating income	37,009	17.9	30,405	16.6	6,604	21.7
Financial income (expense), net	(4,850)	(2.3)	(3,363)	(1.8)	(1,487)	44.2
Dividends	55,889	n.s.	51,986	n.s.	3,903	7.5
Pretax income	88,048	42.5	79,028	43.1	9,020	11.4
Provision for income taxes	(12,823)	(6.2)	(11,017)	(6.0)	(1,806)	16.4
Net income	75,225	36.3	68,011	37.1	7,214	10.6

Revenue in the first nine months of 2011 was € 207,223 thousand, showing growth of 13% compared to the same period in the previous year due to increased sales of Entact® (escitalopram), an anti-depressant drug, Peptazol® (pantoprazole), a drug for treating ulcers, and OTC products, as well as the launch of new products. In January in particular, after a license agreement was signed at the end of 2010 with Merck KGaA, Cardicor® (bisoprolol) was launched, a beta blocker class drug indicated for the treatment of stable, moderate to severe, chronic cardiac insufficiency.

Urorec® (silodosin) was launched in the second quarter, a new specialty indicated for the treatment of the symptoms of benign prostatic hypertrophy (BPH) and sales also began in Italy of a specialty drug developed by Recordati and indicated for the treatment of hypertension, based on a fixed combination of lercanidipine with enalapril, a very common ACE inhibitor. This drug was launched by Recordati under the brand name Zanipril®, in co-marketing with the subsidiary Innova Pharma under the brand name Lercaprel®, and also with two other co-marketers.

Operating income amounted to € 37,009 thousand, up by 21.7% on the same period of the previous year, accounting for 17.9% of revenue.

Selling expenses included the impact of new legislation that came into force in 2010 which involves a charge borne by producers equal to 1.83% of the price to the public net of VAT. They increased by 11.9% due partly

also to the launch of new products.

General and administrative expenses were up by 6.5% on the same period in 2010.

Total R&D costs amounted to € 21,176 thousand, an increase of 6.5% compared to expenses incurred in the previous year.

Other net expenses incurred of € 1,688 thousand included the pay-back due to AIFA (Italian Medicines Agency) in place of the 5% price reduction on some selected products.

Net financial charges were € 4,850 thousand, an increase compared to the first nine months of 2010 due to the impact of currency exchange differences and to the interest payable on a loan to finance a three year R&D programme.

The effective tax rate was unchanged compared to the previous year.

NET FINANCIAL POSITION

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

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Deposits in bank current accounts and cash on hand	132,283	104,690	27,593
Short term loans to Group companies	34,178	15,616	18,562
Liquid assets	166,461	120,306	46,155
Bank overdrafts and short-term loans	(2,884)	(438)	(2,446)
Loans – due within one year	(18,677)	(15,470)	(3,207)
Short term loans to subsidiaries	(161,339)	(94,420)	(66,919)
Short term borrowings	(182,900)	(110,328)	(72,572)
Net current financial position	(16,439)	9,978	(26,417)
Loans – due after one year	(138,914)	(96,708)	(42,206)
Net financial position	(155,353)	(86,730)	(68,623)

The change in the net financial position is due mainly to an increase in the share capital performed in Recordati España for the purpose of acquiring the Turkish company Dr. Frik Ilaç as reported in the section “Company development news” in the “Management Review” section for the Group.

COMPANY DEVELOPMENT NEWS

The Group’s strategy is to continue to focus on developing activities in Europe, the second largest pharmaceuticals market in the world, and especially on growing markets in central and eastern Europe. In addition to geographical expansion, a strong boost will be given to broadening the product portfolio both through the development and subsequent launch of pipeline pharmaceuticals and through the acquisition of new products.

The “Company Development News” section of the Management review of operations in the consolidated report at 30 September 2011 may be consulted for further information on operations and growth strategies.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

The Company's business performance was in line with expectations in October and, in the absence of events which are unforeseeable at present, no significant events were observed occurring subsequent to the reporting date of 30 September, which might affect the positive performance in the first nine months of the year for the achievement of the results forecast for 2011.

These results are forecast to be greater than the interim dividend currently being approved.

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

Milan, 14 November 2011

on behalf of the Board of Directors
The Chairman
Giovanni Recordati

MANAGEMENT REVIEW OF THE RECORDATI GROUP

HIGHLIGHTS

First nine months 2011

REVENUE

€ (thousands)	First nine months 2011	%	First nine months 2010	%	Change 2011/2010	%
Total revenue	580,633	100.0	548,629	100.0	32,004	5.8
Italy	171,935	29.6	151,986	27.7	19,949	13.1
International	408,698	70.4	396,643	72.3	12,055	3.0

KEY CONSOLIDATED P&L DATA

€ (thousands)	First nine months 2011	% of revenue	First nine months 2010	% of revenue	Change 2011/2010	%
Revenue	580,633	100.0	548,629	100.0	32,004	5.8
EBITDA ⁽¹⁾	147,027	25.3	143,915	26.2	3,112	2.2
Operating income	128,904	22.2	123,854	22.6	5,050	4.1
Net income	92,042	15.9	87,026	15.9	5,016	5.8

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

KEY CONSOLIDATED B/S DATA

€ (thousands)	30 September 2011	31 December 2010	Change 2011/2010	%
Net financial position ⁽²⁾	(29,325)	45,967	(75,292)	n.s.
Shareholders' equity	606,346	576,006	30,340	5.3

⁽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).

Third quarter 2011

REVENUE

€ (thousands)	Third quarter 2011		Third quarter 2010		Change 2011/2010	
		%		%		%
Total revenue	179,614	100.0	172,366	100.0	7,248	4.2
Italy	48,038	26.7	44,628	25.9	3,410	7.6
International	131,576	73.3	127,738	74.1	3,838	3.0

KEY CONSOLIDATED P&L DATA

€ (thousands)	Third quarter 2011		Third quarter 2010		Change 2011/2010	
		% of revenue		% of revenue		%
Revenue	179,614	100.0	172,366	100.0	7,248	4.2
EBITDA ⁽¹⁾	46,611	26.0	46,003	26.7	608	1.3
Operating income	40,742	22.7	40,024	23.2	718	1.8
Net income	29,689	16.5	27,818	16.1	1,871	6.7

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

Consolidated revenue in the first nine months 2011 is € 580.6 million, up by 5.8% compared to the same period of the preceding year. Pharmaceutical sales are € 558.6 million, an increase of 5.5% despite sales of lercanidipine down by 16.8% as a result of the entry of generics into the market following this product's patent expiry in 2010.

Operating income, at 22.2% of sales, is € 128.9 million, an increase of 4.1% over the same period of the preceding year. Selling expenses increase by 7.8% mainly to support the launch of the new products.

Net income at 15.9% of sales is € 92.0 million, an increase of 5.8%, higher than that recorded by operating income thanks to lower interest expenses and a lower tax rate.

Net financial position at 30 September 2011 records a net debt of € 29.3 million, compared to a net cash position at 31 December 2010, following the acquisition of the Turkish company Frik Ilaç and of the new product Procto-Glyvenol® in addition to the payment of the 2010 dividend. Shareholders' equity increases to € 606.3 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.

The European roll-out of Livazo® (pitavastatin) started with its launches in Spain, by Recordati España and its co-marketer Esteve, and in Portugal, by Jaba Recordati and its co-marketer Delta. Pitavastatin, 1mg, 2mg and 4mg tablets, is a novel statin indicated for the reduction of elevated total and LDL cholesterol in adult patients with primary hypercholesterolaemia and combined (mixed) dyslipidaemia when response to diet and other non-pharmacological measures is inadequate. This medicinal product promises to be an effective new treatment for dyslipidemia, a condition associated with an increased risk for heart disease and stroke. The

launch of Livazo® and Alipza® in Spain and in Portugal represents the first step in the commercialization in Europe of this new specialty.

