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Interim Report

First Nine Months 2002

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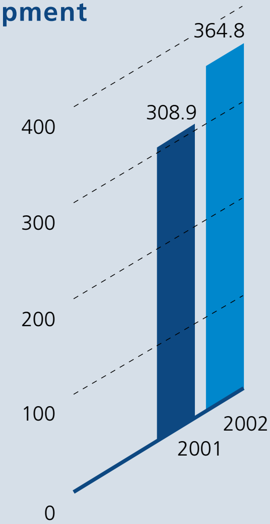
RECORDATI

Sales Development
(millions of €)

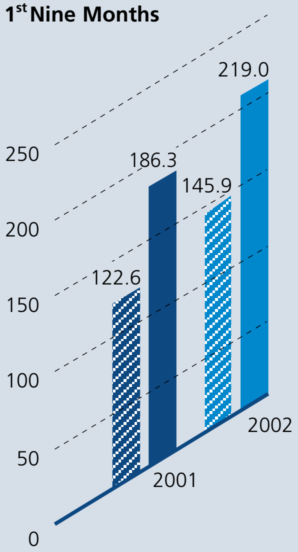
1st Nine Months



Composition of Sales
(millions of €)

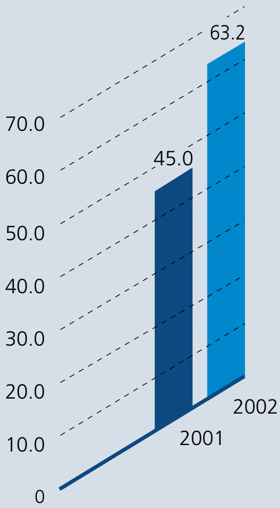
Italy
International

1st Nine Months



Ebit
(millions of €)

1st Nine Months



Highlights
First nine months 2002

- LERCANIDIPINE SALES GROW BY 54.4%
  AN APPROVABLE LETTER RECEIVED
  FROM THE FDA
- PHARMACEUTICAL SALES IN ITALY
  GROW BY 20.4%
- SIGNIFICANT INCREASE IN MARGINS

Key Consolidated Data

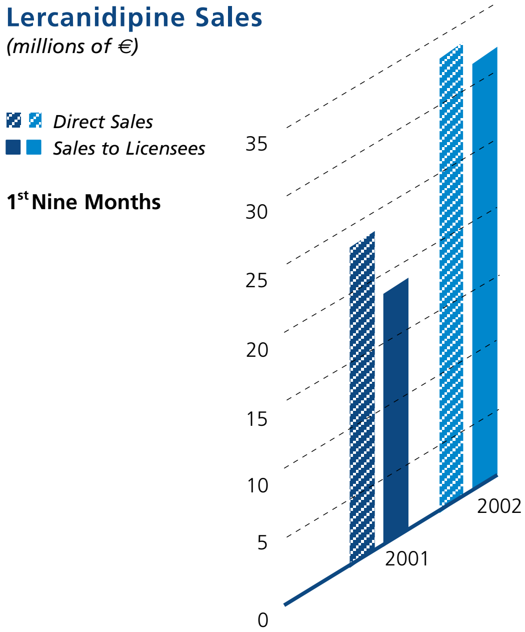
(thousands of €)	1st Nine Months 2002	% of Sales	1st Nine Months 2001	% of Sales	Change	Change %
Net Sales	364,809	100.0	308,854	100.0	55,955	18.1
EBITDA	87,916	24.1	69,975	22.7	17,941	25.6
Operating Income (EBIT)	63,183	17.3	45,011	14.6	18,172	40.4
Net Income	35,815	9.8	23,579	7.6	12,236	51.9
Shareholders' Equity	228,689		198,829		29,860	15.0

International sales of lercanidipine the main driver

Consolidated net sales at € 364.8 million were up by 18.1% over the same period of last year (€ 308.9 million). The increase is to be attributed to both higher product sales (+13.8%) and a consolidation effect (+4.3%). Third quarter sales grew by 16.4% to € 110.8 million and are now on a like for like basis.

