ANNUAL REPORT 2008

RECORDATI

CONTENT

FINANCIAL HIGHLIGHTS

REVENUE

€ (thousands)	2008	%	2007	%	Change 2008/2007	%
Pharmaceuticals	658,436	95.5	594,434	94.6	64,002	10.8
Pharmaceutical chemicals	31,198	4.5	34,001	5.4	(2,803)	(8.2)
TOTAL REVENUE	**689,634**	**100.0**	**628,435**	**100.0**	**61,199**	**9.7**
Italy	205,848	29.8	203,656	32.4	2,192	1.1
International	483,786	70.2	424,779	67.6	59,007	13.9

KEY CONSOLIDATED DATA

€ (thousands)	2008	% of Revenue	2007	% of Revenue	Change 2008/2007	%
EBITDA[1]	174,173	25.3	157,465	25.1	16,708	10.6
Operating income	144,730	21.0	131,496	20.9	13,234	10.1
Net income	100,429	14.6	84,865	13.5	15,564	18.3
Dividends	49,259[2]		42,220		7,039	16.7
Dividends/net income	49.0%		49.7%			

[1] *Earnings before interest, taxes, depreciation and amortization*

[2] *Proposed by the Board of Directors and calculated on the number of shares outstanding at year-end, net of treasury stock which amounted to 11,472,355 shares*

	31 December 2008	31 December 2007	Change 2008/2007	%
Net financial position[3]	(81,008)	(97,159)	16,151	(16.6)
Shareholders' equity	445,742	390,611	55,131	14.1

[3] *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).*

PER SHARE

€ per share [4]	2008	2007	Change 2008/2007	%
Net income	0.511	0.427	0.084	19.7
Shareholders' equity	2.262	1.989	0.273	13.7
Dividend	0.250[5]	0.215	0.035	16.3
Shares outstanding:				
- average during the year	196,667,301	198,557,743		
- at December 31	197,035,301	196,372,301		

[4] *Net income per share is based on average shares outstanding during the year net of average treasury stock. Average treasury stock amounted to 11,472,355 shares in 2007 and 8,495,866 shares in 2007.*

Shareholders' equity per share is based on total shares outstanding at year end net of treasury stock. Treasury stock amounted to 11,472,355 shares at 31 December 2008 and at 31 December 2007.

[5] *Proposed by the Board of Directors*

LETTER FROM THE CHAIRMAN

CONSOLIDATED REVENUE € 689.6 MILLION, OPERATING INCOME € 144.7 MILLION AND NET INCOME € 100.4 MILLION

"During 2008 our group started to expand outside Western Europe into the new growing markets of Russia, other Eastern European countries and Turkey."

To Our Shareholders,

2008 was characterized by growing revenues and profits and by important initiatives for the group's future development. In line with our strategy of establishing a direct presence in the new Central and Eastern European markets we acquired FIC and FIC Médical, French companies with a marketing organization in Russia and other countries within the Commonwealth of Independent States, and Yeni Ilaç, a Turkish pharmaceutical company. Again in line with our strategy, in early 2009 we acquired Herbacos-Bofarma, a pharmaceutical company with operations in the Czech Republic and in Slovakia. During the year we also continued to augment our product pipeline.

Consolidated revenue is € 689.6 million, an increase of 9.7% over the preceding year. Pharmaceutical sales are € 658.4 million, an increase of 10.8% and include the Orphan Europe group of companies acquired at the end of 2007. The growth is to be attributed to international pharmaceutical sales which are up 17.7% while sales in Italy are down by 2.8% due to a negative price effect. Pharmaceutical chemicals sales are € 31.2 million, down by 8.2%.

Operating income, at 21.0% of sales, is € 144.7 million, an increase of 10.1% over the preceding year. Gross margin reached 67.8% of sales due to a favourable product mix. R&D expenses grow by 19.8% and now stand at 8.5% of sales.

Net income is € 100.4 million, an increase of 18.3%, more than the increase in operating income thanks to a lower tax rate.

The net financial position at 31 December 2008 is a net debt of € 81.0 million, a reduction of € 16.2 million compared to that at 31 December 2007. Shareholders' equity further increased and is € 445.7 million.

The main events and transactions completed in 2008, and which are significant for the future growth of the group, are described below.

First and foremost, in March the mutual recognition process for the approval throughout the European Union of Recordati's new antihypertensive specialty based on a fixed combination of lercanidipine and enalapril, the main brand being Zanipress®, was completed. Germany acted as Reference Member State and the 28 Concerned Member States decided to recognize the approval of this new product in its two dosage forms containing lercanidipine 10mg/enalapril 10mg and lercanidipine 10mg/enalapril 20mg. The product is already on the market in Germany as from 2007 and sales are growing. During May it was launched in Australia and in December it was launched in Ireland, Denmark and Finland. Launches in the other main European countries will initiate gradually as from the beginning of 2009. This product, which is designed to meet the requirements of the modern guidelines for the treatment of hypertension, represents an important opportunity for the group to further develop its lercanidipine business, also in view of the compound's patent expiry in the main European countries at the beginning of 2010.

During January an exclusive license agreement was signed with a subsidiary of Watson Pharmaceuticals, Inc. for the marketing and sale in 29 European countries of Kentera®, a bi-weekly oxybutynin transdermal patch indicated for the symptomatic treatment of urge incontinence and/or increased urinary frequency and urgency as may occur in patients with overactive bladder. The incidence of micturition disorders, and overactive bladder (OAB) in particular, is increasing in the industrialized world. However, OAB remains under-diagnosed and under-treated. Therefore, there is a significant potential for growth in this market for products with proven efficacy and improved tolerability.

In February a semi-exclusive licensing agreement was entered into with Menarini, an Italian pharmaceutical group, for the marketing and sales in France and in Greece of frovatriptan, a medicine belonging to the triptan group of drugs indicated for the acute treatment of migraine attacks with or without aura. Frovatriptan is a selective 5HT1B/1D receptor agonist and is distinguished from other triptans by its long half-life (26 hours) which ensures long-lasting clinical efficacy and reduces the recurrence rate of migraine attacks.

In March the French companies FIC and FIC Médical which are dedicated to the registration and the promotion of pharmaceutical products on behalf of third party companies in Russia and other countries belonging to the Commonwealth of Independent States (C.I.S.) were acquired. FIC Médical, headquartered in Paris, is present in Russia, Ukraine, Kazakhstan, Belarus, Azerbaijan, Georgia and Armenia. The company's business is carried out by around 200 people, of which 150 are medical representatives. Russia is today the seventh largest pharmaceutical market in Europe and has been growing at an average rate of over 25% in the past five years. FIC Médical's organization will be the base upon which Recordati will develop and reinforce its presence in these new growing markets through the launch of new original products.

In October a new agreement with Kowa Pharmaceutical Europe (KPE) for the marketing and sales of pitavastatin in France, Spain, Portugal, Greece, Ireland, Cyprus, Turkey, Russia and other C.I.S. countries, as well as in Italy, was signed. Pitavastatin is a novel "statin" for the treatment of hypercholesterolaemia. The request for approval dossier was submitted by KPE at the end of August in 7 of the EU countries covered by the agreement using the decentralized procedure (DCP). Seeking approval in the remaining countries will be Recordati's responsibility. Pitavastatin is already successfully on the market in Japan and in Korea, and in these countries it has reached a 10% market share. Launch by Recordati in the territories covered by the new agreement is expected to take place as from the second half 2010. This agreement with KPE represents an important opportunity for Recordati to extend its presence in the cardiovascular area, and in particular to be present in a significant way in the market for anti-cholesterol treatments, the most important therapeutic class in the global pharmaceutical market.

Towards the end of November Recordati submitted a marketing approval authorization (MAA) request for silodosin, a new compound indicated for the treatment of the signs and symptoms of benign prostatic hyperplasia (BPH), to the EMEA (European Medicines Evaluation Agency). This submission will follow the centralized approval procedure with the British MHRA acting as Rapporteur and the

Italian AIFA as Co-Rapporteur. Approval is expected in the first half 2010 and the product launch could take place by end 2010 or beginning 2011. Benign prostatic hyperplasia (enlargement of the prostate), characterized by urination difficulties, is increasing due to the progressive ageing of the population. BPH is frequently observed in men over fifty and its symptoms significantly reduce quality of life. Urief® (silodosin) is successfully marketed in Japan since May 2006 and was approved by the FDA in the U.S.A. during 2008. The introduction of silodosin among our new corporate products will allow Recordati to consolidate its presence in the therapeutic area of urology, an area within which it has been present for many years with Urispas®, and more recently with Kentera®, a drug indicated for the treatment of urinary incontinence. Recordati has been conducting original innovative research in the area of urology for a long time and has developed specific know-how that is globally recognized.