Orphan Europe, the group's wholly-owned subsidiary dedicated to treatments for rare diseases, received an approval to extend the use of Carbaglu® (carglumic acid) to treat hyperammonaemia due to one of the three main organic acidaemias (isovaleric acidaemia, methylmalonic acidaemia or propionic acidaemia). Carbaglu® has orphan drug designation and since 2003 is indicated in the treatment of NAGS deficiency. Organic acidaemias (OA) are usually diagnosed in infancy, can be fatal, and affect especially the central nervous system. They are a group of inherited rare metabolic disorders which disrupt physiologic amino acid degradation causing a build-up of organic acids, which in turn may inhibit the urea cycle function, leading to hyperammonaemia. Acute hyperammonaemia due to OA represents a true medical emergency and Carbaglu®, by restoring the urea cycle and thus reducing blood ammonia levels, prevents brain damage.

In September, the acquisition of 100% of the share capital of Dr. F. Frik İlaç A.Ş., a Turkish pharmaceutical company with headquarters in Istanbul, was successfully concluded, following, among others, clearance from the relevant competition authority in Turkey. The value of the transaction (enterprise value) is of around \$ 130 million of which \$ 74,5 million were paid at the closing. Of the remaining balance a portion will be paid in *tranches* on future due dates and a portion comprises the company's debt. This is the second acquisition Recordati has made in Turkey, where it acquired Yeni İlaç in December 2008. Frik İlaç has been one of the fastest growing pharmaceutical companies in Turkey. The company has a core portfolio of original prescription products both in primary care and specialist areas and employs 350 personnel, of which around 260 are medical representatives.

REVIEW OF OPERATIONS

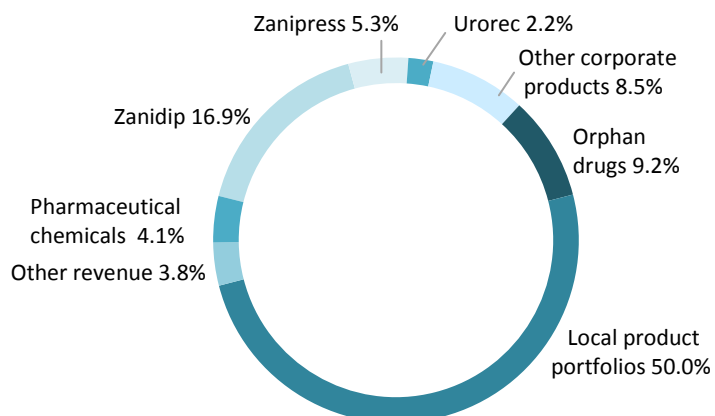
The breakdown of the first nine months 2011 sales is as follows:

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010	%
Italy	168,528	149,991	18,537	12.4
France	96,752	104,966	(8,214)	(7.8)
Germany	49,404	45,736	3,668	8.0
Portugal	25,823	27,990	(2,167)	(7.7)
Spain	23,293	22,157	1,136	5.1
United Kingdom	5,837	7,331	(1,494)	(20.4)
Other Western European countries	14,500	12,345	2,155	17.5
Russia, Turkey, Czech Rep., other C.E.E. countries	61,404	51,361	10,043	19.6
Other international sales	113,043	107,756	5,287	4.9
Total pharmaceutical sales	558,584	529,633	28,951	5.5
Pharmaceutical chemicals sales	22,049	18,996	3,053	16.1
TOTAL SALES	580,633	548,629	32,004	5.8

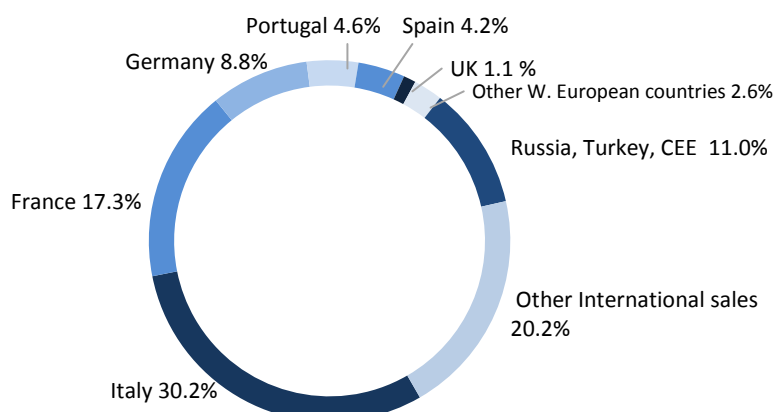
Both years include sales as well as other income.

Pharmaceutical sales are € 558.6 million, up by 5.5%. International pharmaceutical sales grow by 2.7% and those in Italy by 12.4%. Pharmaceutical chemicals sales are € 22.0 million, growing by 16.1%, and now represent 3.8% of total revenues.

Sales by business



Pharmaceutical sales



Zanidip® is a specialty containing lercanidipine, Recordati’s original calcium channel blocker for the treatment of hypertension. Our lercanidipine based products are sold directly to the market by our own marketing organizations in 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 nine months 2011	First nine months 2010	Change 2011/2010	%
Direct sales	54,230	66,405	(12,175)	(18.3)
Sales to licensees	43,815	51,367	(7,552)	(14.7)
Total lercanidipine sales	98,045	117,772	(19,727)	(16.8)

The reduction of direct sales is due mainly to the lower sales in Italy (-17.6%) and in France (-35.3%) 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 3.8% while sales to licensees, which represent 44.7% of total lercanidipine sales, are down by 14.7%.

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, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Israel, Lebanon, Norway, the Netherlands, Portugal, South Africa and Spain. This product is now available also in Italy where it was launched by Recordati and Innova Pharma with the brands Zanipril® and Lercaprel® and by co-marketers sigma tau and Polifarma with the brands Coripren® and Atover® respectively.

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010	%
Direct sales	19,021	14,161	4,860	34.3
Sales to licensees	11,911	8,636	3,275	37.9
Total lercanidipine+enalapril sales	30,932	22,797	8,135	35.7

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 nine months of 2011 which includes the launch in Italy. Currently the product is already available in Belgium, France, Germany, Greece, Ireland, Italy, Lebanon, the Netherlands, Portugal, Romania, Russia and C.I.S., and Spain with sales of € 12.8 million in the first nine months. Further launches are planned during the next months.

The roll-out Livazo® (pitavastatin), a novel statin indicated for the reduction of elevated total and LDL cholesterol, started with the launches in Spain and in Portugal. Sales during the period are € 5.2 million.

In the first nine months 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®), Lopresor® (metoprolol) and Procto-Glyvenol® totaled € 44.2 million, up by 9.1%.

Our specialties indicated for the treatment of rare and orphan diseases, marketed directly throughout Europe, in the Middle East and in the U.S.A., and through partners in other parts of the world, generated sales of € 53.2 million in the first nine months of 2011, an increase of 18.2% due mainly to the strong growth of Carbaglu® (carglumic acid).

Sales of pharmaceuticals in Italy are up by 12.4%, as compared to the same period of the preceding year, driven by the growth of Entact® (escitalopram), indicated for the treatment of depression, of Peptazol® (pantoprazole) for the treatment of ulcers, and of the OTC line, 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. In the second quarter Urorec® (silodosin) and Zanipril®/Lercaprel® (lercanidipine+enalapril) were launched and milestones of € 4.6 million were received under the co-marketing agreements for the latter product.