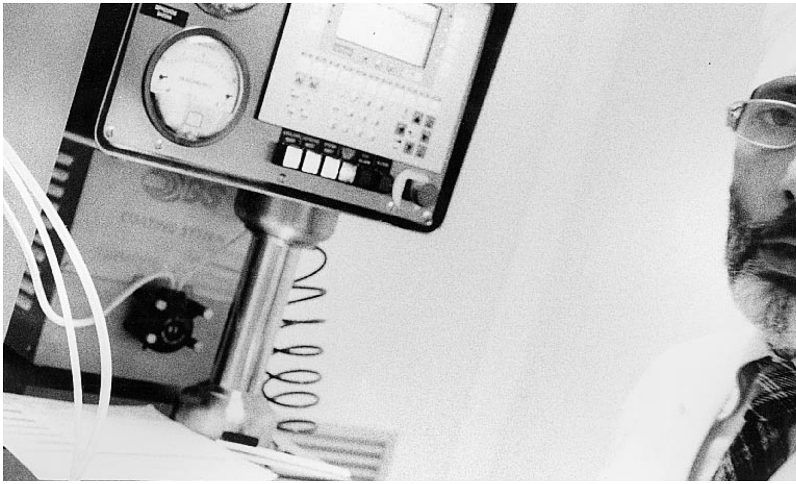
Sales growth was due entirely to the 24.1% increase in pharmaceutical sales which was achieved through the overall good performance of the product portfolio in addition to new product launches and, above all, to the continuing success of Zanidip® (lercanidipine) on international markets. Excluding the Sophartex consolidation effect, pharmaceutical sales grew by 18.7%. The

Lercanidipine Sales
(millions of €)



growth of pharmaceutical sales was due to increased volumes (+26.6% or +21.2% excluding Sophartex) while a slightly negative price/exchange effect (-2.5%) was recorded. Pharmaceutical sales during the third quarter increased by 21.5%, an improvement over the preceding quarters on a like for like basis. In particular international sales grew by 22.8%.
Pharmaceutical chemical sales at € 57.9 million were down by 5.9%. Sales volume grew by 4.0% but was more than offset by the continuing pressure on prices (-7.4%) due to keen competition and an unfavorable currency effect (-2.5%). During the third quarter pharmaceutical chemical sales decreased by 7.8%.

Sales grew at equivalent rates both in Italy and abroad and international sales still account for 60% of total sales at € 219.0 million (€ 186.3 million during the first nine months of the preceding year).



Zanidip® (lercanidipine), Recordati's proprietary calcium channel blocker, continued to perform well during the first nine months of 2002 in Italy, France and Spain where it is sold directly through our own marketing organizations as well as in the other markets where it is marketed by licensees. Lercanidipine is currently being sold in 41 countries.

Lercanidipine Sales

(thousands of €)	1st Nine Months 2002	% of Sales	1st Nine Months 2001	% of Sales	Change	Change %
Direct Sales	33,327	51.6	23,363	55.9	9,964	42.6
Sales to Licensees	31,270	48.4	18,466	44.1	12,804	69.3
Total Sales	**64,597**	**100.0**	**41,829**	**100.0**	**22,768**	**54.4**

Direct sales of lercanidipine grew by 42.6% mainly due to the performance of Zanidip® in France and the re-launch of Lercadip®, previously marketed by AstraZeneca, in Italy.

Sales of lercanidipine to licensees were € 31.3 million, an increase of 69.3%. Sales to all the main foreign licensees increased, confirming the product's growth trend in the markets where it has been launched. Sales of active ingredient to Forest Laboratories, our licensee for the U.S. market, started during the second quarter, mainly for production trials, the manufacturing of sample packs and initial sales inventories. Through the end of September these sales amounted to € 9.1 million. In addition, a down-payment of $ 3 million due on receipt of the approvable letter from the FDA was received from Forest Laboratories.