In December the acquisition of Yeni Ilaç, a Turkish pharmaceutical company with headquarters near Istanbul, was completed. Founded in 1927, Yeni Ilaç is a well known Turkish pharmaceutical company dedicated to the production, marketing and sales of both proprietary and licensed drugs. Its products are well known and the company has a leading market position in the area of urology. The company is also engaged in contract manufacturing for other pharmaceutical companies. Yeni Ilaç employs 300 personnel, of which around 100 are medical representatives. The Turkish pharmaceutical market, the thirteenth worldwide, is in continuous expansion, with a growth rate of over 15% in recent years. Recordati has been present in Turkey for some time through licensing agreements with local companies which have allowed it to establish its original products in this market. Furthermore, combination products are well accepted for the treatment of hypertension in Turkey. This is a strategic area for Recordati which will be launching Zanipress® in 2009.

Our strategy will continue to be focused on the development of our operations in Europe, the second largest pharmaceutical market in the world, and, in particular, on the growing markets of Central and Eastern Europe. At the same time the development of our business will be driven by the development and launch of the new products in our pipeline and by the acquisition of new specialties. Close attention will be placed on the launch of Zanipress®, on pitavastatin and on silodosin, all of which will be sold by our own marketing organizations in around 80% of the European pharmaceutical market as well as in the new markets of Central and Eastern Europe.

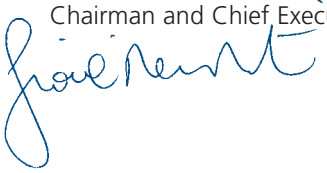
We believe that the strict implementation of this strategy allows us to be optimistic regarding the future and to compensate the reduction of lercanidipine sales in 2010 post patent expiry. During December the Board of Directors approved our 2009-2011 Business Plan, which estimates, at the end of the three year period, and without including the effect of possible new acquisitions, that revenues and profits will be substantially maintained.

In order to achieve these ambitious targets we count, as always, on the entrepreneurship and determination of our management team, the professional skills of our employees and the trust of our shareholders. We would like to express our gratitude to all of them for their support during 2008.

DIVIDENDS

Based on the results obtained, the Board of Directors of the parent company will propose to the shareholders a dividend of € 0.25 per share (€ 0.215 per share last year) to be paid to all shares outstanding, excluding those in treasury stock, as from 23 April 2009 (trading ex-dividend as of 20 April 2009). This per share dividend includes the accretion deriving from the dividend which would have been due to the shares in treasury stock.

Giovanni Recordati
Chairman and Chief Executive Officer



RESEARCH AND DEVELOPMENT

THE INVESTMENT OF RESOURCES IN, AND THE DEDICATION TO, RESEARCH AND DEVELOPMENT CONTINUED AND INCREASED DURING 2008.

"We are building a new corporate product portfolio: Zanipress® was approved in Europe, silodosin was filed for approval and a multi-territorial license agreement was obtained for pitavastatin."

The investment of resources in, and the dedication to, research and development, which are of fundamental importance in the group's strategy, continued and increased during 2008. The introduction of new products both through our internal R&D activities and through alliances with other leading pharmaceutical companies is of fundamental importance for the group's growth in the future. Our product pipeline comprises drugs and drug candidates in various development phases in order to ensure a balanced use of resources and a continuous flow of new products for market introduction.

PIPELINE

NAME	ORIGINATOR	INDICATION	DEVELOPMENT STATUS
Zanipress® / Zanitek®	Recordati	Hypertension (lercanidipine + enalapril)	Approved in EU. Launched in a number of countries.
rupatadine	Uriach	Rhinitis, allergic, seasonal / perennial urticaria	Approved
prulifloxacin	Nippon Shinyaku / Angelini	Infection, respiratory tract, urinary tract	Filed
pitavastatin	Kowa	Hyperlipidemia, general	Filed
silodosin	Kissei	Benign prostatic hyperplasia	Filed
lercanidipine MR	Different technology platforms	Hypertension, general	Formulation / Phase II / III
2 new lercanidipine combinations	Recordati	Hypertension	Phase II
REC 0422	Recordati	Overactive bladder and incontinence	Preclinical
REC 1819	Recordati	Overactive bladder and incontinence	Preclinical

Recordati conducts research and development activities in the area of cardiovascular disease and in particular as related to hypertension. Hypertension is an asymptomatic condition but is a dangerous risk factor in the development of ischemic, coronary, cerebral and renal disease. The results of clinical studies have shown that blood pressure control reduces the risk of cardiovascular events and associated mortality. Recordati's efforts in this area led to the discovery of lercanidipine, a latest generation drug belonging to the widely used calcium channel blocker class.

Zanipress®/Zanitek® is a new specialty indicated for the treatment of hypertension developed by Recordati. It is a fixed combination of lercanidipine and enalapril, an extensively used drug belonging to the angiotensin conversion enzyme inhibitors class (ACE inhibitors).

Fixed combinations of more than one antihypertensive agent will play a significant and increasing role in the future hypertension market. The international guidelines for the treatment of hypertension (CHMP Guideline on clinical investigation of medicinal products in the treatment of hypertension; January 22, 2009) establish new aggressive targets for blood pressure control in order to minimize the risk of severe cardiovascular events. Most hypertensive patients, especially those with other associated risk factors, require multiple therapies using more than one drug to keep their blood pressure at desired levels. Large clinical outcome trials show that cardiovascular events are drastically reduced by using modern antihypertensive drug combinations (such as those belonging to the calcium channel

blocker and ACE inhibitor classes) as opposed to using older treatments. These findings confirm the usefulness of our new treatment which combines a last generation calcium channel blocker, lercanidipine, with a widely prescribed ACE inhibitor. The efficacy and tolerability of the combined dosages of the drugs have been clinically proven. The advantages of fixed combinations, as opposed to the administration of separate treatments, are significant. The administration of a single pill, in patients who often take a number of different medicines every day, increases compliance, an extremely important factor in chronic treatments aimed at reducing and preventing cardiovascular risk.

The expected increase in the use of these fixed combination therapies for the treatment of hypertension is behind the decision to develop another new association of our drug lercanidipine, this time with a drug acting on the angiotensin II receptor, which will target patients whose hypertension and associated risk factors are more severe. Recordati has prepared the design and end points of a large international multi factorial clinical trial which was submitted to the European authorities for their approval. The start of the trial is expected during 2009.

In line with its continued interest in the efficacious treatment of hypertension and in an effort to optimize lercanidipine based treatments, Recordati, in collaboration with the Greek pharmaceutical company Pharmathen, conducted a series of studies to develop a new immediate release formulation of the drug. The results obtained were excellent as the new formulation allows a reduction of the daily dose of lercanidipine (with benefits to patients resulting from the ingestion of lower amounts of drug) while maintaining the necessary plasma levels to ensure the continued reduction of blood pressure. The request for authorization of this new immediate release formulation of lercanidipine was submitted to the European authorities in January 2009.

Recordati also continues to expand and consolidate its presence in other therapeutic areas. Rupatadine is an antihistamine drug indicated for the treatment of allergies and in particular allergic rhinitis. This product, which is already on the market in Spain, was recently approved in other European countries and is in the process of being launched in France, Germany and Italy.

Prulifloxacin is a latest generation anti-bacterial fluorquinolone discovered by the Japanese pharmaceutical company Nippon Shinyaku and developed in Europe by Angelini. It is indicated for the treatment of infections of the urinary tract and certain infections of the respiratory tract. Recordati has a license from Angelini for the marketing of the drug in Spain.

Pitavastatin is a statin, a class of drugs which is widely used for the treatment of hypercholesterolemia. This compound, which is already on the market in Japan, was developed by the Japanese pharmaceutical company Kowa. Kowa completed the phase III development of the drug also in Europe and filed for approval at the end of August 2008 using the decentralized authorization procedure. Recordati has a license from Kowa for the marketing and sales of pitavastatin in 21 countries (Italy, France, Spain, Portugal, Greece, Ireland, Cyprus, Turkey, Russia and other C.I.S. countries). In the industrialized world, hypercholesterolemia is quite a common condition and, ever more frequently, guidelines issued by competent authorities recommend adequate treatment in order to reduce morbidity and mortality resulting from cardiovascular events. Statins represent one of the most significant contributions to cardiovascular therapy. Pitavastatin is a competitive inhibitor of the enzyme HMG-CoA reductase. It decreases cholesterol synthesis, LDL and VLDL and these effects are concentration-dependent. In controlled clinical trials involving more than 1,600 patients, it has been

shown that pitavastatin is more effective than other statins, since its affinity for the HMG-CoA enzyme is stronger. The metabolism of pitavastatin is in minimal portion mediated by the co-enzyme CY-P (2C9 and 2C8), therefore, the potential risk for interactions with drugs that are metabolised by the same pathway is minimal. Pitavastatin is mainly excreted by the gastrointestinal tract, and only <3% through the kidney, therefore, there is no evidence of accumulation after multiple doses of the drug. The high bioavailability and long half-life of pitavastatin ensure the prolonged effect of the statin and support the rationale for a once-daily dosing. Several clinical trials have shown that the treatment with pitavastatin induces a decrease in LDL-Cholesterol (the "bad" cholesterol) and a trend increase in HDL-Cholesterol (the "good" cholesterol), even in high-risk patients. Pitavastatin showed a prolonged beneficial effect. In particular, over a 60-week period the stable reduction in LDL-C was maintained and the HDL-C concentrations continued to increase.

