INTERIM REPORT FIRST QUARTER 2013

RECORDATI

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

MANAGEMENT REVIEW

HIGHLIGHTS

REVENUE

€ (thousands)	First quarter 2013	%	First quarter 2012	%	Change 2013/2012	%
TOTAL REVENUE	244,577	100.0	219,559	100.0	25,018	11.4
Italy	63,879	26.1	63,953	29.1	(74)	(0.1)
International	180,698	73.9	155,606	70.9	25,092	16.1

KEY CONSOLIDATED P&L DATA

€ (thousands)	First quarter 2013	% of revenue	First quarter 2012	% of revenue	Change 2013/2012	%
Revenue	244,577	100.0	219,559	100.0	25,018	11.4
EBITDA[(1)]	61,332	25.1	54,026	24.6	7,306	13.5
Operating income	52,635	21.5	47,645	21.7	4,990	10.5
Net income	37,766	15.4	33,774	15.4	3,992	11.8

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

KEY CONSOLIDATED B/S DATA

€ (thousands)	31 March 2013	31 December 2012	Change 2013/2012	%
Net financial position[(2)]	(192,327)	(153,456)	(38,871)	25.3
Shareholders’ equity	703,160	661,397	41,763	6.3

(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).

The first quarter 2013 results show significant sales and earnings growth thanks to the development of the international business. Consolidated revenue is € 244.6 million, up by 11.4% compared to the same period of the preceding year. International sales grow by 16.1%.

EBITDA, at 25.1% of sales, is € 61.3 million, an increase of 13.5% over the same period of the preceding year.

Operating income, at 21.5% of sales, is € 52.6 million, an increase of 10.5% over the same period of the preceding year.

Net income at 15.4% of sales is € 37.8 million, an increase of 11.8% over the first quarter 2012.

Net financial position at 31 March 2013 records a net debt of € 192.3 million. During the period $ 80.0 million (€ 60.0 million) were paid for the acquisition of a portfolio of products for the treatment of rare and other diseases, sold mainly in the U.S.A., from Lundbeck LLC. Shareholders’ equity increases to € 703.2 million.

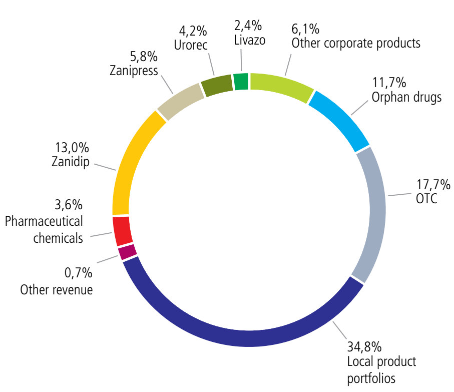
COMPANY DEVELOPMENT NEWS

In January the acquisition of all rights concerning a portfolio of products indicated for the treatment of rare and other diseases and marketed mainly in the United States of America, from Lundbeck LLC. was successfully concluded. The value of the transaction is of $ 100 million, of which $ 80 million were paid at the closing on January 18. The acquired portfolio is now marketed in the U.S. by Recordati Rare Diseases Inc., a wholly-owned U.S. corporation. The main product in the portfolio is Panhematin® (haemin for injection) for the amelioration of recurrent attacks of acute intermittent porphyria. Other important drugs acquired are NeoProfen® (ibuprofen lysine injection), indicated to close a clinically significant patent ductus arteriosus (PDA) in premature infants, and Cosmegen® (dactinomycin for injection) used mainly in the treatment of three rare cancers. Expected revenues in 2013 for the acquired portfolio are of around $ 40 million.

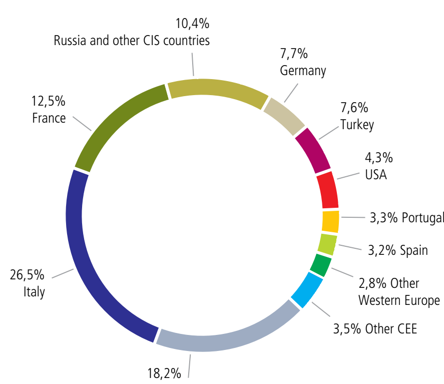
REVIEW OF OPERATIONS

Net consolidated revenue in the first quarter 2013 is € 244.6 million, up 11.4% over the same period of the preceding year, with an increase in international sales of 16.1% to € 180.7 million, which represent 73.9% of total sales. Pharmaceutical sales are € 235.7 million, up by 11.1%. Pharmaceutical chemicals sales are € 8.9 million, up by 20.2%, and represent 3.6% of total revenues. The first quarter 2013 includes the sales in the United States of America of the products for the treatment of rare and other diseases for an amount of € 8.3 million as well as the € 7.9 million sales generated by the product portfolio acquired in Russia and other C.I.S. countries in November 2012. Furthermore, sales of € 3.2 million are included following the consolidation of the Polish company Farma-Projekt acquired in August and consolidated as from 1 September 2012. Excluding the effect of these recent acquisitions sales growth is 2.6%.

SALES BY BUSINESS:



PHARMACEUTICAL SALES:



The group's pharmaceutical business, which represents 96.4% of total revenue, is carried out in the main European markets, including Central and Eastern Europe, in Russia, in Turkey and in the United States of America through our own subsidiaries and in the rest of the world through licensing agreements with pharmaceutical companies of high standing. We have gradually extended our international presence through the acquisition of existing marketing organizations with the aim to add our proprietary products, and those obtained under multi-territorial licenses, to the local portfolios.

The performance of products sold directly in more than one market (corporate products) during the first quarter 2013 is shown in the table below.

€ (thousands)	First quarter 2013	First quarter 2012	Change 2013/2012	%
Zanidip® (lercanidipine)	31,770	31,319	451	1.4
Zanipress® (lercanidipine+enalapril)	14,111	12,431	1,680	13.5
Urorec® (silodosin)	10,386	7,598	2,788	36.7
Livazo® (pitavastatin)	5,944	3,148	2,796	88.8
Other corporate products	18,385	18,519	(134)	(0.7)
Orphan drugs	28,587	20,230	8,357	41.3

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

€ (thousands)	First quarter 2013	First quarter 2012	Change 2013/2012	%
Direct sales	16,189	16,947	(758)	(4.5)
Sales to licensees	15,581	14,372	1,209	8.4
Total lercanidipine sales	31,770	31,319	451	1.4

The reduction of lercanidipine direct sales is due mainly to lower volumes sold as a result of generic competition. Direct sales in Italy are down by 7.6% and in France by 51.9%. Direct sales in Turkey increase by 22.2%. Sales to licensees, which represent 49.0% of total lercanidipine sales, are up by 8.4% thanks to the continued development of the markets in South America and North Africa.

Zanipress® is an original specialty also indicated for the treatment of hypertension developed by Recordati which consists of a fixed combination of lercanidipine with enalapril. To date this product is successfully marketed directly by Recordati and/or by its licensees in 22 countries.