Sales of pharmaceuticals in Italy (including lercanidipine) increased by 20.4% thanks to the good performance of the main products and to the success of new product launches. Peptazol®,

Composition of Pharmaceutical Sales

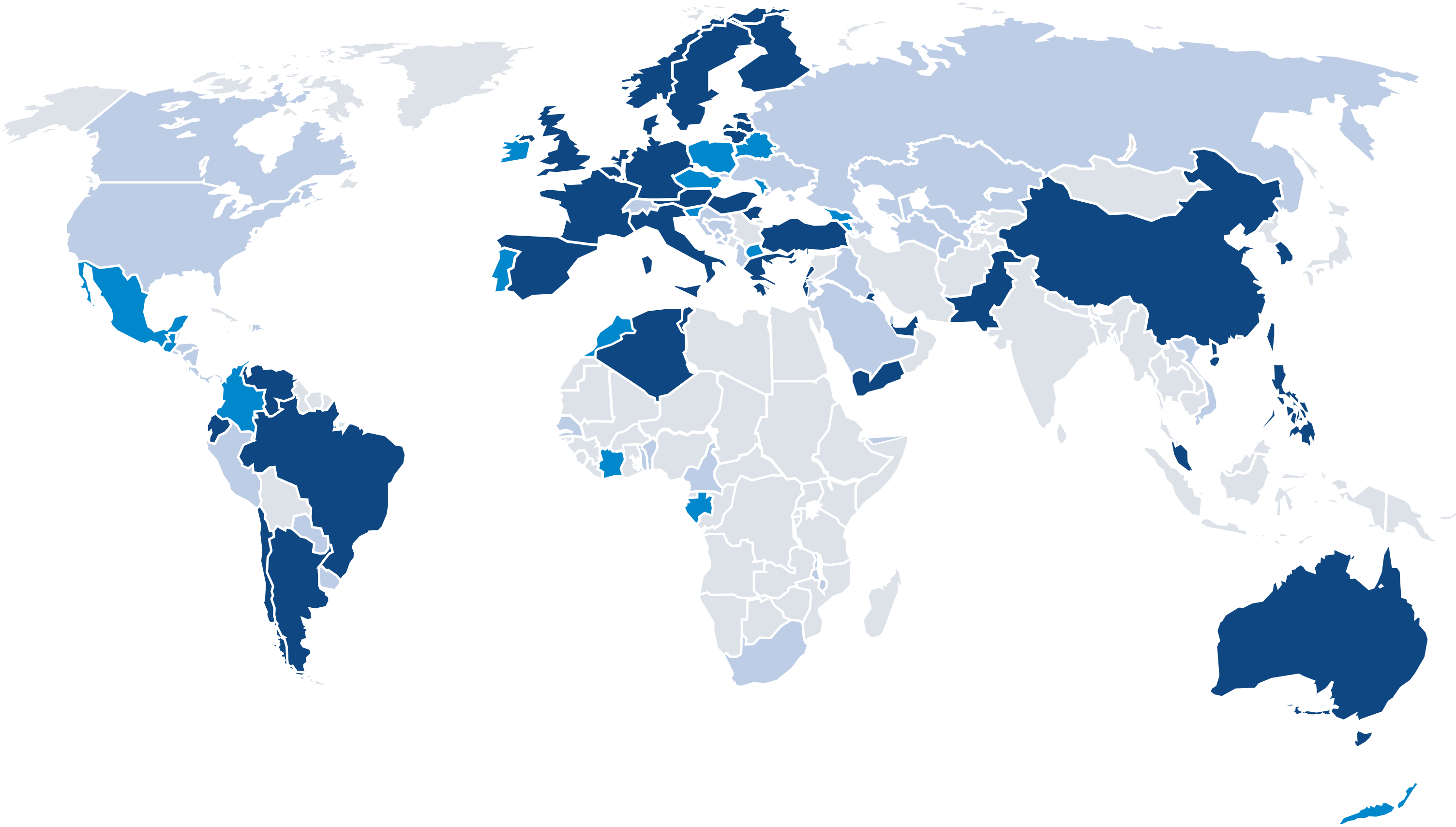
(thousands of €)	1st Nine Months 2002	% of Total	1st Nine Months 2001	% of Total	Change	Change %
Pharmaceuticals Italy	**138,392**	**45.1**	**114,911**	**46.5**	**23,481**	**20.4**
Pharmaceuticals France	63,816	20.8	64,722	26.2	(906)	(1.4)
Pharmaceuticals Spain	15,726	5.1	15,024	6.1	702	4.7
International Licensees	69,947	22.8	46,874	19.0	23,073	49.2
Sophartex	18,985	6.2	5,739	2.2	13,246	n.s.
International Pharmaceuticals	**168,474**	**54.9**	**132,359**	**53.5**	**36,115**	**27.3**
TOTAL	**306,866**	**100.0**	**247,270**	**100.0**	**59,596**	**24.1**