Pharmaceutical sales in France are down by 7.8% 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 8.0% thanks to the sales growth of Zanipress® (lercanidipine+enalapril) and of Ortoton® (metocarbamol), in addition to sales generated by Urorec® (silodosin), which was launched on the German market in the second quarter 2010, and by Lopresor® (metoprolol). Increasing sales in Germany of our treatment for rare diseases also contributed to growth.

Sales in Portugal by our subsidiaries are down by 7.7% due to the termination of the Duagen® (dutasteride) license and decreasing Zanidip® (lercanidipine) sales. On the other hand, Zanipress® (lercanidipine+enalapril) performed well. Urorec® (silodosin) was launched in Portugal in January and Livazo® (pitavastatin) in the second quarter.

In Spain sales increase by 5.1% thanks to the growth of Zanipress® (lercanidipine+enalapril) and of Cidine® (cinitapride) in addition to sales of Urorec® (silodosin), launched in Spain during September 2010, and of Livazo® (pitavastatin) launched in May of this year. Sales of the products for the treatment of rare diseases are growing significantly in this market.

Sales in the United Kingdom are down by 20.4% 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 17.5%, comprise sales of products for the treatment of rare diseases in a number of countries and sales generated by Recordati Ireland and by Recordati Hellas Pharmaceuticals in their respective local markets. Sales of products for the treatment of rare diseases in these countries is growing significantly.

Revenue generated in Russia and in the other countries within the Commonwealth of Independent States (C.I.S.) is € 27.6 million, up by 39.0% over the same period of the preceding year thanks to the strong growth of all products in the portfolio and to initial sales of fenticonazole and of Urorec®.

Sales in Turkey recorded by Yeni Recordati are € 19.3 million, are down by 4.7% due to an unfavorable currency exchange rate and to a change in the recognition of the contribution due to the national healthcare system which was previously considered a variable selling expense. On a like-for-like basis in Turkish lira sales grow by 19.1% over the same period of the preceding year. Corporate products Lercadip® (lercanidipine) and Gyno-Lomexin® (fenticonazole) are performing well and sales for the period include revenues from 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 € 10.5 million, up by 20.4% compared to the same period of the preceding year driven by the good performance of the local products and by revenues from the launch of Procto-Glyvenol® and Kentera®.

In Romania our subsidiary Recordati România and has initiated sales of corporate products Urorec® (silodosin), Lomexin® (fenticonazole) and Procto-Glyvenol®.

Other international sales grow by 5.6% and comprise the sales to and other revenues from our licensees of our corporate drugs as well as Bouchara Recordati's export sales. The reduction in lercanidipine sales was more than offset by sales of silodosin, lercanidipine+enalapril and pitavastatin to our licensees. Sales of the products for the treatment of rare diseases grow by 83.4%.

FINANCIAL REVIEW

INCOME STATEMENT

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

€ (thousands)	First nine months 2011	% of revenue	First nine months 2010	% of revenue	Change 2011/2010	%
Revenue	580,633	100.0	548,629	100.0	32,004	5.8
Cost of sales	(196,845)	(33.9)	(179,490)	(32.7)	(17,355)	9.7
Gross profit	383,788	66.1	369,139	67.3	14,649	4.0
Selling expenses	(176,624)	(30.4)	(163,913)	(29.9)	(12,711)	7.8
R&D expenses	(43,961)	(7.6)	(46,021)	(8.4)	2,060	(4.5)
G&A expenses	(31,590)	(5.4)	(31,182)	(5.7)	(408)	1.3
Other income (expense), net	(2,709)	(0.5)	(4,169)	(0.8)	1,460	(35.0)
Operating income	128,904	22.2	123,854	22.6	5,050	4.1
Financial income (expense), net	(2,825)	(0.5)	(3,273)	(0.6)	448	(13.7)
Pretax income	126,079	21.7	120,581	22.0	5,498	4.6
Provision for income taxes	(34,037)	(5.9)	(33,555)	(6.1)	(482)	1.4
Net income	92,042	15.9	87,026	15.9	5,016	5.8
Attributable to:						
Equity holders of the parent	92,034	15.9	87,021	15.9	5,013	5.8
Minority interests	8	0.0	5	0.0	3	60.0

Revenue for the period is € 580.6 million, an increase of € 32.0 million compared to the first nine months of 2010. For a detailed analysis please refer to the preceding "Review of Operations".

Gross profit is € 383.8 million with a margin of 66.1% on sales, down compared to that of the first nine months of 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 € 44.0 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 1.3%.

Other expenses net of other income are € 2.7 million and include the pay-back due to AIFA (the Italian medicines agency) in substitution for the 5% price reduction on selected products and costs associated with the acquisition of the Turkish company Frik İlaç.

Net financial charges are € 2.8 million (€ 3.3 million in the same period of 2010), a reduction as compared to the first nine months of 2010 due to currency exchange gains realized.

The effective tax rate during the period is 27.0%, an improvement compared to that in the same period of the preceding year.

Net income at 15.9% of sales is € 92.0 million, an increase of 5.8% over the same period of the preceding year. The growth is higher than that recorded by operating income thanks to lower financial charges and a lower tax rate.

NET FINANCIAL POSITION

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

€ (thousands)	30 September 2011	31 December 2010	Change 2011/2010	%
Cash and short-term financial investments	162,447	161,680	767	0.5
Bank overdrafts and short-term loans	(23,207)	(3,506)	(19,701)	n.s.
Loans – due within one year ⁽¹⁾	(26,662)	(16,265)	(10,397)	63.9
Net liquid assets	112,578	141,909	(29,331)	(20.7)
Loans – due after one year ⁽¹⁾	(141,903)	(95,942)	(45,961)	47.9
Net financial position	(29,325)	45,967	(75,292)	n.s.

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

At 30 September 2011 the net financial position shows a net debt of € 29.3 million compared to a net cash position of € 46.0 million at 31 December 2010. During the period dividends were distributed for a total of € 54.6 million, € 32.0 million were paid to Novartis Consumer Health for the acquisition of the product Procto-Glyvenol® and the Turkish company Frik Ilaç was acquired which involved a cash outlay of \$ 74.5 million and the undertaking of the company's debt for an amount equivalent to € 29.8 million.

RELATED PARTY TRANSACTIONS

Tax liabilities shown in the consolidated balance sheet at 30 September 2011 include those payable to the controlling company Fime S.p.A. for an amount of € 4.2 million. This amount refers to tax liabilities computed by the parent Recordati S.p.A. based on estimated taxable income and transferred to the controlling company consequent to the participation in a tax consolidation grouping under tax laws in Italy.

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

THIRD QUARTER 2011 REVIEW

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

€ (thousands)	Third quarter 2011	% of revenue	Third quarter 2010	% of revenue	Change 2011/2010	%
Revenue	179,614	100.0	172,366	100.0	7,248	4.2
Cost of sales	(63,306)	(35.2)	(58,100)	(33.7)	(5,206)	9.0
Gross profit	116,308	64.8	114,266	66.3	2,042	1.8
Selling expenses	(50,921)	(28.4)	(50,096)	(29.1)	(825)	1.6
R&D expenses	(13,011)	(7.2)	(13,154)	(7.6)	143	(1.1)
G&A expenses	(9,545)	(5.3)	(9,856)	(5.7)	311	(3.2)
Other income (expense), net	(2,089)	(1.2)	(1,136)	(0.7)	(953)	83.9
Operating income	40,742	22.7	40,024	23.2	718	1.8
Financial income (expense), net	(545)	(0.3)	(1,890)	(1.1)	1,345	(71.2)
Pretax income	40,197	22.4	38,134	22.1	2,063	5.4
Provision for income taxes	(10,508)	(5.9)	(10,316)	(6.0)	(192)	1.9
Net income	29,689	16.5	27,818	16.1	1,871	6.7
Attributable to:						
Equity holders of the parent	29,687	16.5	27,815	16.1	1,872	6.7
Minority interests	2	0.0	3	0.0	(1)	(33.3)

Revenue for the period is € 179.6 million, an increase of 4.2% compared to the third quarter 2010. Pharmaceutical sales are € 173.1 million, up 4.1%. Sales of pharmaceutical chemicals are € 6.5 million, growing by 6.2%.