€ (thousands)	First quarter 2013	First quarter 2012	Change 2013/2012	%
Direct sales	10,107	7,939	2,168	27.3
Sales to licensees	4,004	4,492	(488)	(10.9)
Total lercanidipine+enalapril sales	14,111	12,431	1,680	13.5

Direct sales of Zanipress® in the first quarter 2013 are up by 27.3% mainly due to the performance of the product in Italy, in Portugal and in Turkey where it was launched in September 2012. Sales to licensees are down mainly due to lower volumes acquired by the licensee in France following changes in purchasing policy.

Urorec® (silodosin) is a new specialty indicated for the treatment of symptoms associated with benign prostatic hyperplasia (BPH). Urorec® was initially launched in 2010. Currently the product has been successfully launched in 20 countries with sales of € 10.4 million in the first quarter 2013, up 36.7%.

Sales of Livazo® (pitavastatin), a novel statin indicated for the reduction of elevated total and LDL cholesterol, in Spain and in Portugal during the first quarter 2013 are € 5.9 million, up by 88.8%.

In the first quarter of 2013 sales of other corporate products which comprise Lomexin® (fenticonazole), Urispas® (flavoxate), Kentera® (oxybutynin transdermal patch), TransAct® LAT (flurbiprofen transdermal patch), Rupafin®/Wystamm® (rupatadine), Lopresor® (metoprolol) and Procto-Glyvenol® (tribenoside) totaled € 18.4 million, substantially in line with the same period of the preceding year.

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 € 28.6 million in the first quarter of 2013, an increase of 41.3% due mainly to the sales in the U.S.A. of the portfolio of products for the treatment of rare and other diseases acquired in January.

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

€ (thousands)	First quarter 2013	First quarter 2012	Change 2013/2012	%
Italy	62,596	62,612	(16)	(0.0)
France	29,382	32,152	(2,770)	(8.6)
Russia and other C.I.S. countries	24,601	12,971	11,630	89.7
Germany	18,192	16,146	2,046	12.7
Turkey	17,833	15,609	2,224	14.2
U.S.A.	10,100	1,210	8,890	N.S.
Portugal	7,802	8,635	(833)	(9.6)
Spain	7,491	8,888	(1,397)	(15.7)
Other Western European countries	6,493	6,497	(4)	(0.1)
Other C.E.E. countries	8,310	5,038	3,272	64.9
Other international sales	42,867	42,388	479	1.1
Total pharmaceutical revenue	235,667	212,146	23,521	11.1

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

Sales of pharmaceuticals in Italy are in line with those of the same period of the preceding year. Zanipril®/Lercaprel® (lercanidipine+enalapril) and Urorec® (silodosin) are performing well. OTC product sales also grew in the period due, among others, to the sales of Dentosan®, the oral care line of products acquired in the fourth quarter of 2012. Sales of products for the treatment of rare diseases also show growth.

Pharmaceutical sales in France are down by 8.6% mainly due to the sales decrease of Zanidip® (lercanidipine). Sales of Zanextra® (lercanidipine+enalapril), of Urorec® (silodosin) and of methadone, as well as the OTC line of products indicated for the treatment of ENT disorders, are growing.

Revenue generated in Russia and in the other countries within the Commonwealth of Independent States (C.I.S.) is € 24.6 million, up by 89.7% over the same period of the preceding year. Sales in Russia are € 21.1 million and include Coripren® (lercanidipine+enalapril) launched during the second quarter 2012, and Procto-Glyvenol® (tribenoside) marketed as from the third quarter of 2012, as well as sales of the five lines of OTC products and dietary supplements acquired in November 2012. The brands of the products acquired are very well known in Russia. The Alfavit product line in particular comprises a wide range of formulations containing vitamins and minerals and holds a leading position on the market. Qudesan is based on coenzyme Q_{10}, an adjuvant for cardiac function, promoted for the prevention and treatment of chronic fatigue and metabolic dysfunction. The key ingredient in Vetoron is beta-carotene, Focus contains bilberry anthocyanin and lutein for eye health and Carnitone is a source of L-carnitine. The sales organization is Russia was enhanced with the recruitment of a field force dedicated to the promotion of these products at pharmacy level. Sales generated in the other C.I.S. countries, mainly in Ukraine, are € 3.5 million thanks to the good performance of all products in the portfolio.

In Germany sales are up by 12.7% thanks to the sales growth of Zanipress® (lercanidipine+enalapril), of Ortoton® (methocarbamol) and of Urorec® (silodosin), in addition to the sales of the six OTC products and of Citrafleet® (preparation for colonoscopy) acquired in April 2012.

Sales in Turkey are up by 14.2% thanks mainly to the good performance of the corporate products Lercadip® (lercanidipine), Procto-Glyvenol® (tribenoside), Gyno-Lomexin® (fenticonazole) and Urispas® (flavoxate), in addition to sales of Urorec® (silodosin) and Zanipress® (lercanidipine+enalapril) launched during the first quarter 2013.

The group's pharmaceutical business in the U.S.A. is dedicated mainly to the marketing of products for the treatment of rare diseases. Sales in the first quarter 2013 are € 10.1 million and consist of revenues from Carbaglu® (carglumic acid), indicated for the treatment of acute hyperammonaemia associated with NAGS deficiency, and from the portfolio of treatments for rare and other diseases acquired in January 2013. The main products are Panhematin® (haemin for injection) for the amelioration of recurrent attacks of acute intermittent porphyria and Cosmegen® (dactinomycin for injection) used mainly in the treatment of three rare cancers.

Sales in Portugal are down by 9.6% due to the termination of the license agreement for the products Tareg® and Co-Tareg®. The corporate products Zanipress® (lercanidipine+enalapril), Livazo® (pitavastatin), TransAct® LAT, Urorec® (silodosin) and Urispas® (flavoxate), as well as the self-medication products, are performing well.

In Spain sales are down by 15.7%, mostly due to competition from generic versions of Cidine® (cinitapride), one of the subsidiary's main products. Livazo® (pitavastatin), Urorec® (silodosin) and Zanipress® (lercanidipine+enalapril), in addition to the other corporate products, are performing well.

Sales in other countries in Western Europe, down by 0.1%, comprise sales of products for the treatment of rare diseases in a number of countries and sales generated by Recordati Pharmaceuticals (U.K.), Recordati Ireland and Recordati Hellas Pharmaceuticals in their respective local markets. Sales decrease is due mainly to the erosion in sales of Zanidip® (lercanidipine) in the United Kingdom and in Ireland. Sales in Greece recorded by Recordati Hellas grow by 17.0%.