Composition of Pharmaceutical Chemicals Sales

(thousands of €)	1st Nine Months 2002	% of Total	1st Nine Months 2001	% of Total	Change	Change %
Italy	7,411	12.8	7,649	12.4	(238)	(3.1)
International	50,532	87.2	53,935	87.6	(3,403)	(6.3)
TOTAL	**57,943**	**100.0**	**61,584**	**100.0**	**(3,641)**	**(5.9)**

Lercanidipine Worldwide

Launched Approved Filed



pantoprazole under license from Altana, recorded sales of over € 11 million after being re-launched in January 2002. Nitrocor®, a nitroglycerine transdermal patch under license from Mylan Technologies, also launched in January generated sales of € 1.6 million. Among the main products, Elopram® (citalopram) achieved sales growth of 41.1%.

Pharmaceutical sales in France were € 63.8 million and were slightly down as compared to the same period of the preceding year (-1.4%). Zanidip®, launched in March 2001, maintained its strong growth trend.

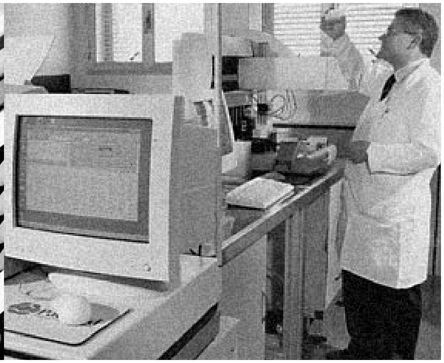
First nine months 2002 sales in Spain increased by 4.7% over last year to € 15.7 million principally due to the performance of

Ulcotenal® (pantoprazole) and Zanidip®. Dermotrans®, a nitroglycerine transdermal patch, was launched in September.

Sales to international licensees were € 69.9 million, up 49.2% over the same period of the preceding year mostly due to sales of lercanidipine.

Sophartex, a French manufacturer of finished pharmaceutical dosage forms both for the group and for third parties, and consolidated as from 1 July 2001, recorded third quarter 2002 sales substantially in line with those of the same period of 2001.

Pharmaceutical chemicals sales, down by 5.9%, were affected mostly by international sales which fell by 6.3% due to keen price competition in certain product lines and a negative currency effect on US dollar denominated sales.



The “approvable letter” and other events

In August Forest Laboratories received a communication from the Food and Drug Administration that the New Drug Application for lercanidipine for the U.S. market is approvable. The approvable letter is an important step towards receiving final approval in the U.S., the world’s largest pharmaceutical market. The next step involves the submission of further documentation to address the issues raised by the FDA which is planned to be completed within the next few months. Forest and Recordati are targeting the launch of lercanidipine in the U.S. during the second half of 2003.

Also during this summer the U.K. Medicines Control Agency granted a Product License (marketing approval) for Zanidip® (lercanidipine) 20mg tablets. This is the first approval for a lercanidipine 20mg strength worldwide. It shall be followed by a Mutual Recognition Procedure (MRP) in the European Union which is expected to lead to further marketing approvals over the next few months. The new dosage form provides therapeutic convenience in a single once daily administration to those patients who, on account of the severity of their hypertensive condition, require a higher daily dose.