Gross profit is € 116.3 million with a margin of 64.8% on sales, down compared to that of the third 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 € 13.0 million, a reduction as compared to the same period of the preceding year due mainly to lower amortization charges. G&A expenses are down by 3.2%.

Other expenses net of other income are € 2.1 million and include the pay-back due to AIFA (the Italian medicines agency) in substitution for the 5% price reduction on selected products and costs associated with the acquisition of the Turkish company Frik İlaç.

Net financial charges are € 0.5 million (€ 1.9 million in the same period of 2010), an increase over the third quarter of 2010 due to currency exchange gains realized.

The effective tax rate during the period is 26.1%, a reduction compared with that in the same period of the preceding year.

Net income at 16.5% of sales is € 29.7 million, an increase of 6.7% over the same period of the preceding year.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

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

**INTERIM FINANCIAL STATEMENTS OF
RECORDATI S.P.A.
AT 30 SEPTEMBER 2011**

RECORDATI S.p.A.
INCOME STATEMENTS FOR THE PERIODS ENDED
30 SEPTEMBER 2011 AND 30 SEPTEMBER 2010

Income statement

Amounts in euro	Notes	First nine months 2011	First nine months 2010
Revenue	3	206,806,132	183,342,558
Other revenues and income	4	734,657	370,360
Total revenue		207,540,789	183,712,918
Raw materials costs	5	(69,205,374)	(56,108,197)
Personnel costs	6	(48,135,685)	(46,259,189)
Amortization	7	(5,917,023)	(5,809,369)
Other operating expenses	8	(47,223,307)	(43,948,184)
Changes in inventories	9	(50,763)	(1,183,016)
Operating income		37,008,637	30,404,963
Income from investments	10	55,889,000	51,986,200
Financial income (expense)	11	(4,849,768)	(3,363,268)
Pre-tax income		88,047,869	79,027,895
Provision for taxes	12	(12,823,000)	(11,017,000)
Net income		75,224,869	68,010,895
Earnings per share			
Basic		0,377	0,343
Diluted		0,359	0,328

Earnings per share (EPS) are based on average shares outstanding during each year, 199,317,295 in 2011 and 198,022,888 in 2010. The figures are calculated net of average treasury stock held, which amounted to 9,807,861 shares in 2011 and 11,102,268 shares in 2010.

Diluted earnings per share is calculated taking into account stock options granted to employees.

RECORDATI S.p.A.

BALANCE SHEET AT 30 SEPTEMBER 2011 AND AT 31 DECEMBER 2010

Assets

Amounts in euro	Notes	30 September 2011	31 December 2010
Non-current assets			
Property plant and equipment	13	35,510,670	35,167,080
Intangible assets	14	17,962,478	19,260,639
Investments	15	417,054,241	327,097,398
Other non-current assets	16	3,642,259	56,601
Deferred tax assets	17	5,203,028	7,003,028
Total non-current assets		479,372,676	388,584,746
Current assets			
Inventories	18	41,971,863	42,022,627
Trade receivables	19	50,398,383	51,593,215
Other receivables	20	7,547,029	9,294,996
Other current assets	21	893,196	797,394
Fair value of hedging derivatives (fair value hedges)	25	1,671,817	1,163,910
Other short term receivables	22	34,177,868	15,616,057
Short-term financial investments, cash and cash equivalents	23	132,283,460	104,689,667
Total current assets		268,943,616	225,177,866
Total assets		748,316,292	613,762,612

RECORDATI S.p.A.

BALANCE SHEET AT 30 SEPTEMBER 2011 AND AT 31 DECEMBER 2010

Equity and Liabilities

Amounts in euro	Notes	30 September 2011	31 December 2010
Shareholders' equity			
Share capital	24	26,140,645	26,140,645
Additional paid-in capital	24	83,718,523	83,718,523
Treasury stock	24	(50,510,725)	(52,578,857)
Statutory reserve	24	5,228,129	5,228,129
Other reserves	24	202,264,634	188,147,894
Revaluation reserve	24	2,602,229	2,602,229
Net income for the year	24	75,224,869	67,892,227
Total Shareholders' Equity		344,668,304	321,150,790
Non current liabilities			
Loans – due after one year	25	138,914,345	96,707,708
Staff leaving indemnities	26	11,149,200	11,657,825
Deferred tax liabilities	27	1,961,030	1,935,030
Total non current liabilities		152,024,575	110,300,563
Current liabilities			
Trade payables	28	37,458,484	35,440,493
Other payables	29	13,444,858	22,839,292
Tax liabilities	30	6,654,120	1,917,669
Other current liabilities	31	68,264	81,500
Provisions	32	6,499,238	7,405,482
Fair value of hedging derivatives (<i>cash flow hedges</i>)	33	4,598,649	4,298,846
Loans – due within one year	34	18,676,976	15,469,459
Bank overdrafts and short term loans	35	2,883,946	438,350
Other short term payables	36	161,338,878	94,420,168
Total current liabilities		251,623,413	182,311,259
Total equity and liabilities		748,316,292	613,762,612

RECORDATI S.p.A.
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 SEPTEMBER 2011 AND 30 SEPTEMBER 2010

€ (thousands)	First nine months 2011	First nine months 2010
Net income	75,225	68,011
Gains/(losses) on cash flow hedges	(299)	(1,695)
Other changes in equity	0	0
Income and expense for the period recognized directly in equity	(299)	(1,695)
Total income and expense for the period	74,926	66,316

RECORDATI S.p.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ (thousands)	Share capital	Addi- tional paid-in capital	Treasury stock	Statutory reserve	Other reserves	Fair value hedging instrum- ents	IAS compl- iance reserve	Revaluat- ion reserves	Net (loss)/ income for the period	Total
Balance at 31 December 2009	26,141	83,718	(59,103)	5,220	81,725	(4,040)	88,499	2,602	76,068	300,830
Allocation of 2009 net income as per shareholders' resolution of 13.4.2010:										
to reserves				8	21,705				(21,713)	0
dividends to shareholders									(54,355)	(54,355)
Disposal of own shares			3,973		(839)					3,134
Comprehensive income for the period						(1,695)			68,011	66,316
Stock option							660			660
Balance at 30 September 2010	26,141	83,718	(55,130)	5,228	102,591	(5,735)	85,159	2,602	68,011	316,585
Balance at 31 December 2010	26,141	83,718	(52,579)	5,228	103,137	(4,299)	89,310	2,602	67,892	321,150
Allocation of 2010 net income as per shareholders' resolution of 13.4.2011:										
to reserves					13,279				(13,279)	0
dividends to shareholders									(54,613)	(54,613)
Purchase of own shares			(13,127)							(13,127)
Disposal of own shares			15,195		241					15,436
Comprehensive income for the period						(299)			75,225	74,926
Stock options							896			896
Balance at 30 September 2011	26,141	83,718	(50,511)	5,228	116,657	(4,598)	90,206	2,602	75,225	344,668