Sales in Poland in the first quarter of 2013 are € 4.2 million (€ 0.8 million in the first quarter 2012 generated entirely by Procto-Glyvenol® marketed by Recordati Polska). The Polish company Farma-Projekt as well as a portfolio of products which were marketed in Poland by the Romanian company Labormed were acquired in August 2012. Sales generated by Herbacos Recordati in the Czech and Slovak Republics are € 3.3 million, substantially in line with the same period of the preceding year. Sales in Romania by our subsidiary Recordati România are € 0.6 million, in line with the first quarter 2012.

Other international sales grow by 1.1% and comprise the sales to and other revenues from our licensees for our corporate products, Bouchara Recordati's export sales, and Orphan Europe's exports worldwide. Bouchara Recordati's export sales grow by 5.1%.

FINANCIAL REVIEW

INCOME STATEMENT

The following table shows the profit and loss accounts, including their expression as a percent of sales and change versus the first quarter 2012:

€ (thousands)	First quarter 2013	% of revenue	First quarter 2012	% of revenue	Change 2013/2012	%
Revenue	**244,577**	**100.0**	**219,559**	**100.0**	**25,018**	**11.4**
Cost of sales	(85,360)	(34.9)	(77,997)	(35.5)	(7,363)	9.4
Gross profit	**159,217**	**65.1**	**141,562**	**64.5**	**17,655**	**12.5**
Selling expenses	(73,566)	(30.1)	(65,499)	(29.8)	(8,067)	12.3
R&D expenses	(18,468)	(7.6)	(15,727)	(7.2)	(2,741)	17.4
G&A expenses	(13,530)	(5.5)	(11,776)	(5.4)	(1,754)	14.9
Other income (expense), net	(1,018)	(0.4)	(915)	(0.4)	(103)	11.3
Operating income	**52,635**	**21.5**	**47,645**	**21.7**	**4,990**	**10.5**
Financial income (expense), net	(1,288)	(0.5)	(1,273)	(0.6)	(15)	1.2
Pretax income	**51,347**	**21.0**	**46,372**	**21.1**	**4,975**	**10.7**
Provision for income taxes	(13,581)	(5.6)	(12,598)	(5.7)	(983)	7.8
Net income	**37,766**	**15.4**	**33,774**	**15.4**	**3,992**	**11.8**
Attributable to:						
Equity holders of the parent	37,762	15.4	33,771	15.4	3,991	11.8
Minority interests	4	0.0	3	0.0	1	33.3

Revenue for the period is € 244.6 million, an increase of € 25.0 million compared to the first quarter of 2012. For a detailed analysis please refer to the preceding "Review of Operations".

Gross profit is € 159.2 million with a margin of 65.1% on sales, an increase compared to that of the first quarter 2012 due to the higher proportion of higher margin products to total product sales following the addition to the portfolio of the new products acquired.

Selling expenses as a percent of sales increased slightly compared to the same period of the preceding year due to the reinforcement of the sales organizations in Russia and in the other C.I.S. countries as well as in Poland, in addition to the promotional activity related to the newly acquired products. R&D expenses are € 18.5 million, higher than those recorded in the first quarter 2012 due mostly to the amortization of the amounts paid for the acquisition of the product portfolios in the U.S.A. and in Russia and the other C.I.S. countries. G&A expenses are up by 14.9% but are substantially stable as percent of sales.

Other expenses net of other income are € 1.0 million and include the pay-back due to AIFA (the Italian medicines agency) in substitution for the 5% price reduction on selected products.

Net financial charges are € 1.3 million, unchanged compared to the same period of 2012 despite increased indebtedness thanks to currency exchange gains and a lower cost of debt.

The effective tax rate during the period is 26.5%, lower than that of the same period of the preceding year.

Net income at 15.4% of sales is € 37.8 million, an increase of 11.8% over the same period of the preceding year.

NET FINANCIAL POSITION

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

€ (thousands)	31 March 2013	31 December 2012	Change 2013/2012	%
Cash and short-term financial investments	50,673	38,418	12,255	31.9
Bank overdrafts and short-term loans	(107,058)	(55,987)	(51,071)	91.2
Loans – due within one year [(1)]	(8,163)	(8,147)	(16)	0.2
Net liquid assets	**(64,548)**	**(25,716)**	**(38,832)**	**151.0**
Loans – due after one year[(1)]	(127,779)	(127,740)	(39)	0.0
Net financial position	**(192,327)**	**(153,456)**	**(38,871)**	**25.3**

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

At 31 March 2013 the net financial position shows a net debt of € 192.3 million compared to net debt of € 153.5 million at 31 December 2012. During the first quarter $ 80.0 million (€ 60.0 million) were paid for the acquisition of a portfolio of products for the treatment of rare and other diseases in the United States of America and $ 11.0 million (€ 8.3 million) for the existing stocks of these products. In order to fund this operation the U.S. subsidiary Recordati Rare Diseases Inc. obtained financing from banks of high standing in the form of two lines of credit of $ 50.0 million each with reimbursement due on 30 June 2013. At 31 March 2013 the lines were entirely drawn down for a value equivalent to € 78.1 million.

Furthermore, in March Recordati S.p.A. obtained a revolving line of credit for a maximum of € 30.0 million for a duration of 36 months. At 31 March 2013 € 15.0 million were drawn down. This short-term financing instrument allows financial flexibility as it combines the commitment of the line with the variability of drawdowns as specific financial needs arise.

RELATED PARTY TRANSACTIONS

Tax liabilities shown in the consolidated balance sheet at 31 March 2013 include those payable to the controlling company Fimei S.p.A. for an amount of € 4.1 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.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

In order to fund the acquisition of a portfolio of products for the treatment of rare and other diseases in the United States of America a long-term loan agreement with U.S. investors for $ 70 million, of which $ 40 million ten year bullet and 4.55% coupon and $ 30 million twelve year bullet and 4.70% coupon, is currently being finalized.

The group's business performance was in line with expectations during April. For the full year 2013, targets are to achieve sales of around € 930 million, operating income of around € 190 million and net income of around € 132 million.

Milan, 9 May 2013

Giovanni Recordati
Chairman and Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2013

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

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2012

INCOME STATEMENT

€ (thousands)	First quarter 2013	First quarter 2012
Revenue	**244,577**	**219,559**
Cost of sales	(85,360)	(77,997)
Gross profit	**159,217**	**141,562**
Selling expenses	(73,566)	(65,499)
R&D expenses	(18,468)	(15,727)
G&A expenses	(13,530)	(11,776)
Other income (expense), net	(1,018)	(915)
Operating income	**52,635**	**47,645**
Financial income (expense), net	(1,288)	(1,273)
Pretax income	**51,347**	**46,372**
Provision for income taxes	(13,581)	(12,598)
Net income	**37,766**	**33,774**
Attributable to:		
Equity holders of the parent	37,762	33,771
Minority interests	4	3
Earnings per share		
Basic	€ 0.188	€ 0.169
Diluted	€ 0.178	€ 0.162

Earnings per share (EPS) are based on average shares outstanding during each year, 200,796,533 in 2013 and 199,342,718 in 2012, net of average treasury stock which amounted to 8,328,623 shares in 2013 and to 9,782,438 shares in 2012.
Diluted earnings per share is calculated taking into account stock options granted to employees.