A Shareholders' Meeting held in September adopted a resolution whereby the company may purchase and may dispose of up to 4,900,000 Recordati existing ordinary (common) shares for an 18 month period as from the resolution date. The overall cash outlay must not exceed € 68 million. The meeting also empowered the Board of Directors to effect all transactions connected with this resolution. This authorization gives the Board the possibility of using shares for equity acquisitions or as consideration for strategic agreements in line with the Group's expansion objectives; of buying and selling shares to stabilize the market price; and of servicing current and future stock option plans with the existing rather than new shares. The authorization does not allow for the reduction of the share capital nor the number of outstanding shares.

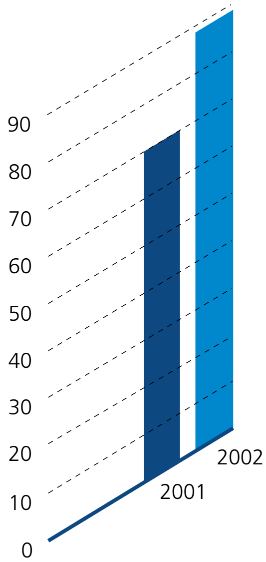
Significant increase in profit margins

Gross profit was € 215.9 million, a margin on sales of 59.2%, above that of the preceding year despite the consolidation of Sophartex which manufactures finished dosage forms, an activity which has a higher cost of goods that the rest of the pharmaceutical business. The improvement was due mainly to higher international sales of lercanidipine.

Selling expenses increased by 15.0%, less than the increase in sales despite additions to the detail force in Italy and the promotional support of new product launches. R&D expenses at € 25.9 million were up 25.0% over

EBITDA
(millions of €)

1st Nine Months

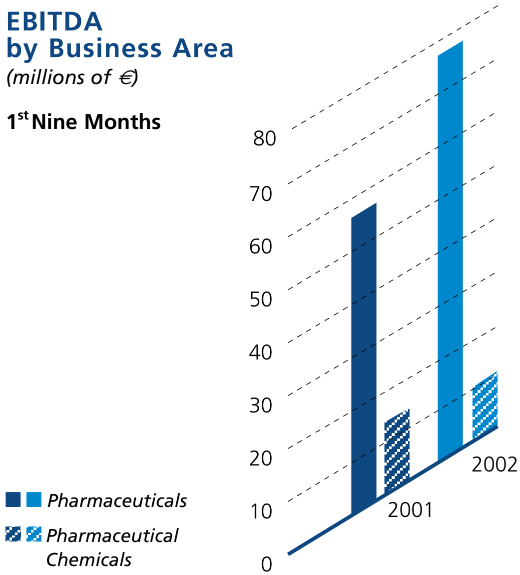


2001 mainly due to phase III clinical trials involving the fixed combination of lercanidipine and an ACE inhibitor. G&A expenses at € 15.4 million improved as a percentage of sales to 4.2%, lower than that of the preceding year.

EBITDA, at 24.1% of sales, increased by 25.6% to € 87.9 million. The pharmaceutical segment's EBITDA again improved its margin on sales to 25.1% due to the significant development of the international pharmaceutical business. EBITDA generated by pharmaceutical chemicals, at 16.4% of sales, was below that of the same period of last year.

EBITDA by Business Area
(millions of €)

1st Nine Months



During the third quarter EBITDA was € 31.9 million and 28.8% of sales, an increase over the same period of last year and the preceding quarter. Pharmaceutical EBITDA, at € 29.2 million, reached 30.5% of sales, an increase of 42.9% over the same period of the preceding year, while that recorded by the pharmaceutical chemicals segment at € 2.7 million was 14.9% of sales, an improvement over last year in both absolute and percent terms.