RECORDATI S.p.A.
CASH FLOW STATEMENTS FOR THE PERIODS ENDED 30 SEPTEMBER 2011 AND 30 SEPTEMBER 2010

€ (thousands)	First nine months 2011	First nine months 2010
Operating activities		
Cash flow		
Net income for the period	75,225	68,011
Depreciation of property, plant and equipment	4,228	4,162
Amortization of intangible assets	1,689	1,647
Total cash flow	81,142	73,820
(Increase)/decrease in assets net of deferred tax liabilities	1,826	1,247
Increase/(decrease) in staff leaving indemnities and similar	(509)	(750)
Increase/(decrease) in other provisions	(906)	(2,988)
Increase/(decrease) in other non-current liabilities	0	(1,000)
	81,553	70,329
Changes in working capital		
Trade receivables	1,195	(4,004)
Other receivables and other current assets	1,805	(4,321)
Inventories	51	1,183
Trade payables	2,018	(994)
Other payables and other current liabilities	(9,407)	(446)
Tax liabilities	4,737	2,235
Changes in working capital	399	(6,347)
Net cash from operating activities	81,952	63,982
Investing activities		
Net (investments)/disposals in property, plant and equipment	(4,572)	(4,613)
Net (investments)/disposals in intangible assets	(391)	(3,209)
Net (increase)/decrease in equity investments	(89,957)	0
Net (increase)/decrease in other non-current assets	(3,586)	0
Net cash used in investing activities	(98,506)	(7,822)
Financing activities		
Loans – due after one year	44,754	0
Issue of share capital	0	0
Additional paid-in capital increase	0	0
Dividends paid	(54,613)	(54,355)
(Purchase)/sale of own shares	2,309	3,134
Effect on shareholders' equity of application of IAS/IFRS	896	660
Re-payment of loans	0	(1,050)
Net cash from/(used in) financing activities	(6,654)	(51,611)
Changes in short-term financial position	(23,208)	4,549
Short-term financial position at beginning of year *	25,447	(13,844)
Short-term financial position at end of period *	2,239	(9,295)

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

RECORDATI S.p.A.

notes to the interim financial statements for the period ended 30 September 2011

1. GENERAL

These separate interim financial statements at 30 September 2011 comprise the income statement, the balance sheet, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and these notes to the interim financial statements. The presentation adopted by the Company for the income statement in these interim financial statements classifies revenues and expenses by nature. The distinction between the principle of current and non-current was adopted for the presentation of assets and liabilities in the balance sheet.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements at 30 September 2011 have been prepared in shortened form, in compliance with IAS 34 "Interim financial reporting". The interim financial statements do not therefore include all the information required of annual financial statements and must be read together with the annual report for the full year ended 31 December 2010, prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and endorsed by the EU in accordance with Regulation No. 1606/2002.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgement, deviate from the actual circumstances, they will be modified in accordance with the changes in the circumstances.

These measurement activities, and especially the more complex calculations such as those required to identify impairment loss, are carried out in depth only for the preparation of the year-end consolidated financial statements, except when there is an indication that an asset has suffered an impairment loss which would require an immediate estimate of the loss.

3. REVENUE

In the first nine months of 2011 this amounted to € 206,806 thousand (€ 183,343 thousand in the same period of 2010) and was composed as follows:

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010
Net sales	196,419	179,193	17,226
Royalties and up-front payments	5,544	308	5,236
Revenue from services	4,843	3,842	1,001
Total revenue	206,806	183,343	23,463

4. OTHER REVENUES AND INCOME

Other revenue in the first nine months of 2011 amounted to € 735 thousand to 30 September 2011, compared to € 370 thousand in the first nine months of 2010. It includes charging employees for the use of hired cars, other indemnities, non recurring income, exceptional receivables and gains on the sale of non current assets.

Research grants of € 357 thousand were received during the period.

5. RAW MATERIALS COSTS

These are composed as follows:

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010
Raw materials and goods for resale	59,643	47,361	12,282
Packaging materials	5,407	4,704	703
Others and consumables	4,155	4,043	112
Total	69,205	56,108	13,097

6. PERSONNEL COSTS

personnel costs were composed as follows:

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010
Wages and salaries	33,409	32,454	955
Social security expenses	11,025	10,512	513
Salary resulting from stock option plans	896	660	236
Other costs	2,806	2,633	173
Total personnel costs	48,136	46,259	1,877

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

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

7. AMORTIZATION AND DEPRECIATION

These are composed as follows:

Amortization of intangible assets

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010
Patent rights and marketing authorisations	326	813	(487)
Distribution, license, trademark and similar rights	1,362	833	529
Other	1	1	0
Total	1,689	1,647	42

Depreciation of property, plant and equipment

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010
Industrial buildings	842	793	49
Light constructions	12	22	(10)
General plant	392	410	(18)
Accelerated depreciation machinery	1,059	1,155	(96)
Normal depreciation machinery	1,321	1,267	54
Miscellaneous laboratory equipment	285	228	57
Office furnishings and machines	90	67	23
Electronic equipment	199	183	16
Motor vehicles	12	19	(7)
Vehicles for internal transport	16	18	(2)
Total	4,228	4,162	66

8. OTHER OPERATING EXPENSES

Other operating expenses were composed as follows:

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010
Services	40,125	36,707	3,418
Lease expenses	2,003	1,992	11
Provisions	0	600	(600)
Sundry expenses	5,095	4,649	446
Total	47,223	43,948	3,275

Other operating expenses include the following:

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

9. CHANGES IN INVENTORIES

Details of changes in inventories are as follows:

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010
Raw materials	1,464	(721)	2,185
Supplies	354	(742)	1,096
Intermediates and work-in-process	(99)	586	(685)
Finished goods	(1,770)	(306)	(1,464)
Total	(51)	(1,183)	1,132

10. INCOME FROM INVESTMENTS

Income from investments amounted to € 55,889 thousand (€ 51,986 thousand in the first nine months of 2010) and related to subsidiaries.

This income consisted of dividends declared and received from Bouchara Recordati S.a.s. (€ 24,985 thousand), from Innova Pharma S.p.A. (€ 5,904 thousand) and from Recordati S.A. Chemical & Pharmaceutical Company (€ 25,000 thousand).

11. FINANCIAL INCOME (EXPENSE)

Net financial income/(expense) showed a net expense of € 4,850 thousand for the first nine months of 2011 (€ 3,363 thousand in the same period of 2010). The main items are summarised in the table below.

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010
Foreign exchange gains (losses)	(968)	115	(1,083)
Revaluations of personnel leaving indemnity advances	1	1	0
Interest income from subsidiaries	328	324	4
Interest expense payable to subsidiaries	(4,170)	(3,525)	(645)
Interest expense on loans	(1,079)	(16)	(1,063)
Net interest on short-term financial positions	1,580	470	1,110
Bank charges	(203)	(334)	131
Interest cost in respect of defined benefit plans (IAS 19) (leaving indemnities)	(339)	(398)	59
Change in fair value of hedging derivatives	660	(5,044)	5,704
Change in fair value of hedged items	(660)	5,044	(5,704)
Total	(4,850)	(3,363)	(1,487)

A cash pooling treasury system has been in operation at the Parent Company since 2007. This system which previously involved the companies Recordati España S.L., Bouchara Recordati Sas, Laboratoires Bouchara Recordati Sas, Jaba Recordati S.A. and Merckle Recordati GmbH was extended in 2010 to include the other principal companies in the Group.

Interest income and expense is recorded monthly calculated on the daily net balance at market rates. Interest expense in respect of defined benefit plans (leaving indemnities) relates to the interest costs component of the adjustment to the relative provision in compliance with IAS 19.