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 MARCH 2013

ASSETS

€ (thousands)	31 March 2013	31 December 2012
Non-current assets		
Property, plant and equipment	59,181	59,972
Intangible assets	304,133	231,470
Goodwill	414,414	413,213
Other investments	6,868	6,925
Other non-current assets	3,623	3,788
Deferred tax assets	23,297	22,837
Total non-current assets	**811,516**	**738,205**
Current assets		
Inventories	124,725	126,388
Trade receivables	190,635	155,359
Other receivables	23,009	24,983
Other current assets	5,877	2,164
Fair value of hedging derivatives *(fair value hedge)*	2,018	1,371
Short-term financial investments, cash and cash equivalents	50,673	38,418
Total current assets	**396,937**	**348,683**
Total assets	**1,208,453**	**1,086,888**

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 MARCH 2013

EQUITY AND LIABILITIES

€ (thousands)	31 March 2013	31 December 2012
Shareholders' equity		
Share capital	26,141	26,141
Additional paid-in capital	83,719	83,719
Treasury stock	(43,970)	(46,254)
Hedging reserve *(cash flow hedge)*	(4,738)	(4,983)
Translation reserve	(2,227)	(3,713)
Other reserves	26,505	26,326
Retained earnings	619,988	501,701
Net income for the year	37,762	118,484
Interim dividend	(40,077)	(40,077)
Group shareholders' equity	**703,103**	**661,344**
Minority interest	57	53
Shareholders' equity	**703,160**	**661,397**
Non-current liabilities		
Loans – due after one year	129,797	129,111
Staff leaving indemnities	17,681	17,862
Deferred tax liabilities	15,600	15,872
Other non-current liabilities	1,781	1,828
Total non-current liabilities	**164,859**	**164,673**
Current liabilities		
Trade payables	104,116	106,926
Other payables	76,114	53,984
Tax liabilities	19,653	9,789
Other current liabilities	282	458
Provisions	20,310	20,544
Fair value of hedging derivatives *(cash flow hedge)*	4,738	4,983
Loans – due within one year	8,163	8,147
Bank overdrafts and short-term loans	107,058	55,987
Total current liabilities	**340,434**	**260,818**
Total equity and liabilities	**1,208,453**	**1,086,888**

RECORDATI S.P.A. AND SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2013

€ (thousands)	First quarter 2013	First quarter 2012
Net income for the period	37,766	33,774
Gains/(losses) on cash flow hedges	245	(215)
Gains/(losses) on translation of foreign financial statements	1,486	3,051
Income and expense for the period recognized directly in equity	1,731	2,836
Comprehensive income for the period	39,497	36,610
Attributable to:		
Equity holders of the parent	39,493	36,607
Minority interests	4	3

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN GROUP SHAREHOLDERS' EQUITY

€ (thousands)	Share capital	Additional paid-in capital	Treasury stock	Hedging reserve	Translation reserve	Other reserves	Retained earnings	Net income for the period	Interim dividend	Minority Interest	Total
Balance at 31.12.2011	26,141	83,719	(53,215)	(4,227)	(8,232)	26,600	445,745	116,434	(38,525)	40	594,480
Allocation of 2011 net income:											
- Retained earnings							116,434	(116,434)			
Change in the reserve for share based payments						412	1				413
Disposal of own shares			27				(8)				19
Interim dividend									(1,338)		(1,338)
Other changes							16				16
Comprehensive income for the year				(215)	3,051			33,771		3	36,610
Balance at 31.3.2012	26,141	83,719	(53,188)	(4,442)	(5,181)	27,012	562,188	33,771	(39,863)	43	630,200
Balance at 31.12.2012	26,141	83,719	(46,254)	(4,983)	(3,713)	26,326	501,701	118,484	(40,077)	53	661,397
Allocation of 2012 net income:											
- Retained earnings							118,484	(118,484)			
Change in the reserve for share based payments						179	222				**401**
Disposal of own shares			2,284				(376)				**1,908**
Other changes							(43)				**(43)**
Comprehensive income for the year				245	1,486			37,762		4	**39,497**
Balance at 31.3.2013	26,141	83,719	(43,970)	(4,738)	(2,227)	26,505	619,988	37,762	(40,077)	57	703,160

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2013

€ (thousands)	First quarter 2013	First quarter 2012
Operating activities		
Cash flow		
Net Income	37,766	33,774
Depreciation of property, plant and equipment	2,365	2,658
Amortization of intangible assets	6,332	3,723
Write-downs	86	0
Total cash flow	**46,549**	**40,155**
(Increase)/decrease in deferred tax assets	(460)	(51)
Increase/(decrease) in staff leaving indemnities	(181)	(617)
Increase/(decrease) in other non-current liabilities	(319)	114
	45,589	**39,601**
Changes in working capital		
Trade receivables	(35,276)	(36,439)
Inventories	1,663	(2,078)
Other receivables and other current assets	(1,739)	(2,591)
Trade payables	(2,810)	381
Tax liabilities	9,864	8,405
Other payables and other current liabilities	21,954	2,001
Provisions	(234)	(1,161)
Changes in working capital	**(6,578)**	**(31,482)**
Net cash from operating activities	**39,011**	**8,119**
Investing activities		
Net (investments)/disposals in property, plant and equipment	(1,574)	(3,247)
Net (investments)/disposals in intangible assets	(79,081)	(1,540)
Net (increase)/decrease in equity investments		
Net (increase)/decrease in other equity investments	57	(15)
Net (increase)/decrease in other non-current receivables	165	(441)
Net cash used in investing activities	**(80,433)**	**(5,243)**
Financing activities		
Re-payment of loans	0	(1,505)
(Increase)/decrease in treasury stock	1,908	19
Effect on shareholders' equity of application of IAS/IFRS	401	413
Other changes in shareholders' equity	(43)	16
Dividends paid	0	(1,338)
Change in translation reserve	340	(351)
Net cash from/(used in) financing activities	**2,606**	**(2,746)**
Changes in short-term financial position	(38,816)	130
Short-term financial position at beginning of year *	(17,569)	91,609
Short-term financial position at end of period *	(56,385)	91,739

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

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2013

1. GENERAL

The consolidated financial statements at 31 March 2013 comprise Recordati S.p.A. (the Company) and subsidiaries controlled by the Company. The companies included in the consolidated accounts, the consolidation method applied, their percentage of ownership and a description of their activity are set out in attachment 1. The consolidation perimeter remains unchanged during the first quarter 2013. The recognition in the accounts of the acquisition of Farma-Projekt sp. z o.o., the Polish pharmaceutical company acquired in August 2012, and of Accent LLC, the Russian company acquired in November 2012, is not yet definite as allowed by IFRS 3.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The first quarter consolidated financial statements were prepared in accordance with the IAS 34 requirements for interim reporting. The statements do not include the full information required for the annual financial statements and must therefore be read together with the annual report for the full year ended 31 December 2012, prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and in compliance with the European Union's guidelines on the preparation of consolidated financial statements.