Goodwill amortization decreased due to a revised estimate of the remaining useful life of the goodwill associated with the acquisition of the French companies. The reorganization of the French operations, which includes the merger of Doms Adrian and Bouchara, and the strengthening of the detailing force were successful and have contributed to the good performance of Zanidip® in France. This has led the company to review the original

amortization periods of 10 and 5.5 years for Doms Adrian and Bouchara respectively and establish that the Bouchara-Recordati S.a.s. goodwill be amortized over 20 years from the respective dates of acquisition. This change was effective 1 July 2002 and the impact on the 1 January – 30 September period is of lower amortization charges by € 2.5 million than would have been otherwise. The difference in goodwill amortization charges between the first nine months 2002 and the same period of the preceding year is, however, of € 1.7 million due to the goodwill amortization connected to the acquisition of Sophartex, consolidated as from 1 July 2001.

EBIT increased by 40.4% to € 63.2 million and improved as a percent of sales to 17.3% due to the improved profitability of the pharmaceutical business as well as to the lower goodwill amortization charge. EBIT for the third quarter was € 25.8 million, 23.3% of sales, up from € 14.0 million and 14.7% of sales in 2001, and benefits from the € 2.5 million reduction of goodwill amortization.

Financial charges during the first nine months were € 5.0 million, slightly below those of 2001 and comprise € 4.5 million net interest charges (€ 4.9 million last year) and € 0.5 million net exchange and valuation of securities to market differences (€ 0.6 million the preceding year). Non-operating expenses of € 0.4 million comprise the accrued portion of profits that the French companies share with their employees *(participation au résultat)*. The effective tax rate during the first nine months was 38.0%, higher than that of the previous year due to the recent Italian tax reform.

Net income at 9.8% of sales increased by 51.9% to € 35.8 million. Net income for the third quarter increased by 150.0% to € 15.0 million and represented 13.6% of sales due to good business performance, lower goodwill amortization charges and reduced financial charges.

Sales & EBITDA by Business Area

(thousands of €)

	Pharmaceuticals			
	1st Nine Months 2002		1st Nine Months 2001	
Sales	306,866	100.0%	247,270	100.0%
EBITDA	76,880	25.1%	56,269	22.8%

	Pharmaceutical Chemicals*			
	1st Nine Months 2002		1st Nine Months 2001	
Sales	57,943	100.0%	61,584	100.0%
EBITDA	11,036	16.4%	13,706	20.2%

* *Pharmaceutical chemicals percent margins are calculated on a basis which includes inter-company sales*

Cash flow further reduces net debt

The composition of capital employed and sources of financing are set out in the enclosed statement.

Net working capital decreased by € 7.6 million over year-end 2001. Trade accounts receivable decreased by € 13.7 million due to a seasonality effect while average days' sales outstanding remained the same. Inventories grew by € 10.7 million in expectation of higher fourth quarter sales. Other current assets were substantially in line with those at year-end. Trade accounts payable decreased by € 4.7 million while other liabilities increased by € 12.2 million due to tax payable and other provisions.

Net non-current assets decreased essentially due to depreciation and amortization charges. Net investments of € 18.4 million were made during the period. Long-term provisions at € 28.4 million remain in line with year-end 2001.

Net financial indebtedness decreased to € 18.9 million from € 48.8 million at 2001 year-end thanks to cash flow generated during the period. An amount of € 6.0 million from Recordati S.p.A.'s liquidity was invested in the re-purchase of 279,867 own shares. The debt to equity ratio further improved and now stands at 0.08.

Net equity at € 228.7 million increased by € 16.1 million over that at 31 December 2001 due to:

- consolidated net income of € 35.8 million;
- dividend payment of € 12.5 million;
- negative translation adjustment of € 2.1 million;
- capital increase of € 0.7 million due to the issue of 52,500 new ordinary shares at € 12.33 each, following the exercise by top management of stock options under the 2001-2003 stock option plan;
- decrease due to treasury stock held in the amount of € 5.8 million, adjusted to market prices at 30 September 2002.