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

12. TAXES

Taxes recognized in the income statement are composed as follows:

€ (thousands)	First nine months 2011	First nine months 2010	Change 2011/2010
Current taxation:			
IRES (corporate income tax)	8,416	7,449	967
IRAP (regional tax on production)	2,581	2,321	260
Total current taxation	10,997	9,770	1,227
Deferred taxation:			
Provision for deferred tax assets	(154)	(715)	561
Use of prior year (prepaid)/deferred tax provisions	1,980	1,962	18
Total deferred tax liabilities	1,826	1,247	579
Total	12,823	11,017	1,806

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

13. PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment net of accumulated depreciation at 30 September 2011 and at 31 December 2010 amounted to € 35,511 thousand and € 35,167 thousand respectively. Changes in this item are given below.

€ (thousands)	Land & buildings	Plant & machinery	Other fixtures	Construction in progress	Total property, plant and equipment
Cost of acquisition					
Balance at 31.12.10	34,965	129,249	28,259	3,866	196,339
Additions	40	668	504	3,362	4,574
Disposals	0	0	(80)	0	(80)
Reclassifications	280	1,843	735	(2,858)	0
Balance at 30.09.11	35,285	131,760	29,418	4,370	200,833
Accumulated depreciation					
Balance at 31.12.10	22,100	113,937	25,135	0	161,172
Depreciation for the year	854	2,773	601	0	4,228
Disposals	0	0	(78)	0	(78)
Reclassifications	0	0	0	0	0
Balance at 30.09.11	22,954	116,710	25,658	0	165,322
Carrying amount					
At 30 September 2011	12,331	15,050	3,760	4,370	35,511
at 31 December 2010	12,865	15,312	3,124	3,866	35,167

Depreciation for the period amounted to € 4,228 thousand and was calculated on all depreciable assets using rates which are held to be representative of the estimated useful life of the assets.

14. INTANGIBLE ASSETS

Intangible assets net of accumulated amortization at 30 September 2011 and at 31 December 2010 amounted to € 17,962 thousand and € 19,261 thousand respectively. Changes in this item are given below.

€ (thousands)	Patent rights and marketing authorisations	Distribution, license, trademark and similar rights	Other	Assets under construction and advances	Total intangible assets
Cost of acquisition					
Balance at 31.12.10	30,575	12,828	13,244	7,689	64,336
Additions	0	39	0	352	391
Disposals	0	0	0	0	0
Reclassifications	0	7,655	0	(7,655)	0
Balance at 30.09.11	30,575	20,522	13,244	386	64,727
Accumulated amortization					
Balance at 31.12.10	24,373	7,461	13,241	0	45,075
Amortization	326	1,362	2	0	1,690
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Balance at 30.09.11	24,699	8,823	13,243	0	46,765
Carrying amount					
at 30 September 2011	5,876	11,699	1	386	17,962
at 31 December 2010	6,202	5,367	3	7,689	19,261

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

15. INVESTMENTS

Investments amounted to € 417,054 thousand at 30 September 2011 (€ 327,097 at 31 December 2010), an increase as shown in the table in Attachment 1. The percentage of ownership and the number of shares or quotas possessed are reported in Attachment 2.

The changes that occurred are as follows:

- increase in the interest held in the share capital of Recordati España by means of a share issue by that company approved for the acquisition of the Turkish company Dr. Frik Ilaç;
- formation of the company Recordati Polska in which Recordati SpA holds 100% of the share capital;

- sale of the stake in Orphan Europe Holding S.A. to Recordati Orphan Drugs s.a.s. as part of the operation to merge the former company into the latter.

16. OTHER NON CURRENT ASSETS

Receivables included in non-current assets at 30 September 2011 amounted to € 3,642 thousand, (€ 57 thousand at 31 December 2010). The increases consisted of a fifteen year loan granted to the subsidiary Dr. F. Frik Ilaç – Istanbul amounting to 9 million Turkish lira.

17. DEFERRED TAX ASSETS

These amounted to € 5,203 thousand at 30 September 2011 (€ 7,003 thousand at 31 December 2010), an increase of € 1,800 thousand.

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

18. INVENTORIES

Inventories at 30 September 2011 and at 31 December 2010 totalled € 41,972 thousand and € 42,023 thousand respectively, as shown in the following table:

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Raw materials, ancillary materials, consumables and supplies	10,556	8,738	1,818
Intermediates and work-in-process	12,521	12,620	(99)
Finished goods	18,895	20,665	(1,770)
Total	41,972	42,023	(51)

19. TRADE RECEIVABLES

Trade receivables at 30 September 2011 and at 31 December 2010 amounted to € 50,398 thousand and € 51,593 thousand respectively, as detailed below:

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Trade receivables from subsidiaries	24,016	25,505	(1,489)
Trade receivables from others:			
Italy	23,942	22,633	1,309
Abroad	4,042	5,075	(1,033)
	52,000	53,213	(1,213)
Less:			
Allowance for doubtful accounts	(1,518)	(1,536)	18
Allowance for interest on arrears on doubtful accounts	(84)	(84)	0
Total trade receivables	50,398	51,593	(1,195)

20. OTHER RECEIVABLES

Other receivables at 30 September 2011 amounted to € 7,547 thousand (€ 9,295 thousand at 31 December 2010). The composition is given in the table below.

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Tax income	871	4,578	(3,707)
From parent companies	12	1	11
From subsidiaries	2,617	866	1,751
Balances due from employees and agents	1,678	993	685
Other	2,369	2,857	(488)
Total other receivables	7,547	9,295	(1,748)

Receivables from the parent company Fimei S.p.A. for IRES at 31 December 2010 relate to the balance on taxes for the year, transferred by Recordati S.p.A. to its controlling company as a consequence of opting for tax consolidation in accordance with articles 117 to 128 of Presidential Decree 917/1986 as amended by Legislative Decree 344/2003. IRES tax income arose because advance taxes paid were greater than the provisions set aside for the year.

21. OTHER CURRENT ASSETS

Other current assets amounted to € 893 thousand (€ 797 thousand at 31 December 2010) and related mainly to prepaid expenses. They consisted of balances in favour of the company on insurance policies, advance payments for periodic market research services and advance membership fees to trade associations.

22. OTHER SHORT TERM RECEIVABLES

Other short term receivables amounted to € 34,177 thousand (€ 15,616 thousand at 31 December

2010) and all consisted of amounts due from subsidiaries.

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

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

Cash and cash equivalents amounted to € 132,283 thousand at 30 September 2011 (€ 104,690 thousand at 31 December 2010) and consisted of current accounts and short term bank deposits amounting to € 90 million.

The increase in cash and cash equivalents includes € 45 million due to the first disbursement of a loan from Centrobanca (see Note 25).

Adequate funding was maintained in order to support the growth strategies of the Group.

24. SHAREHOLDERS' EQUITY

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

Share capital - The share capital at 30 September 2011, amounting to € 26,140,644.50 is fully paid up and consists of 209,125,156 ordinary shares with a par value of € 0,125 each. It remained unchanged over the first nine months of 2011.

At 30 September 2011 the company had two stock option plans in place in favour 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 exercise price of the options is the average of the parent company's listed share price during the 30 days prior to the grant date. Options granted under the 2006-2009 plan are vested over a period of four years and options not exercised within the fifth year of the date of grant expire. Stock options granted under the 2010-2013 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. Details of stock options outstanding at 31 December 2010 are given in the table below.

	Strike price (€)	Options outstanding at 1.1.2011	Options granted during 2011	Options exercised during 2011	Options cancelled or expired	Options outstanding at 30.09.2011
Grant date						
6 April 2006	6,4975	1,365,000	-	(1,350,000)	-	15,000
29 October 2008	4,0730	2,783,750	-	(735,000)	(40,000)	2,008,750
11 February 2009	3,8940	155,000	-	(30,000)	(15,000)	110,000
27 October 2009	4,8700	3,915,000	-	(728,750)	(105,000)	3,081,250
9 February 2011	6,7505	-	4,330,000	-	-	4,330,000
Total		8,218,750	4,330,000	(2,843,750)	(160,000)	9,545,000

Additional paid in capital

Additional paid-in capital at 30 September 2011 amounted to € 83,718,523, unchanged compared to 31 December 2010.