Silodosin is a new compound indicated for the treatment of symptoms associated with benign prostatic hyperplasia (prostate enlargement). Benign prostatic hyperplasia (BPH) is characterized by urination difficulties (such as weak stream, increased frequency and a sense of urgency, nocturia). The prevalence of this condition is increasing due to the progressive ageing of the population, is frequently observed in men over fifty and its symptoms significantly reduce quality of life. Silodosin is a powerful antagonist of the α_1 adrenergic receptors and, in particular, has a very high affinity for the α_{1A} receptors. Blockade of the α_{1A} receptors leads to a rapid increase in urinary flow-rate and to an improvement in symptoms associated with BPH. The compound was originally developed by Kissei Pharmaceutical Co., in Japan and has been obtained under license by Recordati for the whole of Europe (45 countries) and for a further 18 countries in the Middle East and Africa. Worldwide development of the drug was conducted by Watson Pharmaceuticals in North America (where approval has already been granted by the FDA), by Recordati for its territories, and by Kissei Pharmaceutical Co. for the rest of the world. In two Phase III double-blind placebo controlled clinical trials conducted in the U.S. by Watson Pharmaceuticals and in one double-blind placebo and active controlled trial conducted in Europe by Recordati, over 800 patients received silodosin 8mg once daily. In these studies, patients treated with silodosin had a significant decrease in BPH symptoms, both irritative (frequency, urgency, nocturia) and obstructive (hesitancy, incomplete empting intermittency, weak stream). In addition, an improvement in the quality of life linked to urinary symptoms (measured by the International Prostate Symptom Score, IPSS) was observed with silodosin. Furthermore, in the active controlled study conducted in Europe, silodosin 8mg once daily was not inferior to tamsulosin 0.4mg once daily, with an adjusted mean difference between treatments in the IPSS Total Score in favour of silodosin. The significant improvement in BPH symptoms was observed within the first week of treatment, and was maintained long-term. In addition, significant improvements in the maximum urine flow-rate (Q_{max}) were evident within a few hours after the first dose of silodosin, and were also maintained long-term. The safety of silodosin was extensively evaluated in a total of 1600 patients.

As can be expected for a drug with low affinity for α_{1B} adrenergic receptors, only minimal cardiovascular side-effects were observed. No changes were seen in supine blood pressure or heart-rate, and the incidence of orthostatic hypotension was very low. Furthermore, no effects on cardiac repolarisation were observed, even at high doses of silodosin. Retrograde ejaculation (i.e., orgasm with reduced semen), due to silodosin's selective receptor binding properties, was the most frequent adverse reaction reported. However, this did not represent a safety concern (the dropout rate due to retrograde ejaculation was very low), and is reversible upon discontinuation of the treatment.

Recordati's original research is primarily focused on the search for innovative treatments to address micturition disorders. Irritative symptoms of the lower urinary tract, such as urgency and frequency, with or without incontinence, are frequent, mainly in women and the elderly. This condition is known as Overactive Bladder (OAB) and only 7 million of the estimated 65 million OAB sufferers in the U.S. and the EU are treated at any time. Under-diagnosis and under-treatment are the main reasons. This situation is often due to the lack of completely satisfactory efficacy and tolerability of existing drugs. Unmet medical and market needs are therefore significant and opportunities exist for the development of effective and well tolerated drugs. Recordati has specific know-how in the area of disorders of the lower urinary tract acquired over forty years of research in this field and is currently taking into development two innovative products. REC 0422 is a combination of two existing drugs, indicated for other conditions, which has displayed a significant synergistic effect in pharmacological model of OAB. REC 1819 has a completely new mechanism of action at the central nervous system level.

Recordati is also involved in the research and development of treatments for rare diseases through its subsidiary Orphan Europe that is specialized in this area and has a number of projects in its pipeline. In most cases these specialties are unique life-saving products.

PIPELINE – DRUGS FOR RARE DISEASES

NAME	ORIGINATOR	INDICATION	DEVELOPMENT STATUS
Carbaglu®	Orphan Europe (Recordati)	NAGS deficiency	Approved in EU Filed in US
Carbaglu®	Orphan Europe (Recordati)	Organic acidaemias	Pre-registration in EU
Vedrop®	Orphan Europe (Recordati)	Vitamin E deficiency in cystic fibrosis and chronic cholestasis	Filed in EU
Infasurf®	Ony	Calf derived surfactant for RDS	Phase II / III
Stanate®	Rockefeller U. / InfaCare	Neonatal jaundice, hyperbilirubinemia	Phase II / III
Cystagon®	Mylan	Other indication unrelated to nephropathic cystinosis	Phase II / III
Cystadrops®	Orphan Europe (Recordati)	Ocular cystinosis	Phase II
Normosang®	Orphan Europe (Recordati)	Hepatic porphyria	Approved in EU Pre-registration in US

Carbaglu® (carglumic acid), developed by Orphan Europe, is an orphan drug approved by the European Medicine Evaluation Agency (EMEA) for the treatment of hyperammonaemia due to N-Acetyl Glutamate Synthase (NAGS) deficiency. The NAGS deficiency is an extremely rare inherited metabolic disorder which leads to accumulation of ammonia in the blood. If not adequately treated, hyperammonaemia causes irreversible brain damage, coma, and eventually death. Carbaglu is the only existing specific treatment of NAGS deficiency and this genetic disorder demands life-long treatment. Orphan Europe submitted a preliminary registration dossier to the Food and Drug Administration (FDA) for approval in the U.S.A. Carbaglu is also in pre-registration phase in Europe for additional indications in organic acidaemias (OA). OA is a group of metabolic disorders characterized by the enzymatic dysfunction of a specific step in amino acid catabolism, which leads to accumulation of toxic precursors damaging brain, liver, kidney, pancreas, retina, and other organs. Hyperammonaemia is present during every decompensation episode of OA, prompting an effective treatment (such as Carbaglu®) to control hyperammonaemia. OAs are 10 times more frequent than all urea cycle disorders together and would require intermittent treatment with Carbaglu® during hyperammonaemic episodes.

Vedrop® (tocofersolan) is a paediatric drug developed by Orphan Europe, indicated for vitamin E deficiency in children with cystic fibrosis or hereditary/congenital chronic cholestasis. It is an oral water-soluble preparation of vitamin E which is easily absorbed in the digestive tract in these patients. Vedrop® was specially formulated in liquid form to facilitate its oral administration to children. Cystic fibrosis and hereditary/congenital chronic cholestasis constitute severe clinical conditions affecting pancreatic/biliary secretions which cause a deficient absorption of essential fat-soluble vitamins (such as vitamin E). In these patients, vitamin E deficiency leads to impaired neurologic development, anemia and other oxidative stress induced pathologies.

Infasurf® is a calf derived surfactant for the prevention and treatment of neonatal respiratory distress syndrome (RDS). Neonatal RDS is a life-threatening disease which affects mainly premature babies with less than 30 weeks gestational age and surfactants are well established in the treatment of this condition. The market is growing regularly, mainly due to premature births from mothers which are not well monitored by health services. Recordati has an exclusive license agreement with Ony Inc., a U.S. drug development company, for the marketing and sale in Europe of this new surfactant. Under this agreement Recordati has exclusive rights to Infasurf® in the European Union (less Cyprus, Greece and at this time the United Kingdom) and Croatia, Norway and Switzerland.

Stanate® (stannsoporfin, tin-mesoporphyrin) is a compound discovered at Rockefeller University and currently under development by InfaCare for the treatment of neonatal hyperbilirubinemia (jaundice). Jaundice occurs in many newborns, especially if they are premature or as a consequence of congenital diseases which increase its risk and severity. High levels of hyperbilirubinemia, especially if they rise suddenly, may cause irreversible brain damage. In severe cases, infants not responding to phototherapy require exchange transfusion, a complex and risky procedure. Stannsoporfin was demonstrated to be efficacious in the prevention and treatment of neonatal jaundice and the new guidelines released by the American Academy of Pediatrics indicate that, if approved, the compound could find immediate application in infants who are not responding to phototherapy. The drug is currently in clinical development in the U.S.A.. A license agreement was entered into with InfaCare Pharmaceuticals for the development and marketing of this innovative drug in the whole of Europe (45 countries) and in 19 Middle East and North African countries. Orphan Europe will complete the clinical development of Stanate® in Europe in accordance with the relevant regulatory bodies' scientific advice. The plan addresses hyperbilirubinemia caused by AB0 incompatibility.

Cystagon® (cysteamine bitartrate) was developed by Mylan Labs (U.S.A.) and is marketed in Europe by Orphan Europe for the indication of nephropathic cystinosis. Cystinosis is a rare inherited metabolic disorder which ultimately leads to renal failure and the need for kidney transplantation. Cystagon® is a life-long treatment which delays the onset of renal problems. Another promising indication, unrelated to nephropathic cystinosis but much more common, is under clinical development (phase II) by Orphan Europe and specialized academic centers.