Statement of Income

(thousands of €)	Third Quarter 2002	% of Sales	1st Nine Months 2002	% of Sales	1st Nine Months 2001	% of Sales	Change	Change %
Net Sales	110,819	100.0	364,809	100.0	308,854	100.0	55,955	18.1
Cost of Sales	(42,448)	(38.3)	(148,934)	(40.8)	(129,334)	(41.9)	(19,600)	15.2
Gross Profit	**68,371**	**61.7**	**215,875**	**59.2**	**179,520**	**58.1**	**36,355**	**20.3**
Selling Expenses	(29,374)	(26.5)	(102,779)	(28.2)	(89,406)	(28.9)	(13,373)	15.0
R&D Expenses	(7,423)	(6.7)	(25,862)	(7.1)	(20,686)	(6.7)	(5,176)	25.0
G&A Expenses	(4,598)	(4.1)	(15,372)	(4.2)	(14,020)	(4.5)	(1,352)	9.6
Amortization of Goodwill	(1,204)	(1.1)	(8,679)	(2.4)	(10,397)	(3.4)	1,718	(16.5)
Operating Income	**25,772**	**23.3**	**63,183**	**17.3**	**45,011**	**14.6**	**18,172**	**40.4**
Financial Income (Expense), Net	(1,731)	(1.6)	(5,014)	(1.4)	(5,516)	(1.8)	502	(9.1)
Other Non-Op. Income (Expense), Net	222	0.2	(391)	(0.1)	(1,891)	(0.6)	1,500	(79.3)
Pretax Income	**24,263**	**21.9**	**57,778**	**15.8**	**37,604**	**12.2**	**20,174**	**53.6**
Provision for Income Taxes	(9,214)	(8.3)	(21,963)	(6.0)	(14,025)	(4.5)	(7,938)	56.6
Net Income	**15,049**	**13.6**	**35,815**	**9.8**	**23,579**	**7.6**	**12,236**	**51.9**

Capital Employed

(thousands of €)	September 30 2002	%	December 31 2001	%	Change	Change %
Trade Accounts Receivable	105,860	42.8	119,548	45.7	(13,688)	(11.5)
Inventories	76,829	31.0	66,153	25.3	10,676	16.1
Other Current Assets	25,488	10.3	23,524	9.0	1,964	8.4
Total Current Assets	208,177	84.1	209,225	80.0	(1,048)	(0.5)
Trade Accounts Payable	75,587	30.5	80,334	30.7	(4,747)	(5.9)
Accrued Liabilities, Deferred Income	5,486	2.2	4,554	1.8	932	20.5
Short-Term Provisions	7,343	3.0	9,154	3.5	(1,811)	(19.8)
Other Current Liabilities	50,958	20.6	38,767	14.8	12,191	31.5
Total Current Liabilities	139,374	56.3	132,809	50.8	6,565	4.9
Net Working Capital	**68,803**	**27.8**	**76,416**	**29.2**	**(7,613)**	**(10.0)**
Net Intangible and Financial Assets	91,859	37.1	102,944	39.4	(11,085)	(10.8)
Net Tangible Assets	115,339	46.6	111,460	42.6	3,879	3.5
Net Non-current Assets	207,198	83.7	214,404	82.0	(7,206)	(3.4)
Long-Term Provisions	(28,364)	(11.5)	(29,339)	(11.2)	975	(3.3)
CAPITAL EMPLOYED	**247,637**	**100.0**	**261,481**	**100.0**	**(13,844)**	**(5.3)**
Net Current Financial Position	**(83,960)**	**(33.9)**	**(77,263)**	**(29.5)**	**(6,697)**	**8.7**
Medium and Long-Term Loans	**102,908**	**41.5**	**126,110**	**48.2**	**(23,202)**	**(18.4)**
Net Financial Debt	**18,948**	**7.6**	**48,847**	**18.7**	**(29,899)**	**(61.2)**
Shareholders' Equity	**228,689**	**92.4**	**212,634**	**81.3**	**16,055**	**7.5**
FINANCING OF CAPITAL EMPLOYED	**247,637**	**100.0**	**261,481**	**100.0**	**(13,844)**	**(5.3)**