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

Treasury stock

Treasury stock at 30 September 2011 amounted to € 50,511 thousand, consisting of 9,345,921 own shares held.

The change during the period was € 2,068 thousand the result of:

- the disposal of 2,843,750 shares with a value of € 15,195 thousand for use in the 2006-2009 stock option plan;
- the purchase of 1,983,566 own shares for a total price of € 13,127 thousand.

Statutory reserve

This amounted to € 5,228 thousand and remained unchanged compared to the previous year.

Other reserves

Other reserves totalled € 202,265 thousand. Details are as follows:

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Extraordinary reserve	95,218	81,698	13,520
Reserve under Art. 13 Par. 6 of Legislative Decree 124/1993	99	99	0
Extraordinary VAT concession reserve	517	517	0
Research and investment grants	17,191	17,191	0
Non-distributable reserve for investments in southern Italy	3,632	3,632	0
International accounting standards reserve	90,206	89,310	896
Total	206,863	192,447	14,416
Fair value derivative instruments	(4,598)	(4,299)	(299)
Total other reserves	202,265	188,148	14,117

Extraordinary reserve

At 30 September 2011 and at 31 December 2010 this reserve amounted to € 95,218 thousand and € 81,698 thousand respectively. The increase is the result of the allocation of part of 2010 profit amounting to € 13,279 thousand. Following the assignment of treasury stock to Group employees who exercised options under stock option plans, a difference arose between the amount paid to employees and the carrying amount of that treasury stock. That difference of € 241 thousand was recognised as an increase in the extraordinary reserve in compliance with international accounting standards.

Reserve under Art. 13, paragraph 6 of Legislative Decree 124/93

At 30 September 2011 this amounted to € 99 thousand, unchanged compared to 31 December 2010.

Extraordinary VAT concession reserve

This reserve (Laws 675/1977, 526/1982, 130/1983 and 64/1986), amounting to € 517 thousand, relates to special VAT allowances on investments and is unchanged compared to 31 December 2010.

Research and investment grants

These amounted to € 17,191 thousand, unchanged compared to 31 December 2010.

The grants are subject to taxation if they are used for purposes other than to cover losses, which is not planned by the Company. The assets corresponding to the grants received from the Ministry of Industry and Commerce (formerly Asmez) have been mainly fully depreciated.

Non-distributable reserve for investments in southern Italy

This amounted to € 3,632 thousand, unchanged compared to the previous year.

International accounting standards reserve

This amounted to € 90,207 thousand (€ 89,310 thousand at 31 December 2010) and is composed as follows:

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Reversal of fixed asset revaluations	40,477	40,477	0
Revaluation of investments	43,054	43,054	0
Inventories	463	463	0
Personnel leaving indemnities	1,136	1,136	0
Stock options	5,076	4,180	896
Total	90,206	89,310	896

With regard to changes that occurred in the items in 2011 we report the following:

- the amount of € 5,076 thousand relates to the personnel expense for stock options issued and granted after 7 November 2002 and not yet exercised, valued in accordance with IFRS 2.

Revaluation reserve

This amounted to € 2,602 thousand (unchanged compared to 31 December 2010) and consisted of revaluation balances within the meaning of Law 413/1991.

25. LOANS

The composition of medium and long term loans at 30 September 2011 and at 31 December 2010 is shown below.

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Loan granted by the Ministry of Industry and Commerce repayable in annual instalments through 2013, at an annual interest rate of 3.30% during the amortization period (2004-2013) and at 0,825% before that.	404	404	0
Research loans granted by Centrobanca, at gross annual interest rates of 2,4665% and 2,8610% repayable in semi-annual instalments through 2022.	75,000	30,000	45,000
Loan received from Recordati S.A. (Luxembourg) granted on the basis of a long term debt issue concluded by that subsidiary with institutional investors	80,609	80,609	0
Total amortized cost of loans	156,013	111,013	45,000
Portion due within one year	(18,539)	(15,130)	(3,409)
Portion due after one year	137,474	95,883	41,591
Change in the fair value of loans	1,686	825	861
Expenses relating to Centrobanca loans	(246)	0	(246)
Total	138,914	96,708	42,206

On 30 November 2010, the Company signed a loan contract with Centrobanca, for a three year programme of investments in Research & Development. The loan, which Centrobanca funded through a loan from the European Investment Bank, amounted to € 75.0 million of which € 30.0 million, net of expenses of € 0.3 million, was disbursed in 2010 and € 45.0 million in the first quarter of 2011. The main terms and conditions were, a variable interest rate and a duration of 12 years with repayment in semi-annual instalments of the principal from June 2012 and through December 2022. The loan contract contains financial covenants which, if not complied with, may result in the immediate call of the loan. The financial covenants are as follows:

- the ratio of consolidated net debt to consolidated shareholders' equity must be less than 0.75;
- the ratio of consolidated net debt to 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.

Those conditions were amply fulfilled.

The loan received from Recordati S.A. (Luxembourg) is composed as follows:

Currency	Value in euro	Fixed rate	Year due
€ 15,000,000	15,000,000.00	4,725	2011
€ 26,000,000	26,000,000.00	5,705	2014
\$ 40,000,000	32,310,177.75	5,225	2014
GBP 5,000,000	7,299,270.07	6,295	2014

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

The series of guaranteed senior notes, issued by Recordati S.A. (Luxembourg) at the end of 2004, comprises tranches in various currencies at fixed interest rates. The tranches denominated in currencies other than the euro have been 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 above mentioned conditions. The measurement at fair value of the swaps at 30 September 2011 generated an asset of € 1.8 million, an amount equivalent to the decrease in the fair value of the underlying debt. This amount is recognized in the balance sheet as a variation of debt and under current assets as 'Fair value of hedging derivatives (fair value hedge)'.

A further interest rate swap contract was entered into at the same time, qualifying as a cash flow hedge, to fix a range within which the interest rate can fluctuate in order to optimize the cost of financing for the life of the debt. At 30 September 2011 the lower and upper limits of the range were 3.84% and 4.85% respectively. The € 4.6 million fair value of the cash flow hedge is recognized directly in equity and stated as a current liability (see Note 33).

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

26. STAFF LEAVING INDEMNITIES

These amounted to € 11,149 thousand at 30 September 2011 (€ 11,658 thousand at 31 December 2010), a decrease of € 509 thousand.

27. DEFERRED TAX LIABILITIES

Deferred tax liabilities amounted to € 1,961 thousand (€ 1,935 thousand at 31 December 2010) an increase of € 26 thousand.

28. TRADE PAYABLES

Trade accounts payable, which are entirely of a business nature and include end of year provisions for invoices to be received, amounted at 30 September 2011 and at 31 December 2010 to € 37,459 thousand and € 35,441 thousand respectively.

Balances at 30 September 2011 were as follows:

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Suppliers, subsidiaries	1,883	815	1,068
Suppliers, others	35,576	34,626	950
Total trade payables	37,459	35,441	2,018

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

29. OTHER PAYABLES

Other accounts payable amounted to € 13,445 thousand at 30 September 2011 (€ 22,839 thousand at 31 December 2010). They were composed as follows:

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Subsidiaries	603	7,250	(6,647)
Employees	6,565	6,525	40
Social security	3,608	5,182	(1,574)
Commissions to agents	516	851	(335)
Other	2,153	3,031	(878)
Total other payables	13,445	22,839	(9,394)

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

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

Other payables include directors' remuneration accruing at 30 September and those for the debt to Regions pursuant to Law 122 of 30 July 2010.