Cystadrops® (cysteamine chlorhydrate) are eye drops developed by Orphan Europe for "ocular cystinosis" which cannot be treated by orally administered cysteamine. Cystinosis affects all body organs, including the eyes. Without proper treatment, cystine crystals accumulate in the cornea, resulting in progressive blurred vision, pain, photophobia and frequent eye infections. Cystadrops was specially formulated in a gel form for a patient-friendly administration with a few instillations per day only. A phase II clinical study of Cystadrops® is currently ongoing in patients.

Normosang® (human haemin) is indicated for the treatment of acute attacks of hepatic porphyria. Porphyrias are rare, genetic disorders which require immediate medical care during their acute and very painful manifestations. Normosang® is an emergency medicine that it is recognised as the gold standard therapy to stop the attack and prevent neuropathic complications. First introduced in 1987, it is now approved in 27 EU countries. Orphan Europe is in contact with the FDA to pursue approval of Normosang® in the U.S.A..

REVIEW OF OPERATIONS

SALES OF PHARMACEUTICALS GROW BY 10.8% AND INTERNATIONAL PHARMACEUTICAL SALES BY 17.7%.

"We now have pharmaceutical operations in eighteen countries and orphan drug specialists in seventeen."

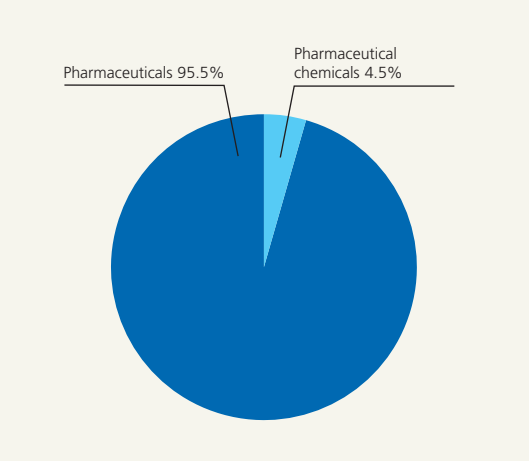
REVENUE

€ (thousands)	2008	2007	Change 2008/2007	%
Italy	195,521	201,252	(5,731)	(2.8)
France	144,460	140,453	4,007	2.9
Germany	53,809	52,786	1,023	1.9
Portugal	42,938	45,717	(2,779)	(6.1)
Spain	25,893	21,940	3,953	18.0
United Kingdom	10,610	11,642	(1,032)	(8.9)
Other European countries	5,329	2,486	2,843	n.s.
Russia and other C.I.S. countries	22,466	13,236	9,230	69.7
Other international sales	113,539	104,922	8,617	8,2
Orphan Europe	43,871	-	43,871	n.s.
Total pharmaceutical revenue	658,436	594,434	64,002	10.8
Pharmaceutical chemical revenue	31,198	34,001	(2,803)	(8.2)
Total revenue	**689,634**	**628,435**	**61,199**	**9.7**

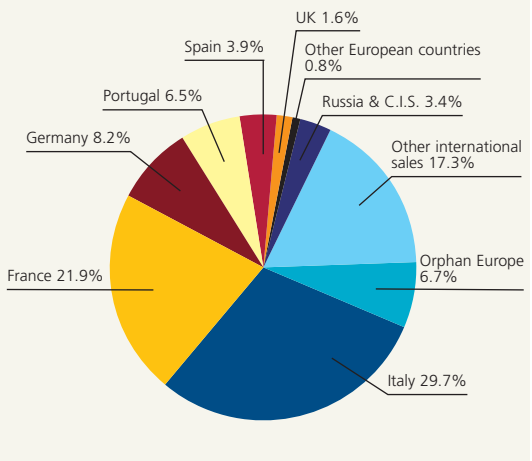
Both years include sales as well as income from up-front payments, royalties and miscellaneous items.

Revenues are up 9.7% over the preceding year with an increase of 13.9% in international revenues (€ 483.8 million) which now represent 70.2% of total revenue. Pharmaceutical revenue grows by 10.8% and includes the sales of Orphan Europe, the group of companies dedicated to treatments for rare diseases, which are consolidated as from 1 January 2008. Excluding this new business, pharmaceutical sales increase by 3.4%.

REVENUE BY BUSINESS



PHARMACEUTICAL REVENUE



LERCANIDIPINE (ZANIDIP®, ZANIPRESS®)

Zanidip® (lercanidipine), a calcium channel blocker for the treatment of hypertension discovered and developed by Recordati, performed well in 2008, becoming one of the most prescribed calcium channel blockers in the countries where it is present. Zanipress®/Zanitek® is a new 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, which obtained approval throughout Europe and in Australia in 2008, is on the market in Germany since 2007 and was launched in Australia, Ireland, Denmark and Finland. Our lercanidipine based products are sold directly to the market by our own marketing organizations in the five main European markets as well as in Ireland, Greece and Portugal. In the other markets they are sold by licensees.

In 2008 the lercanidipine based product sales increased by 11.4% and accounted for 30.2% of total sales. The breakdown between direct sales and sales to licensees is shown in the following table:

LERCANIDIPINE SALES

€ (thousands)	2008	2007	Change 2008/2007	%
Italy	48,027	44,729	3,298	7.4
France	51,202	43,619	7,583	17.4
United Kingdom	8,502	11,320	(2,818)	(24.9)
Spain	9,590	7,451	2,139	28.7
Germany	8,469	6,833	1,636	23.9
Others*	9,344	5,517	3,827	n.s.
Direct sales	135,134	119,469	15,665	13.1
Sales to licensees	72,963	67,381	5,582	8.3
Total lercanidipine sales	**208,097**	**186,850**	**21,247**	**11.4**

** Includes Bouchara Recordati's export sales of € 2.7 million in 2008 and € 2.8 million in 2007, sales in Ireland of € 2.5 million in 2008 and € 1.7 million in 2007, sales in Greece of € 2.2 million in 2008 and € 0.8 million as from April 2007 and sales in Portugal of € 1.9 million in 2008 and € 0.2 million as from September 2007.*

Sales of Zanedip® and Lercadip®, the two brands of lercanidipine sold by Recordati in Italy, are € 48.0 million, an increase of 7.4%. Lercanidipine, which is also sold in Italy under license by Rottapharm, achieved an 18.2% share of the Italian calcium channel blocker market during the last quarter of 2008.

In France lercanidipine is marketed by Bouchara Recordati and by Pierre Fabre and is now the top selling calcium channel blocker on the market achieving a market share of 35.4% in the fourth quarter 2008. Sales of Zanidip® by Bouchara Recordati are € 51.2 million, an increase of 17.4% over the preceding year.

In the United Kingdom Zanidip®, which is sold exclusively by Recordati Pharmaceuticals, generated sales of € 8.5 million, down by 24.9% as compared to 2007 due to the impact of parallel imports from other European countries and to a negative currency effect. The share of lercanidipine in this market is growing and in the fourth quarter it reached 8.7%.

In Spain Zanidip® recorded sales of € 9.6 million, up 28.7% over 2007. Together with the brands sold by licensees Meda and Rottapharm, lercanidipine achieved a 10.8% share of the Spanish calcium channel blocker market in the fourth quarter 2008.

In Germany Merckle Recordati sells Corifeo® (lercanidipine) and Zanipress® (the new fixed combination of lercanidipine and enalapril) generating total sales of € 8.5 million. The new product is also sold by Meda as Zaneril® and by Berlin Chemie (Menarini group) as Carmen ACE®. Altogether the three brands of the new combination product are progressively growing and achieving an increasing share in their reference market. Sales of the two brands of plain lercanidipine, Corifeo® and Carmen® (Berlin Chemie) substantially maintain their share of the calcium channel blocker market.

Lercanidipine is also sold directly by our marketing companies in Ireland, generating sales of € 2.5 million (14.4% market share in the fourth quarter 2008), in Greece with sales of € 2.2 million and in Portugal with sales of € 1.9 million. In Greece lercanidipine is also marketed by Galenica and is the second calcium channel blocker of the market with a total share of 10.8% in the fourth quarter 2008. In Portugal lercanidipine, which is also sold by Delta (Rottapharm group), is the only growing calcium channel blocker in the market with a share of 21.7% in the last quarter 2008.

Lercanidipine is also marketed in a further 82 countries. Of these the main ones are the other European markets, Australia and South Korea. Overall, sales to licensees in 2008 are € 73.0 million, up 8.3%.

PHARMACEUTICALS, ITALY

€ (thousands)	2008	2007	Change 2008/2007	%
Prescription pharmaceuticals [a]	171,965	178,467	(6,502)	(3.6)
Self-medication pharmaceuticals [b]	23,556	22,785	771	3.4
Pharmaceuticals, Italy	**195,521**	**201,252**	**(5,731)**	**(2.8)**

[a] Prescription pharmaceuticals include both reimbursable and non-reimbursable drugs.
[b] Self-medication pharmaceuticals include OTC products and other pharmaceuticals not requiring a prescription.