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

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

3. REVENUE

Net revenue for the first quarter 2013 is € 244.6 million (€ 219.6 million in the same period of the preceding year) and can be broken down as follows:

€ (thousands)	First quarter 2013	First quarter 2012	Change 2013/2012
Net sales	242,014	214,591	27,423
Royalties	890	989	(99)
Up-front payments	500	2,243	(1,743)
Other revenue	1,173	1,736	(563)
Total revenue	**244,577**	**219,559**	**25,018**

4. OPERATING EXPENSES

Overall operating expenses in the first quarter 2013 are € 191.9 million, an increase as compared to the € 171.9 million in the same period of the preceding year and are analyzed by function. Personnel costs are € 55.9 million and include a cost for stock options of € 0.4 million. Total depreciation and amortization charges are € 8.7 million. Amortization of intangibles increases by € 2.6 million due to the amortization of the amounts paid for the acquisition of the product portfolios in the U.S.A. and in Russia and the other C.I.S. countries, while depreciation of tangible assets decrease by € 0.3 million.

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

€ (thousands)	First quarter 2013	First quarter 2012	Change 2013/2012
Amounts due to the Italian public healthcare scheme	(375)	(600)	225
Others	(643)	(315)	(328)
Total other income (expense), net	**(1,018)**	**(915)**	**(103)**

The amount due to the Italian public healthcare scheme refers to the pay back due to the Italian medicines agency (AIFA) in substitution for the 5% price reduction on selected products. This mechanism which was already applied during previous years, was extended to 2013. The amount due is based on the sales of the selected products during 2012 and is spread equally over the year. This expense is lower than that incurred during the same period of the preceding year due to the different products selected for the computation of the contribution.

5. FINANCIAL INCOME AND EXPENSE

Both in the first quarter 2013 and in the same period of 2012 financial items record a net expense of € 1.3 million comprised as follows:

€ (thousands)	First quarter 2013	First quarter 2012	Change 2013/2012
Exchange gains (losses)	970	777	193
Interest expense on loans	(1,492)	(2,108)	616
Net interest income (expense) on short-term financial position	(681)	189	(870)
Interest cost in respect of defined benefit plans	(85)	(131)	46
Total financial income (expense), net	**(1,288)**	**(1,273)**	**(15)**

The decrease in interest expense on loans is to be attributed mainly to loan reimbursements made during 2012 and to a reduction in variable interest rates. The increase in net interest expense on the short-term financial position is mainly due to increased drawdowns on credit facilities to fund acquisition transactions.

The change in fair value of hedging derivatives is positive by € 0.6 million and refers to the measurement of the cross-currency interest rate swap covering the series of long term senior unsecured notes privately placed in 2004 with the objective of eliminating the exchange risk linked to the *tranches* denominated in U.S. dollars and in pounds sterling. This amount is equivalent to the change in the fair value of the underlying debt as compared to its nominal value with a combined zero effect on the income statement as the transaction is perfectly hedged.

6. PROPERTY, PLANT AND EQUIPMENT

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

€ (thousands)	Land & buildings	Plant & machinery	Other equipment	Advances/ construction in progress	Total
Cost					
Balance at 31.12.12	43,566	174,249	50,450	7,680	275,945
Additions	34	342	242	1,076	1,694
Disposals	0	(111)	(90)	(9)	(210)
Other changes	275	1.399	38	(1,589)	123
Balance at 31.03.13	**43,875**	**175,879**	**50,640**	**7,158**	**277,552**
Accumulated depreciation					
Balance at 31.12.12	27,781	149,353	38,839	0	215,973
Depreciation for the period	351	1,355	659	0	2,365
Disposals	0	(41)	(46)	0	(87)
Other changes	(2)	111	11	0	120
Balance at 31.03.13	**28,130**	**150,778**	**39,463**	**0**	**218,371**
Carrying amount at					
31 March 2013	15,745	25,101	11,177	7,158	59,181
31 December 2012	15,785	24,896	11,611	7,680	59,972

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

7. INTANGIBLE ASSETS

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

€ (thousands)	Patent rights and marketing authorizations	Distribution, license, trademark and similar rights	Other	Advance payments	Total
Cost					
Balance at 31.12.12	229,580	145,737	15,998	2,484	393,799
Additions	75,103	89	16	126	75,334
Write-downs	0	(86)	0	0	(86)
Disposals	(13)	0	(22)	(65)	(100)
Other changes	3,807	940	72	(1,255)	3,564
Balance at 31.03.13	**308,477**	**146,680**	**16,064**	**1,290**	**472,511**
Accumulated amortization					
Balance at 31.12.12	71,661	75,613	15,055	0	162,329
Amortization for the period	3,649	2,574	109	0	6,332
Disposals	(7)	0	(4)	0	(11)
Other changes	(7)	(207)	(58)	0	(272)
Balance at 31.03.13	**75,296**	**77,980**	**15,102**	**0**	**168,378**
Carrying amount at					
31 March 2013	233,181	68,700	962	1,290	304,133
31 December 2012	157,919	70,124	943	2,484	231,470

The additions during the period refer mainly to the acquisition during January of all rights concerning a portfolio of products indicated for the treatment of rare and other diseases and marketed mainly in the United States of America, from Lundbeck LLC. The value of the transaction is of $ 100.0 million, of which $ 80.0 million were paid at the closing on January 18.

8. GOODWILL

Net goodwill at 31 March 2013, amounting to € 414.4 million, relates to the following acquisitions, which represent the same number of cash generating units:

- France (Doms Adrian, companies belonging to the Bouchara group): € 45.8 million;
- Commonwealth of Independent States (FIC and FIC Médical, Accent): € 39.6 million;
- Germany (Merckle Recordati): € 48.8 million;
- Portugal (Jaba group companies): € 32.8 million;
- Orphan drug business (Orphan Europe group): € 110.6 million;
- Turkey (Yeni Ilaç,Dr. Frik Ilaç): € 107.2 million;
- Czech Republic (Herbacos-Bofarma): € 13.7 million;
- Romania (ArtMed International): € 0.2 million;
- Poland (Farma-Projekt): € 15.7 million.

The recognition of goodwill related to the acquisitions, made during the second half of 2012, of Farma-Projekt and Accent is not yet definite and could be subject to change as allowed by IFRS 3.