30. TAX LIABILITIES

Tax liabilities amounted to € 6,654 thousand (€ 1,918 thousand at 31 December 2010).

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Payables to Fimeì S.p.A. for IRES (corporate income tax)	4,240	0	4,240
Liabilities for current taxation	1,449	157	1,292
Liabilities for employee withholding taxes	915	1,711	(796)
Liabilities for self-employed withholding taxes	48	49	(1)
Other tax liabilities	2	1	1
Total tax liabilities	6,654	1,918	4,736

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

31. OTHER CURRENT LIABILITIES

Other current liabilities amounted to € 68 thousand (€ 81 thousand at 31 December 2010) and consist of liabilities for grants for investment received between 1998 and 2003 and carried over into subsequent years in relation to the residual useful life of the assets to which they relate.

32. PROVISIONS

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

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Tax	2,948	1,994	954
Other risks	3,551	5,411	(1,860)
Total provisions	6,499	7,405	(906)

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

The interest rate swaps to hedge the cash flows related to medium and long-term loans measured at fair value at 30 September 2010 gave rise to a € 4,599 thousand liability which represents the unrealized benefit of paying the current expected future rates instead of the rates agreed for the duration of the loans.

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

34. LOANS – DUE WITHIN ONE YEAR

The portions of medium and long-term loans due within one year at 30 September 2011 and at 31 December 2010 were composed as follows.

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Loan granted by the Ministry of Industry and Commerce repayable in annual instalments through 2013, at an annual interest rate of 3.30% during the amortization period (2004-2013) and at 0.825% before that.	130	130	0
Research loans granted by Centrobanca, at gross annual interest rates of 2.4665% and 2.8610% repayable in semi-annual instalments through 2022.	3,409	0	3,409
Loan received from Recordati S.A. (Luxembourg) granted on the basis of a long term debt issue concluded by that subsidiary with institutional investors.	15,000	15,000	0
Portion due within one year	18,539	15,130	3,409
Change in the fair value of loans	138	339	(201)
Total	18,677	15,469	3,208

35. BANK OVERDRAFTS AND SHORT TERM LOANS

Bank overdrafts and short term borrowings at 30 September 2011 and at 31 December 2010 amounted to € 2,884 thousand and € 438 thousand respectively.

€ (thousands)	30.09.2011	31.12.2010	Change 2011/2010
Current account overdrafts	2,361	408	1,953
Interest on long term loans	523	30	493
Total	2,884	438	2,446

36. OTHER SHORT TERM PAYABLES

The balance on other short term payables consisted entirely of amounts due to subsidiaries and amounted to € 161,339 thousand (€ 94,420 thousand at 31 December 2010).

Loans were granted during the first few months of 2011 from Group companies amounting to € 53,658 thousand.

Payables to all other subsidiaries relate to the centralized cash pooling treasury system and amounted to € 102,114 thousand.

37. LITIGATION AND CONTINGENT LIABILITIES

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

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

38. SUBSEQUENT EVENTS

The Directors' Operating Review may be consulted for events subsequent to 30 September 2011.

RECORDATI S.p.A.
STATEMENT OF CHANGES IN INVESTMENTS

Attachment 1

€ (thousands)	Balance at 31 Dec. 2010	Sales Share capital redemptions	Acquisitions subscriptions	Write-downs (-) Write-backs (+)	Balance at 30 Sep. 2011
Investments in subsidiaries					
Recordati S.A. – Luxembourg	177,586	-	-	-	177,586
Recordati España S.L. – Spain	90,537	-	90,000	-	180,537
Recofarma S.r.l. – Milan	1,852	-	-	-	1,852
Innova Pharma S.p.A. – Milan	1,733	-	-	-	1,733
Recordati Portuguesa LDA – Portugal	78	-	-	-	78
Bouchara – Recordati S.a.s. – France	54,249	-	-	-	54,249
Recordati Pharmaceuticals Ltd. – United Kingdom	752	-	-	-	752
Recordati Hellas Pharmaceuticals – Greece	95	-	-	-	95
Orphan Europe Holding Sarl – France	48	(48)	-	-	0
Recordati Polska – Poland	0	-	5	-	5
	326,930	(48)	90,005	0	416,887
Investments in other companies:					
Tecnofarmaci S.p.A. – Pomezia (Rome)	87	-	-	-	87
SPA Ricerche ed Education S.r.l. – Milan	0	-	-	-	0
Sifir S.p.A. – Reggio Emilia	0	-	-	-	0
Concorzio Dafne – Reggello (FI)	2	-	-	-	2
Consorzio Nazionale Imballaggi – Rome	0	-	-	-	0
Consorzio C4T – Pomezia (Rome)	78	-	-	-	78
	167	0	0	0	167
TOTAL	327,097	(48)	90,005	0	417,054

RECORDATI S.p.A.
SUMMARY STATEMENT OF INVESTMENTS

Attachment 2

€ (thousands)	Balance at 30 Sept. 2011	Percentage ownership	Number of shares or quotas possessed
Investments in subsidiaries			
Recordati S.A. – Luxembourg	177,586	100.00	
Recordati España S.L. – Spain	180,537	68.45	1,635,660
Recofarma S.r.l. – Milan	1,852	100.00	1
Innova Pharma S.p.A. – Milan	1,733	100.00	960,000
Bouchara – Recordati S.a.s. – France	54,249	99.94	9,994
Recordati Portuguesa LDA – Portugal	78	98.00	1
Recordati Pharmaceuticals Ltd. – United Kingdom	752	3.33	500,000
Recordati Hellas Pharmaceuticals – Greece	95	1.58	9,500
Recordati Polska – Poland	5	100.00	1
	416.887		
Investments in other companies:			
Tecnofarmaci S.p.A. – Pomezia (Rome)	87	4.18	79,500
Sifir S.p.A. – Reggio Emilia	0	0.04	1,304
Concorzio Dafne – Reggello (FI)	2	1.44	1
Consorzio C4T – Pomezia (Rome)	78	0.23	1,300
Consorzio Nazionale Imballaggi – Rome	0	n.s.	1
	167		
TOTAL	417.054		

DETAILS OF ITEMS IN SHAREHOLDERS' EQUITY

€ (thousands)	Amount	Possible utilization	Amount available	Amount distributable without tax effects	Amount distributable with tax effects	Notes
Share capital	26,141					
Additional paid-in capital reserve	83,718	A B C	83,718	15,074	68,644	1
Revaluation reserve	2,602	A B C	2,602	0	2,602	
Statutory reserve	5,228	B				
By-law reserves	0					
Treasury stock reserve	(50,511)					
Other reserves						
Extraordinary reserve	95,218	A B C	95,218	95,218	0	
Reserve under Art. 13 Par. 6 of Legislative Decree 124/1993	99	A B C	99	0	99	
Research and investment grants	17,191	A B C	17,191	0	15,964	2
Extraordinary VAT concession reserve	517	A B C	517	0	517	
Southern Italy investment fund	3,632					
IAS reserve	85,608	A B C	85,608	85,608	0	
Profit (loss) for the period	75,225	A B C	75,225	75,225	0	
TOTAL SHAREHOLDERS' EQUITY	344,668		360,178	271,125	87,826	

Legend:

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

Notes:

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

DECLARATION OF THE MANAGER APPOINTED TO PREPARE CORPORATE ACCOUNTING DOCUMENTS

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

Milan, 14 November 2011

Fritz Squindo
*Manager appointed to prepare
the corporate accounting documents*