Sales in Italy of prescription drugs (including lercanidipine) are down by 3.6% as compared to 2007. This reduction is due to a negative price effect worth € 11.7 million resulting principally from the price reduction of Peptazol® (pantoprazole) which took place in October of last year and was determined by the progressive genericization of the therapeutic class to which it belongs.

The following table shows sales of the main products in our Italian portfolio:

€ (thousands)	Therapeutic area	2008	2007	Change 2008/2007	%
Zanedip®/Lercadip®	Hypertension	48,027	44,730	3,297	7.4
Entact®	Depression	31,073	30,049	1,024	3.4
Peptazol®	Gastroenterology	20,115	19,080	1,035	5.4
Tora-Dol®	Analgesia	16,116	17,752	(1,636)	(9.2)
Elopram®	Depression	8,186	12,329	(4,143)	(33.6)

The cardiovascular therapeutic area accounts for 35.5% of prescription pharmaceutical sales and is still the largest in our portfolio thanks to the sales of lercanidipine, of Rextat® and Lovinacor® (lovastatin based drugs indicated for the treatment of hypercholesterolemia) and of Nitrocor®, a nitroglycerin transdermal patch for the treatment of angina.

In the CNS (Central Nervous System) area (20.7% of sales), Entact® (escitalopram), an SSRI antidepressant which is highly specific and selective and has an excellent tolerability profile, continues to perform well with sales increasing by 3.4%. Sales of Elopram® (citalopram), on the other hand, are decreasing due to competition from generic versions which resulted in a progressive price reduction.

In the gastroenterological area (15.2% of sales), sales of our main product Peptazol® (pantoprazole), a proton pump inhibitor for the treatment of ulcers, increase despite the pressure from generic competition within this class of products which resulted in a significant price reduction as from October 2007. Within the analgesia/anti-inflammatory therapeutic area (11.9% of sales), Tora-Dol® (ketorolac) maintains its position as the market leader in its class.

Sales of self-medication products in 2008 are € 23.6 million, up 3.4% over the preceding year. Sales of Alovex™, (treatment of oral cavity aphthas) are up 18.1% to € 4.7 million, consolidating its position as a reference product for this condition and becoming our best selling self-medication product. Sales of Proctolyn® (treatment of hemorrhoids) increased during the year while Imidazyl® (eye drops) declined slightly. Sales of Localyn® (topical corticosteroid) and Lactò® (a dietary supplement), are up during the year as are those of Eumill® (single dose eye drops) which, together with Imidazyl®, reinforces Recordati's leadership in the eye drops market.

The 2008 budget established the limit for pharmaceuticals expenditure at 14% of total healthcare spending and a new system for the control of this expenditure by the national healthcare service was introduced. The new system requires that the Italian pharmaceuticals agency (AIFA) assign an annual budget to each pharmaceutical company and that any sales in excess of this budget be repaid if the overall public expenditure for pharmaceuticals exceeds the 14% limit mentioned above. Furthermore, the payback system under which (AIFA) allows companies to choose between accepting a 5% price reduction imposed in October 2006 or substituting it with an up-front payment of an amount equivalent to 5% of sales recorded in the previous year, was renewed. This option can be exercised for each product individually or for the entire product portfolio. Recordati has chosen to avail itself of this payback option selectively. The payback option will remain valid also during 2009.

PHARMACEUTICALS, FRANCE

In 2008 revenue realized in France by Bouchara Recordati is € 144.5 million, an increase of 2.9% over the preceding year.

The following table shows sales of the main products:

€ (thousands)	Therapeutic area	2008	2007	Change 2008/2007	%
Zanidip®	Hypertension	51,202	43,619	7,583	17.4
Methadone	Drug addiction	15,138	12,566	2,572	20.5
Tenstaten®	Hypertension	12,863	12,274	589	4.8
Hexa line	Respiratory	10,643	11,747	(1,104)	(9.4)
Abufene®	Gynecology	8,538	8,704	(166)	(1.9)

The cardiovascular area is the most significant (51.0% of sales) thanks to the continuing success of Zanidip®, the growth of Tenstaten® (cicletanine), a diuretic indicated for the treatment of hypertension and the contribution of Epinitril®, a nitroglycerin transdermal patch for the treatment of angina which generated sales of € 4.3 million.

The respiratory therapeutic area accounts for 16.1% of total sales and decreased slightly as compared to the preceding year due to lower sales of the Hexa line of products, of Exomuc®/ Exotoux® and of Neo-Codion®.

Sales of methadone are growing strongly, also thanks to the launch during 2008 of a new innovative oral capsule formulation. Abufene®, a drug indicated for the treatment of menopausal symptoms recorded sales of € 8.5 million, slightly down compared to the preceding year.

In France as from March 2008 the prices of the main generic products were reduced by 15%. In 2009, also during March, a reduction of 5% on the prices of large packs of selected products is expected and will have a marginal impact on our sales.

PHARMACEUTICALS, GERMANY

Sales generated by our subsidiary Merckle Recordati are € 53.8 million, up over the preceding year. The following table shows sales of the main products:

€ (thousands)	Therapeutic area	2008	2007	Change 2008/2007	%
Claversal®	Gastroenterology	16,644	16,536	108	0.7
Suplasyn®	Muscolo-skeletal	7,069	7,729	(660)	(8.5)
Corifeo®	Hypertension	5,256	6,014	(758)	(12.6)
Zanipress®	Hypertension	3,213	819	2,394	n.s.

Sales in Germany are up 1.9% thanks in particular to the development of sales of Zanipress® (the new fixed combination of lercanidipine with enalapril), launched during 2007. Sales of Corifeo® (lercanidipine) are down due to the reduction of the reference price applied to the calcium channel blocker class of drugs as from June. Claversal® (mesalazine), indicated for the treatment of ulcerative colitis, is still the most important product in the portfolio. In February our German subsidiary started selling Kentera®, an oxybutynin transdermal patch indicated for the treatment of overactive bladder, generating sales of € 2.6 million.

PHARMACEUTICALS, PORTUGAL

Revenue in Portugal generated by our subsidiary Jaba Recordati is € 42.9 million, down by 6.1% due exclusively to the initial reduction and ultimate discontinuance of the third party production business.

During June Jaba Recordati's pharmaceutical manufacturing business, which includes third party production, in Sintra, Portugal was split out into a new company (Atlantic Pharma S.A.), 90% of which was subsequently sold to Tecnimede, a Portuguese pharmaceutical group. The transfer involved the property, plant and equipment, the 120 staff employed in manufacturing activities and the working capital allocated to production. The price of the transaction is € 25.1 million which gave rise to a € 8.3 million capital gain net of expenses.

Pharmaceutical product sales are € 41.7 million, an increase of 11.3%.

€ (thousands)	2008	2007	Change 2008/2007	%
Prescription pharmaceuticals	38,164	33,765	4,399	13.0
Self-medication pharmaceuticals	3,554	3,707	(153)	(4.1)

The main products are performing well. Tareg®/Co-Tareg® (valsartan/valsartan + HCTZ), antihypertensive drugs under license from Novartis, record sales of € 4.9 million, up 36.4%. Sales of Duagen® (dutasteride), indicated for the treatment of benign prostatic hyperplasia under license from GSK, are € 3.6 million, up 14.6%. Starlix® (nateglinide), indicated for the treatment of type 2 diabetes, records sales of € 2.7 million, up 16.8%.

PHARMACEUTICALS, SPAIN

Revenues in Spain in 2008 recorded by Recordati España are € 25.9 million, a significant recovery over the preceding year (+18.0%) thanks to the growth of its main products.

The following table shows sales of the main products:

€ (thousands)	Therapeutic area	2008	2007	Change 2008/2007	%
Cidine®	Gastroenterology	9,295	7,923	1,372	17.3
Zanidip®	Hypertension	8,889	7,451	1,438	19.3
Dermatrans®	Cardiovascular	2,779	2,415	364	15.1
Yoduk®	Respiratory	2,381	1,797	584	32.5

PHARMACEUTICALS, UNITED KINGDOM

Sales in the United Kingdom generated by subsidiary Recordati Pharmaceuticals are € 10.6 million and are mainly related to Zanidip® (lercanidipine). In February our British subsidiary also started selling Kentera®, an oxybutynin transdermal patch indicated for the treatment of overactive bladder, generating sales of € 1.7 million.

OTHER EUROPEAN COUNTRIES

Sales in other European countries comprise those in Ireland and Greece. Sales in Ireland generated by subsidiary Recordati Ireland are € 2.7 million and sales in Greece generated by subsidiary Recordati Hellas Pharmaceuticals are € 2.6 million. In both countries sales are almost entirely related to lercanidipine, Zanidip® in Ireland and Lercadip® in Greece, with the addition of initial sales of Kentera®.