Goodwill related to acquisitions made in countries outside the European Monetary Union is calculated in local currency and converted into Euro at the period-end exchange rate. Conversion at 31 March 2013 resulted in an overall net increase of € 1.2 million compared to that at 31 December 2012. The conversion of the Turkish and Russian companies' goodwill resulted in an increase of € 1.5 million and e € 0.4 million respectively, while the conversion of goodwill associated with the acquisitions in Poland and in the Czech Republic decreased by € 0.4 million and € 0.3 million respectively.

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

9. OTHER INVESTMENTS

At 31 March 2013 other investments amount to € 6.9 million, substantially unchanged compared to those at 31 December 2012, and comprise mainly an investment was made during 2012 in Erytech Pharma S.A., a late development stage French biopharmaceutical company focused on orphan oncology and rare diseases. The investment amounts to € 5.0 million and consists of a non interest bearing loan with compulsory conversion into shares during 2013.

Also included is the € 1.5 million holding in PureTech Ventures LLC (U.S.A.), an investment company specialized in start-up companies dedicated to new therapies, medical devices and new research technologies.

10. DEFERRED TAX ASSETS AND LIABILITIES

At 31 March 2013 deferred tax assets and liabilities are substantially unchanged compared to those at 31 December 2012.

11. SHAREHOLDERS' EQUITY

Shareholders' Equity at 31 March 2013 is € 703.2 million, an increase of € 41.8 million compared to that at 31 December 2012 for the following reasons:

- net income for the period (increase of € 37.8 million);
- cost of stock option plans set-off directly in equity (increase of € 0.4 million);
- disposal of 420.000 own shares in treasury stock to service the 2006-2009 stock option plan (increase of € 1.9 million);
- change in the fair value of hedging derivatives qualifying as a cash flow hedge (increase of € 0.2 million),
- translation adjustments (increase of € 1.5 million).

All consolidated companies are 100% owned except for the Italian subsidiary of Orphan Europe which is 99% owned, giving rise to a minority interest of € 57.0 thousand.

As at 31 March 2013 the Company has two stock option plans in favor of certain group employees in place, the 2006-2009 plan, under which options granted on three occasions are still outstanding, and the 2010-2013 plan, under which options were granted on 9 February 2011 and on 8 May 2012. The strike price of the options is the average of the parent company's listed share price during the 30 days prior to the grant date. The stock options granted under the 2006-2009 plan are vested over a period of four years and those not exercised within the fifth year of the date of grant expire. The stock options granted under the 2010-2013 plan are vested over a period of five years and those not exercised within the eighth year of the date of grant expire. Options cannot be exercised if the employee leaves the company before they are vested.

Stock options outstanding at 31 March 2013 are analyzed in the following table.

€ (thousands)	Strike price (€)	Options outstanding at 1.1.2013	Options granted during 2013	Options exercised during 2013	Options cancelled or expired	Options outstanding at 31.03.2013
Date of grant						
29 October 2008	4.0730	1,187,500	-	(172,500)	(23,750)	991,250
11 February 2009	3.8940	75,000	-	0	0	75,000
27 October 2009	4.8700	2,407,500	-	(247,500)	(75,000)	2,085,000
9 February 2011	6.7505	3,760,000	-	0	(90,000)	3,670,000
8 May 2012	5.3070	4,510,000	-	0	(140,000)	4,370,000
Total		**11,940,000**	-	**(420,000)**	**(328,750)**	**11,191,250**

At 31 March 2013, 8,085,790 own shares are held as treasury stock, a decrease of 420,000 shares as compared to those at 31 December 2012. The change is to be attributed to the sale of 420,000 shares for an overall value of € 1.9 million to service the exercise of stock options issued under the 2006-2009 plan. The overall purchase cost of the shares held in treasury stock is € 44.0 million with an average unit price of € 5.44.

12. LOANS

At 31 March 2013 medium and long-term loans, which include a negative effect of € 2.0 million resulting from the measurement at fair value of the guaranteed senior notes issued and privately placed in 2004, are € 138.0 million, an increase of € 0.7 million compared to those at 31 December 2012. This change arises almost entirely from the change in fair value of the guaranteed senior notes issued and privately placed (increase of € 0.7 million).

On 30 November 2010 the Parent Company undersigned a loan agreement with Centrobanca to fund a three year research and investment program. The loan, for which Centrobanca received funding from the European Investment Bank, amounts to € 75.0 million of which € 30.0 million were cashed in during 2010 and € 45.0 million in the first quarter of 2011, net of the € 0.3 million expenses. The main terms and conditions provide for a variable interest rate and a duration of 12 years with semi-annual repayments of capital from June 2012 through December 2022. During the month of June 2012 interest on the whole loan was swapped from variable to a fixed rate of 2.575%. The interest rate swap qualifies as a cash flow hedge. The measurement at fair value of the hedging instrument at 31 March 2013 generated a negative amount of € 0.9 million which is recognized directly as a decrease in equity and stated as an increase of the 'Fair value of hedging derivatives (cash flow hedge)' under current liabilities (see Note 17).

The loan agreement includes the following financial covenants which, if not met, could lead to a request for immediate repayment of the loan:

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

The above conditions were amply fulfilled during the period.

The series of guaranteed senior notes issued at the end of 2004 by Recordati S.A. (Luxembourg) comprises *tranches* in various currencies at fixed interest rates. The *tranches* denominated in currencies other than the Euro have been covered with a cross-currency interest rate swap effectively converting the whole debt into Euro at a variable interest rate equivalent to the Euribor 6 months rate plus a spread. The *tranches* denominated in Euro have been covered with an interest rate swap effectively converting the interest charges on the debt from fixed to variable at the same abovementioned conditions. The measurement at fair value of the swaps at 31 March 2013 generated an asset of € 2.0 million, an amount equivalent to the change in the fair value of the underlying debt. This amount is recognized in the balance sheet as a variation of debt and under current assets as 'Fair value of hedging derivatives *(fair value hedge)'.*

The total amount of the notes was simultaneously covered with a further interest rate swap, qualifying as a cash flow hedge, to fix a range (which at 31 March 2013 is between 4.14% and 4.85%) within which the interest rate can fluctuate in order to optimize the cost of financing for the duration of the notes. The € 3.8 million fair value of the cash flow hedge is recognized directly in equity and stated as a current liability (see Note 17).

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

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

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

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

13. STAFF LEAVING INDEMNITIES

The staff leaving indemnity fund at 31 March 2013 is of € 17.7 million, a decrease of € 0.2 million as compared to that at 31 December 2012, and is measured as prescribed by IAS 19.

14. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities as at 31 March 2013 are € 1.8 million and refer entirely to the residual amount due, determined according to the purchase agreement, for the acquisition of the Polish company Farma-Projekt.

15. CURRENT ASSETS

Inventories are € 124.7 million, a decrease of € 1.7 million compared to those stated at 31 December 2012. Stocks of the products pertaining to the portfolio acquired from Lundbeck in the United States of America amount to the equivalent of € 6.9 million.