RUSSIA AND OTHER COUNTRIES WITHIN THE COMMONWEALTH OF INDEPENDENT STATES

Revenue generated in Russia and in the other countries within the Commonwealth of Independent States (C.I.S.) as from 1 January 2008 are € 22.5 million, up 69.7% over the preceding year. Sales and marketing activities in these countries are handled by FIC and FIC Médical which became part of the Recordati group in March of 2008. The best selling product in this area is Tergynan®, a medicine indicated for the treatment of gynecological infections, which reached sales of € 13.8 million. Revenues generated by this organization include pharmaceutical promotion services rendered to third parties for a total income of € 4.4 million.

OTHER INTERNATIONAL SALES

Other international sales comprise the sales to and other revenues from our licensees for our original drugs as well as Bouchara Recordati's export sales, except those generated in the C.I.S. which are stated separately.

€ (thousands)	2008	2007*	Change 2008/2007	%
Lercanidipine**	70,614	65,278	5,336	8.2
Fenticonazole	6,340	6,276	64	1.0
Flavoxate	5,913	6,425	(512)	(8.0)
Other product sales	957	70	887	n.s.
Total sales to licensees	83,824	78,049	5,775	7.4
Bouchara Recordati (export sales)	21,384	23,141	(1,757)	(7.6)
Other income	8,331	3,732	4,599	123.2
Other international sales, total	**113,539**	**104,922**	**8,617**	**8.2**

** Restated for comparison purposes.*

*** Excludes lercanidipine sales to the Italian licensee Rottapharm of € 2.3 million in 2008 and € 2.1 million in 2007.*

Sales of lercanidipine to international licensees are up by 8.2% partly thanks to the launch of the new lercanidipine plus enalapril fixed combination in several markets. Sales of flavoxate, an antispasmodic for the treatment of urinary incontinence, increase slightly (+1.0%) while sales of fenticonazole, an antimycotic for dermatological and gynecological use, are down as compared with the preceding year.

Sales outside France by our French subsidiary Bouchara Recordati are down by 7.6% due to de-stocking by some distributors.

Other income refers to royalties and up-front payments connected to out-licensing agreements.

ORPHAN EUROPE

Sales recorded by Orphan Europe, the European group dedicated to the research, marketing and distribution of unique treatments for rare and orphan diseases, are consolidated as from 1 January 2008 and amount to € 43.9 million. The main products of its portfolio are Adagen® (pegademase bovine), indicated for the treatment of severe combined immunodeficiency disease associated with adenosine deaminase deficiency (SCID-ADA deficiency), Carbaglu® (carglumic acid), indicated for the treatment of hyperammonaemia due to N-acetylglutamate synthase deficiency (NAGS deficiency), and Normosang® (human haemin) indicated for the treatment of acute attacks of hepatic porphyria.

PHARMACEUTICAL CHEMICALS

€ (thousands)	2008	%	2007	%	Change 2008/2007	%
Italy	4,075	13.1	2,403	7.1	1.672	69.6
Europe (Italy excluded)	10,502	33.7	10,965	32.2	(463)	(4.2)
America	10,063	32.2	13,726	40.4	(3,663)	(26.7)
Australasia	5,844	18.7	5,657	16.6	187	3.3
Africa	714	2.3	1,250	3.7	(536)	(42.9)
Total	**31,198**	**100.0**	**34,001**	**100.0**	**(2,803)**	**(8.2)**

Sales of pharmaceutical chemicals which comprise active substances produced in the Campoverde d'Aprilia (Latina, Italy) plant are down by 8.2% as compared to the preceding year. The reduction is due, on the one hand,to the decision to stop the production of some less profitable products and to increase use of the plant's capacity for the production of the active ingredients required by our pharmaceutical business, and on the other to a negative currency effect on dollar denominated sales.

MAIN RISKS AND UNCERTAINTIES

The principal risk factors to which the Group is exposed are described below with an indication of the management strategies and policies pursued. They have been classified as follows:

- Risks associated with the external context
- Risks associated with strategy and operations
- Financial risks
- Legal and compliance risks

RISKS ASSOCIATED WITH THE EXTERNAL CONTEXT

RISKS ASSOCIATED WITH CHANGES IN LEGISLATION AND REGULATIONS GOVERNING THE PHARMACEUTICAL SECTOR

The pharmaceuticals sector is heavily regulated locally, nationally and internationally and this affects activities at all levels. Group sales consist mainly of products subject to medical prescription which are reimbursed by national healthcare services or other medical insurance schemes which are, however, prevalently of a public nature. While on the one hand this situation protects the Group from general economic trends, on the other it exposes it to changes in local legislation governing public spending on healthcare. For many years the Group has pursued a policy of diversifying and expanding its sales on several geographical markets in order to mitigate dependency on decisions by single national governments to control spending on pharmaceuticals. The pharmaceuticals sector is also exposed to national and international technical standards which regulate pharmaceutical research and development, production and promotion. The Group implements a policy to constantly monitor changes in regulations on all the markets on which it operates, with dedicated organisational units in the Parent Company and in subsidiaries designed to identify and rapidly adopt the most appropriate response strategies.

RISKS ASSOCIATED WITH BUSINESS EXPANSION INTO EMERGING MARKETS

The policies pursued by the Group include the expansion of operations in central and eastern European countries with the highest potential for development and the strongest growth rates. Operations in those countries could present risks associated with political, economic, currency, regulatory and fiscal instabilities or discontinuities. Recordati carefully assesses all growth opportunities in these countries in order to mitigate exposure to these uncertainties and where possible it prefers to acquire local companies with a smaller outlay of capital, rather than other companies that are more exposed to country risk.

RISKS ASSOCIATED WITH MARKET COMPETITION

The Group, like any company operating in the pharmaceuticals sector, is subject to competition from products which could determine a contraction in its market share. These consist of both new pharmaceuticals launched by competitors in the same therapeutic classes in which the Group is present and also generic versions of pharmaceuticals coming to market when patents expire. While the Group monitors the market continuously to detect the introduction of competing pharmaceuticals as soon as possible, it also manages risk by pursuing a policy to progressively diversify and broaden the range of its product portfolio in order to reduce dependency on a small number of strategic pharmaceuticals.

RISKS ASSOCIATED WITH STRATEGY AND OPERATIONS

RISKS ASSOCIATED WITH THE INTERNATIONALIZATION OF THE GROUP

The Group currently operates in a growing number of countries and is therefore subject to risks arising from the complexity of conducting operations in delocalized areas. In order to address this situation, the Group has put a management system in place with central units which integrate, monitor and co-ordinate the operations of local units on which operational and marketing powers are conferred to be exercised in compliance with guidelines and within limits indicated by the Group.

RISKS ASSOCIATED WITH THE EXPIRY OF PATENTS

The pharmaceuticals industry makes large investments in research and development and as a consequence it enjoys a high degree of protection on its intellectual properties. Therefore, the expiry of patents covering important pharmaceuticals in product portfolios and the consequent introduction onto the market of generic versions exposes companies to reductions in revenues which can be large. As far as the Group is concerned, the patent for lercanidipine, an important pharmaceutical in the product portfolio, expires at the beginning of 2010 in the main European countries. In order to counter the reduction in this product's sales as a result of future competition from generic pharmaceuticals, the Group plans to launch new products that are currently being registered and also to broaden its operations onto new markets with high growth rates.

RISKS ASSOCIATED WITH INVESTMENTS IN RESEARCH AND DEVELOPMENT

The competitive positioning of the Group depends on the continuous development of its product portfolio through the research and development of new molecules and pharmaceutical products in which it invests a substantial part of its resources. Given the complexity and long periods involved in these initiatives, it is not possible to be certain that investments in research and development will always produce the expected results, because the research conducted may fail or the necessary authorisations to market products may not be obtained. In order to mitigate exposure to these risks,

the Group constantly monitors the intermediate results generated at the various stages of the research and development process, in order to select and move forward only with the most reliable initiatives that have the highest probability of an economic return and success. Additionally, prudentially, the costs for investments in research and development are fully expensed in the accounting period in which they are incurred.

RISKS ASSOCIATED WITH THE LAUNCH OF NEW PRODUCTS

A risk exists in the pharmaceuticals sector that delays in the development process, or in the issue of the necessary authorizations by regulatory authorities, may result in product launches occurring behind schedule with a consequent delay in the achievement of growth targets. In order to mitigate that risk Recordati pursues two policy lines. One is to broaden and balance its pipeline of products, implemented by acquiring pharmaceuticals that are already registered or are about to be registered, or of new products at different stages of development. The other is to pursue a plan of geographical diversification designed to limit dependence on the regulatory authorities of a single country.

RISKS ASSOCIATED WITH PHARMACOVIGILANCE

The Group, as a holder of drug marketing authorizations, must comply with regulations on pharmacovigilance. These regulations require that holders of marketing authorizations submit to the regulatory bodies information regarding drug safety, within the time limits and in the manner established by these, with particular regard to adverse reactions. The ascertainment of serious adverse drug reactions can expose the Group to the risk of restrictions being placed on the prescription of a drug, and in the most serious cases, authorization to market the product can be revoked. In order to avoid this risk and to comply with national regulations in the countries where the Group operates, Recordati has assigned specific pharmacovigilance responsibilities within its organizations and has put integrated systems in place to collect, assess, manage and submit the information required to the competent authorities. On the basis of currently available information there are no indications with regard to pharmacovigilance to suggest that critical situations exist for Group products.

RISKS ASSOCIATED WITH THE PRODUCTION PROCESS

The Group has production plants which produce both intermediate products and active ingredients and also finished pharmaceutical products. Production is by its nature exposed to potential risks of interruption which, if they were to have significant or long lasting effects – caused for example by natural disasters, the revocation of production permits and licenses, interruptions in the supply of important raw materials or energy –could have adverse consequences on the continuity and regularity of sales. In order to mitigate the effects of long lasting interruptions in production processes, the Group uses only reliable suppliers, approved as complying with the relevant technical standards. It also constantly monitors the availability of raw materials and strategic excipients, in order to promptly identify potential local or world "out-of-stock" situations and to take the necessary action to guarantee production autonomy and, in addition, it has identified alternative production sites. Furthermore, in order to reduce losses resulting from potential interruptions or damage to production cycles, the Group has taken out insurance policies for loss of profit and to cover plant rebuilding costs.

Chemical and pharmaceutical production is subject to obligations to comply with environmental, health and safety regulations and with international good manufacturing practices, which are codified in standard operating procedures applicable to the pharmaceuticals sector. It is also subject to inspections by the competent national and international authorities. In order to guarantee proper compliance with those regulations, the Group has put organisational units in place with specific

continuous verification and monitoring functions. In addition to this, the environmental management system of the Group's main production plant, located at Campoverde di Aprilia, obtained certification from the accredited international body DNV (Det Norske Veritas, Italy) of compliance with the UNI EN ISO 14001:1996 standard in 2003, which was subsequently confirmed with certification for the UNI EN ISO 14001:2004 standard.

FINANCIAL RISKS

CREDIT RISK

Credit risk is exposure to potential losses resulting from commercial counterparties failing to meet their obligations. The Group closely controls its credit exposure through the allocation of credit limits to each single customer and an internal reporting system.

INTEREST RATE RISK

The Group raises funds using debt and invests excess cash in money market and other financial instruments. The fluctuation of market interest rates influences the cost and returns of the debt and investment instruments therefore affecting the Group's net financial charges. The Group's policy is to limit the risk arising from interest rate fluctuations by establishing fixed interest loans or by using derivative financial instruments for the sole purpose of minimizing such fluctuations and not for speculation. This hedging policy, combined with the low level of net debt, limits the Group's exposure to the risk of fluctuations in interest rates.

FOREIGN CURRENCY RISK

The Group operates in an international context and has assets and transactions denominated in foreign currency other than euro. It is therefore exposed to risks of foreign currency fluctuations which can affect is operating results and the value of its equity. In the current organization, the net exposure for trade transactions in foreign currency is, however, marginal when compared to the Group's business volumes. Financial assets and liabilities are denominated mainly in euro and when they are in foreign currency, they are hedged with derivatives contracts entered into for the sole purpose of hedging and not for speculation.

LIQUIDITY RISK

The liquidity risk to which the Group may be exposed is the inability to raise sufficient financial resources for its ongoing business and for the development of its industrial and commercial activities. The two main factors which determine the Group's liquidity are, on the one hand, the cash generated or absorbed by operations and by investments, and on the other, the expiry and renewal terms of debt or the degree of liquidity of financial investments and market conditions. The Group has at its disposal an ample supply of liquidity readily available for its operations and plentiful lines of credit granted by a number of leading Italian and international financial institutions. The terms and conditions of the Group's loans and its financial assets are set out in notes 17., 20. and 29. which address, respectively, short-term financial investments, cash and cash equivalents, loans and bank overdrafts. The Group believes that the funds and credit lines currently available, in addition to those generated by operations and financing activities, are enough to satisfy investment needs, working capital requirements and the repayment of debts at their natural due dates.

LEGAL AND COMPLIANCE RISKS

RISKS ASSOCIATED WITH PRODUCT LIABILITY

Despite careful compliance with standards and regulations, like any company operating in the pharmaceuticals sector, the Group could be exposed to risks of claims for damages caused by its pharmaceuticals. In order to meet those potential liabilities, the Group has taken out insurance policies to cover all the products marketed and under development. The maximum liability limits are considered adequate and are constantly monitored.

RISKS ASSOCIATED WITH COMPLIANCE

All operating and marketing activities performed by the Group, both in Italy and abroad, are performed in compliance with the legislation and regulations that apply in the geographical areas in which it operates, including national and international technical standards that apply to the pharmaceuticals sector which regulate pharmaceutical research and development, production, distribution and promotion. As concerns the regulation of drug promotion activities, the Group has formulated a set of ethical rules of conduct. All company personnel are continuously informed of those rules and monitoring is performed constantly to ensure that they are properly observed. In compliance with Legislative Decree 231/2001 on the administrative liability of legal entities, the Italian companies in the Group have an "Organisation, Management and Control Model" that is continuously updated to comply with the latest amendments to the relevant legislation.

RISKS ASSOCIATED WITH LEGAL ACTION

It is always possible that the Group may be required to meet costs resulting from litigation of various types. In these cases the Group may be called upon to pay extraordinary costs with consequences for operating and financial results. A detailed description of litigation in progress and the relative provisions made to meet future liabilities is given in notes 27. and 35. to the financial statements.

FINANCIAL REVIEW

INCOME STATEMENT

The following table shows the profit and loss accounts, including their expression as a percent of sales and change versus 2007:

€ (thousands)	2008	%	2007	%	Change 2008/2007	%
Revenue	**689,634**	**100.0**	**628,435**	**100.0**	**61,199**	**9.7**
Cost of sales	(222,196)	(32.2)	(206,350)	(32.8)	(15,846)	7.7
Gross profit	**467,438**	**67.8**	**422,085**	**67.2**	**45,353**	**10.7**
Selling expenses	(214,245)	(31.1)	(202,043)	(32.2)	(12,202)	6.0
R&D expenses	(58,860)	(8.5)	(49,122)	(7.8)	(9,738)	19.8
G&A expenses	(39,372)	(5.7)	(33,927)	(5.4)	(5,445)	16.0
Other income (expense), net	(10,231)	(1.5)	(5,497)	(0.9)	(4,734)	n.s.
Operating income	**144,730**	**21.0**	**131,496**	**20.9**	**13,234**	**10.1**
Financial income (expense), net	(6,584)	(1.0)	(4,071)	(0.6)	(2,513)	61.7
Pretax income	**138,146**	**20.0**	**127,425**	**20.3**	**10,721**	**8.4**
Provision for income taxes	(37,717)	(5.5)	(42,560)	(6.8)	4,843	(11.4)
Net income	**100,429**	**14.6**	**84,865**	**13.5**	**15,564**	**18.3**
Attributable to:						
Equity holders of the parent	100,424	14.6	84,865	13.5	15,559	18.3
Minority interests	5	0.0	0	0.0	5	n.s.

The volume, price and currency effects on revenue are shown in the following table:

Change as % of revenue	Volume Effect	Price Effect	Currency Effect	Total Change
Pharmaceuticals	15.3	(4.0)	(0.5)	10.8
Pharmaceutical chemicals	(2.9)	(2.1)	(3.2)	(8.2)
Total change	14.3	(3.9)	(0.7)	9.7

The increase in volumes includes the consolidation, as from 1 January 2008, of the Orphan Europe business acquired at the end of 2007. Excluding this consolidation effect, pharmaceutical sales volumes increase by 7.9%. The negative price effect is due essentially to price reductions in Italy. The negative currency effect is due to sales denominated in U.S. dollars.

International revenues went from € 424.8 million to € 483.9 million, an increase of 13.9%. In 2008 international sales represent 70.2% of total revenue. Their breakdown by geographic area is shown in the table below:

€ (thousands)	2008	%	2007	%
Europe (Italy excluded)	416,453	86.1	356,543	83.9
Australasia	31,959	6.6	30,196	7.1
America	17,145	3.5	19,782	4.7
Africa	18,229	3.8	18,258	4.3
Total international revenue	**483,786**	**100.0**	**424,779**	**100.0**

Gross profit is € 467.4 million with a margin of 67.8% on sales, a further improvement over that of last year thanks to a favorable product mix.

Selling expenses increase by 6.0% but decrease as a percent of sales from 32.2% to 31.1%.

R&D expenses, at € 58.9 million, increase by 19.8% over those of the preceding year partly due to the consolidation of Orphan Europe's research and development activities.

G&A expenses are up by 16.0% due exclusively to the consolidation of the new business acquired.

Other expenses net of other income are € 10.2 million and are mainly comprised of the € 8.3 million capital gain realized on the sale of Jaba Recordati's production business in Portugal, the write-down of the residual value of three products following the termination of their license agreements for a total of € 8.2 million, € 4.6 million pay-back due to AIFA (the Italian medicines agency) in substitution for the 5% price reduction on selected products, and restructuring costs and provisions for further restructuring and other risks for a total of € 5.1 million.