The balance of trade receivables at 31 March 2013 is € 190.6 million, an increase of € 35.3 million compared to that at 31 December 2012 as a result of the increase in sales. Days sales outstanding are 68 (65 at 31 December 2012). Trade receivables are stated net of a € 11.0 million provision for doubtful accounts which reflects the collection risk connected with certain customers and geographic areas.

Other receivables, at € 23.0 million, decrease by € 2.0 million compared to those at 31 December 2012 due entirely to a decrease in tax receivable.

Other current assets are € 5.9 million and refer mainly to prepaid expenses.

16. CURRENT LIABILITIES

Trade payables, which include the accrual for invoices to be received, are € 104.1 million.

Other payables are € 76.1 million, an increase of € 22.1 million compared to those at 31 December 2012. The increase is to be attributed mainly to the deferred payments for a total of € 15.6 million agreed with Lundbeck related to the product portfolio acquisition finalized in January. Also included is the current portion of the residual amount due for the acquisition of Dr. F. Frik Ilaç (€ 1.4 million) and of Farma-Projekt (€ 1.2 million) and an accrual of € 0.4 million for the pay back due to AIFA (see Note 4).

Tax payables are € 19.7 million, increased by € 9.9 million compared to those at 31 December 2012 mainly due to the accrual of taxes due for the period.

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

The measurement at fair value of the interest rate swaps covering the cash flows related to medium and long-term loans gave rise to a net € 4.7 million liability at 31 March 2013. This amount represents the unrealized opportunity of paying the current expected future rates instead of the rates agreed. The amount refers both to the interest rate swap defining a collar which limits the fluctuation of the interest rates payable on the guaranteed senior notes issued by Recordati S.A. Chemical & Pharmaceutical Company (€ 3.8 million) and to the interest rate swap to cover the interest rate risk associated with the loan granted by Centrobanca (€ 0.9 million).

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

Short term financial investments, cash and cash equivalents at 31 March 2013 are € 50.7 million and comprise current accounts mainly denominated in Euro.

19. BANK OVERDRAFTS AND SHORT-TERM LOANS

Bank overdrafts and short-term loans are € 107.1 million and are comprised mainly of interest accrued on existing loans, current account overdrafts and temporary use of lines of credit.

In January the U.S. subsidiary Recordati Rare Diseases Inc., in order to fund the acquisition of a portfolio of products for the treatment of rare and other diseases commercialized mainly the United States of America, obtained financing from banks of high standing in the form of two lines of credit of $ 50.0 million each with reimbursement due on 30 June 2013. At 31 March 2013 the lines were entirely drawn down for a value equivalent to € 78.1 million.

Furthermore, in March Recordati S.p.A. obtained a revolving line of credit for a maximum of € 30 million for a duration of 36 months. At 31 March 2013 € 15 million were drawn down. This short-term financing instrument allows financial flexibility as it combines the commitment of the line with the variability of drawdowns as specific financial needs arise. The agreement includes financial covenants which are in line with those included in the existing loan agreements.

20. OPERATING SEGMENTS

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

The following table shows financial information for these two business segments as at 31 March 2013 and includes comparative data.

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated	Consolidated accounts
First quarter 2013				
Revenues	215,975	28,602	-	244,577
Expenses	(173,091)	(18,851)	-	(191,942)
Operating income	**42,884**	**9,751**	-	**52,635**
First quarter 2012				
Revenues	199,313	20,246	-	219,559
Expenses	(158,454)	(13,460)	-	(171,914)
Operating income	**40,859**	**6,786**	-	**47,645**

* Includes the pharmaceutical chemicals operations

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated**	Consolidated accounts
31 March 2013				
Non-current assets	611,616	193,032	6,868	811,516
Inventories	109,657	15,068	-	124,725
Trade receivables	169,313	21,322	-	190,635
Other current assets	24,364	4,522	2,018	30,904
Short-term investments, cash and cash equivalents	-	-	50,673	50,673
Total assets	**914,950**	**233,944**	**59,559**	**1,208,453**
Non-current liabilities	34,369	693	129,797	164,859
Current liabilities	183,009	37,466	119,959	340,434
Total liabilities	**217,378**	**38,159**	**249,756**	**505,293**
Net capital employed	**697,572**	**195,785**		
31 December 2012				
Non-current assets	615,189	116,091	6,925	738,205
Inventories	118,753	7,635	-	126,388
Trade receivables	138,648	16,711	-	155,359
Other current assets	22,658	4,489	1,371	28,518
Short-term investments, cash and cash equivalents	-	-	38,418	38,418
Total assets	**895,248**	**144,926**	**46,714**	**1,086,888**
Non-current liabilities	34,921	641	129,111	164,673
Current liabilities	177,581	14,120	69,117	260,818
Total liabilities	**212,502**	**14,761**	**198,228**	**425,491**
Net capital employed	**682,746**	**130,165**		

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

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

21. LITIGATION AND CONTINGENT LIABILITIES

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

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

RECORDATI S.P.A. AND SUBSIDIARIES
SUBSIDIARIES INCLUDED IN THE CONSOLIDATED ACCOUNTS AT 31 MARCH 2013

ATTACHMENT 1.

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI S.P.A. Development, production, marketing and sales of pharmaceuticals and pharmaceutical chemicals	Italy	26,140,644.50	Euro	Line-by-line
RECOFARMA S.R.L. Dormant, holds pharmaceutical marketing rights	Italy	1,258,400.00	Euro	Line-by-line
INNOVA PHARMA S.P.A. Marketing and sales of pharmaceuticals	Italy	1,920,000.00	Euro	Line-by-line
RECORDATI ESPAÑA S.L. Development, production, marketing and sales of pharmaceuticals	Spain	238,966,000.00	Euro	Line-by-line
RECORDATI S.A. Chemical and Pharmaceutical Company Holding company	Luxembourg	82,500,000.00	Euro	Line-by-line
BOUCHARA RECORDATI S.A.S. Development, production, marketing and sales of pharmaceuticals	France	4,600,000.00	Euro	Line-by-line
RECORDATI PORTUGUESA LDA Dormant	Portugal	24,940.00	Euro	Line-by-line
FARMARECORD LTDA Dormant, holds pharmaceutical marketing rights in Brazil	Brazil	166.00	BRL	Line-by-line
RECORDATI RARE DISEASES INC.* Development, production, marketing and sales of pharmaceuticals	U.S.A.	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD Development, production, marketing and sales of pharmaceuticals	Ireland	200,000.00	Euro	Line-by-line
RECORDATI S.A. Provision of services, holds pharmaceutical marketing rights	Switzerland	2,000,000.00	CHF	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. Development, production, marketing and sales of pharmaceuticals	France	14,000,000.00	Euro	Line-by-line
RECORDATI PHARMA GmbH Marketing and sales of pharmaceuticals	Germany	600,000.00	Euro	Line-by-line
RECORDATI PHARMACEUTICALS LTD Marketing and sales of pharmaceuticals	United Kingdom	15,000,000.00	GBP	Line-by-line
RECORDATI HELLAS PHARMACEUTICALS S.A. Marketing and sales of pharmaceuticals	Greece	13,900,000.00	Euro	Line-by-line
JABA RECORDATI S.A. Marketing and sales of pharmaceuticals	Portugal	2,000,000.00	Euro	Line-by-line
JABAFARMA PRODUTOS FARMACÊUTICOS S.A. Marketing of pharmaceuticals	Portugal	50,000.00	Euro	Line-by-line
BONAFARMA PRODUTOS FARMACÊUTICOS S.A. Marketing and sales of pharmaceuticals	Portugal	50,000.00	Euro	Line-by-line

PERCENTAGE OF OWNERSHIP									
Recordati S.p.A. *(parent)*	Recordati S.A. *(Lux)*	Recordati Pharma GmbH	Bouchara Recordati S.A.S.	Recordati España S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe S.A.R.L.	Herbacos Recordati s.r.o.	Recordati Ilaç A.S.	Total
100.00%									100.00%
100.00%									100.00%
68.447%	31.553%								100.00%
100.00%									100.00%
99.94%	0.06%								100.00%
98.00%	2.00%								100.00%
	100.00%								100.00%
	100.00%								100.00%
	100.00%								100.00%
	100.00%								100.00%
			100.00%						100.00%
	55.00%			45.00%					100.00%
3.33%	96.67%								100.00%
0.68%	99.32%								100.00%
				100.00%					100.00%
				100.00%					100.00%
				100.00%					100.00%

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI ORPHAN DRUGS S.A.S. Holding company	France	57,000,000.00	Euro	Line-by-line
ORPHAN EUROPE SWITZERLAND GmbH Marketing and sales of pharmaceuticals	Switzerland	20,000.00	CHF	Line-by-line
ORPHAN EUROPE MIDDLE EAST FZ LLC Marketing and sales of pharmaceuticals	United Arab Emirates	100,000.00	AED	Line-by-line
ORPHAN EUROPE NORDIC A.B. Marketing and sales of pharmaceuticals	Sweden	100,000.00	SEK	Line-by-line
ORPHAN EUROPE PORTUGAL LDA Marketing and sales of pharmaceuticals	Portugal	5,000.00	Euro	Line-by-line
ORPHAN EUROPE S.A.R.L. Development, production, marketing and sales of pharmaceuticals	France	320,000.00	Euro	Line-by-line
ORPHAN EUROPE UNITED KINGDOM LTD Marketing and sales of pharmaceuticals	United Kingdom	50,000.00	GBP	Line-by-line
ORPHAN EUROPE GERMANY GmbH Marketing and sales of pharmaceuticals	Germany	25,600.00	Euro	Line-by-line
ORPHAN EUROPE SPAIN S.L. Marketing and sales of pharmaceuticals	Spain	1,775,065.49	Euro	Line-by-line
ORPHAN EUROPE ITALY S.R.L. Marketing and sales of pharmaceuticals	Italy	40,000.00	Euro	Line-by-line
ORPHAN EUROPE BENELUX BVBA Marketing and sales of pharmaceuticals	Belgium	18,600.00	Euro	Line-by-line
FIC MEDICAL S.A.R.L.** Marketing of pharmaceuticals	France	173,700.00	Euro	Line-by-line
HERBACOS RECORDATI s.r.o. Development, production, marketing and sales of pharmaceuticals	Czech Republic	25,600,000.00	CZK	Line-by-line
RECORDATI SK s.r.o. Marketing and sales of pharmaceuticals	Slovakia	33,193.92	Euro	Line-by-line
RUSFIC LLC Marketing and promotion of pharmaceuticals	Russian Federation	3,560,000.00	RUB	Line-by-line
RECOFARMA ILAÇ Ve Hammaddeleri Sanayi Ve Ticaret L.S. Marketing of pharmaceuticals	Turkey	5,000.00	TRY	Line-by-line
RECORDATI ROMÂNIA S.R.L. Marketing and sales of pharmaceuticals	Romania	5,000,000.00	RON	Line-by-line
RECORDATI ILAÇ Sanayi Ve Ticaret A.S.*** Development, production, marketing and sales of pharmaceuticals	Turkey	80,875,367.00	TRY	Line-by-line
RECORDATI POLSKA sp. z o.o.** Marketing and sales of pharmaceuticals	Poland	400,000.00	PLN	Line-by-line
FARMA-PROJEKT Sp. z o.o.**** Marketing and sales of pharmaceuticals	Poland	3,360,000.00	PLN	Line-by-line
ACCENT LLC.***** Holds pharmaceutical marketing rights	Russian Federation	20,000.00	RUB	Line-by-line

* Recordati Corporation renamed Recordati Rare Diseases Inc. during 2012
** Incorporated FIC S.A.S. during 2012
*** In 2012 Dr. F. Frik Ilaç renamed Recordati Ilaç and incorporated Yeni Recordati Ilaç.
**** Acquired in 2012, P&L consolidated from 1 September 2012.
***** Acquired in 2012, P&L consolidated from 16 November 2012.

PERCENTAGE OF OWNERSHIP									
Recordati S.p.A. *(parent)*	Recordati S.A. *(Lux)*	Recordati Pharma GmbH	Bouchara Recordati S.A.S.	Recordati España S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe S.A.R.L.	Herbacos Recordati s.r.o.	Recordati Ilaç A.S.	Total
	90.00%	10.00%							100.00%
					100.00%				100.00%
					100.00%				100.00%
					100.00%				100.00%
					100.00%				100.00%
					100.00%				100.00%
						100.00%			100.00%
						100.00%			100.00%
						100.00%			100.00%
						99.00%			99.00%
					99.46%	0.54%			100.00%
			100.00%						100.00%
0.08%	99.92%								100.00%
							100.00%		100.00%
			100.00%						100.00%
								100.00%	100.00%
	100.00%								100.00%
				100.00%					100.00%
100.00%									100.00%
100.00%									100.00%
	100.00%								100.00%

RECORDATI S.P.A. AND SUBSIDIARIES DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

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

Milan, 9 may 2013

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

Statements contained in this report, other than historical facts, are "forward-looking statements" (as such term is defined in the Private Securities Litigation Reform Act of 1995). These statements are based on currently available information, on current best estimates, and on assumptions believed to be reasonable. This information, these estimates and assumptions may prove to be incomplete or erroneous, and involve numerous risks and uncertainties, beyond the Company's control. Hence, actual results may differ materially from those expressed or implied by such forward-looking statements. All mentions and descriptions of Recordati products are intended solely as information on the general nature of the company's activities and are not intended to indicate the advisability of administering any product in any particular instance.

RECORDATI

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