Net financial charges are € 6.6 million (€ 4.1 million in 2007), due to the use of funds for the acquisitions recently concluded.

The effective tax rate during the year is 27.3%, a significant improvement over that for 2007 due to the decrease in the corporate tax rates of some European countries and to the tax exemption applied to the capital gain realized on the sale of the production business in Portugal.

Group net income is € 100.4 million, an increase of 18.3% over the preceding year.

FINANCIAL POSITION

During 2008 important investments were made with the aim of expanding our European presence and strengthening our product portfolio.

FIC and FIC Médical, the French companies dedicated to the registration and promotion of pharmaceuticals on behalf of third parties, in Russia and in other countries within the Commonwealth of Independent States (C.I.S.), were acquired in March for a total value of € 15.6 million, including the companies' cash and cash equivalents. These companies' financial statements are consolidated as from 1 April 2008. Furthermore, in December the acquisition of Yeni Ilaç, a Turkish pharmaceutical company, was concluded for a value of € 46.7 million which includes related transaction costs and is net of the company's cash and cash equivalents. This company's balance sheet is consolidated line by line at 31 December 2008. The effect of the consolidation of the new companies acquired is shown in detail in the notes to the financial statements.

The main investments in intangible assets relate to the license agreement entered into with a subsidiary of Watson Pharmaceuticals for the marketing and sales of Kentera®, an oxybutynin transdermal patch, for a value of € 10.1 million, to the agreement with Bastian-Werk in Germany for the acquisition of Ortoton® (methocarbamol) for a value of € 10.8 million, to the payment of a milestone of € 3.3 million to Kissei following the filing of the marketing approval application for silodosin, and to the new agreement with Kowa Pharmaceutical Europe covering the marketing and sales in 7 EU countries plus Turkey, Russia and other C.I.S. countries which involved a payment of € 2.5 million.

An amount of € 13.5 million was invested in property, plant and equipment, mainly involving the Milan headquarters and the production plants in Campoverde di Aprilia (Italy) and in Saint Victor (Montluçon, France).

Net working capital for operations at 31 December 2008 is € 83.7 million, which includes the consolidation of Yeni Ilaç, and is thus comprised:

€ (thousands)	31.12.2008	% of Revenue	31.12.2007	% of Revenue	Change 2008/2007	%
Trade receivables, net	137,015	19.9	134,454	21.4	2,561	1.9
Inventories	83,087	12.0	74,737	11.9	8,350	6.2
Other current assets	25,087	3.6	33,531*	5.3	(8,444)	(25.2)
Current assets	**245,189**	**35.5**	**242,722***	**38.6**	**2,467**	**1.0**
Trade payables	88,598	12.8	80,343	12.8	8,255	10.3
Tax payable	10,278	1.5	15,762	2.5	(5,484)	(34.8)
Other current liabilities	62,626	9.1	52,187*	8.3	10,439	20.0
Current liabilities	**161,502**	**23.4**	**148,292***	**23.6**	**13,210**	**8.9**
Net working capital for operations	**83,687**	**12.1**	**94,430***	**15.0**	**(10,743)**	**(11.4)**
Days of sales outstanding	66		67			
Inventories as % of cost of sales	36.6%		34.3%			

** Restated for comparison purposes (see Note 9.)*

The net financial position at 31 December 2008 shows a net debt of € 81.0 million, an improvement over 2007 notwithstanding the investments made.

€ (thousands)	31.12.2008	31.12.2007	Change 2008/2007	%
Cash and short-term financial investments	94,951	89,382	5,569	6.2
Bank overdrafts and short-term loans	(90,844)	(98,796)	7,952	(8.0)
Loans – due within one year	(2,201)	(2,939)	738	(25.1)
Net liquid assets	**1,906**	**(12,353)**	**14,259**	**n.s.**
Loans – due after one year [1]	(82,914)	(84,806)	1,892	(2.2)
Net financial position	**(81,008)**	**(97,159)**	**16,151**	**(16.6)**

[1] Includes the measurement at fair value of hedging derivatives (fair value hedge).

Cash is temporarily invested short term with the intention of keeping it available for future investments for the development of the group.

RECONCILIATION BETWEEN THE PARENT COMPANY'S SHAREHOLDERS' EQUITY AND NET INCOME AND GROUP CONSOLIDATED SHAREHOLDERS' EQUITY AND NET INCOME

The reconciliation between the parent company's shareholders' equity and net income and the Group consolidated shareholders' equity and net income is as follows:

€ (thousands)	Shareholders' equity		Net income for the year	
	31.12.2008	31.12.2007	2008	2007
Recordati S.p.A.	273,161	261,842	52,945	50,376
Consolidation adjustments:				
Margin in inventories	(19,962)	(19,740)	(222)	(8,062)
Related deferred tax	6,271	6,212	59	2,358
Other adjustments	(48)	0	(130)	(83)
Retained earnings of consolidated subsidiaries at beginning of the year, net of amounts already booked by Recordati S.p.A.	115,511	96,183	0	0
Net income for the year of consolidated subsidiaries, net of amounts already booked by Recordati S.p.A.	77,892	49,490	77,892	49,490
Dividends received from consolidated subsidiaries	0	0	(30,119)	(19,993)
Impairment write-down of equity investments	0	0	0	10,779
Translation adjustments	(7,096)	(3,384)	0	0
Consolidated financial statements	**445,729**	**390,603**	**100,425**	**84,865**

Further details are provided in the consolidated financial statements and in the notes to the financial statements. Information on intercompany transactions and related issues is contained in note 36.

FOURTH QUARTER 2008 RESULTS

INCOME STATEMENT

The following table shows the profit and loss accounts for the fourth quarter 2008 as compared to the same period 2007.

€ (thousands)	IV Quarter 2008	%	IV Quarter 2007	%	Change 2008/2007	%
Revenue	**181,392**	**100.0**	**162,028**	**100.0**	**19,364**	**12.0**
Cost of sales	(60,567)	(33.4)	(55,898)	(34.5)	(4,669)	8.4
Gross profit	**120,825**	**66.6**	**106,130**	**65.5**	**14,695**	**13.8**
Selling expenses	(53,374)	(29.4)	(51,088)	(31.5)	(2,286)	4.5
R&D expenses	(16,588)	(9.1)	(12,255)	(7.6)	(4,333)	35.4
G&A expenses	(9,888)	(5.5)	(9,260)	(5.7)	(628)	6.8
Other income (expense), net	(7,515)	(4.1)	(2,928)	(1.8)	(4,587)	n.s.
Operating income	**33,460**	**18.5**	**30,599**	**18.9**	**2,861**	**9.3**
Financial income (expense), net	(742)	(0.4)	(944)	(0.6)	202	(21.4)
Pretax income	**32,718**	**18.0**	**29,655**	**18.3**	**3,063**	**10.3**
Provision for income taxes	(8,874)	(4.9)	(8,827)	(5.4)	(47)	0.5
Net income	**23,844**	**13.1**	**20,828**	**12.9**	**3,016**	**14.5**
Attributable to:						
Equity holders of the parent	23,842	13.1	20,828	12.9	3,014	14.5
Minority interests	2	0.0	0	0.0	2	0.0

Consolidated revenue in the fourth quarter 2008 is € 181.4 million, an increase of 12.0% compared to that of the preceding year. Pharmaceutical sales are up by 12.6% while pharmaceutical chemicals sales are € 8.0 million, in line with those of 2007.

Operating income at € 33.5 million is 18.5% of sales, a margin lower than that in preceding quarters due to non-recurring provisions and write-downs for a total of € 6.4 million which were booked to other expense in the quarter.

Net income is up by 14.5% and benefits from a favorable tax rate.

SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

In January 2009 the acquisition of Herbacos-Bofarma, a Czech pharmaceutical company with headquarters in Pardubice, was concluded. The price paid of around € 19 million was funded from existing liquidity. Herbacos-Bofarma is a well known pharmaceutical company operating in the Czech and Slovak markets with a significant portfolio of medicines in various therapeutic classes. Individual brands have a strong position in particular market segments. Herbacos-Bofarma employs 100 personnel, of which a sales and marketing network of 35 employees. The company is very solid financially. Sales have increased consistently over recent years and in 2008 are around € 12 million. The company's EBITDA margin is in line with that of the group.

Group sales in the first two months of 2009 are substantially in line with our expectations for the full year which are to achieve sales of around € 750 million, operating income of around € 155 million and net income of around € 105 million.

CONSOLIDATED FINANCIAL STATEMENTS

Recordati S.p.A. and Subsidiaries
Consolidated Financial Statements at and for the year ended 31 December 2008

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 the interpretations of the International Financial Interpretation Reporting Committee (IFRIC) previously named Standing Interpretations Committee (SIC). The financial statements comply with the European Union's guidelines on the preparation of consolidated financial statements. The same accounting standards were used in the preparation of the financial statements at 31 December 2007.

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

INCOME STATEMENT

€ (thousands)	Note	2008	2007
Revenue	3	**689,634**	**628,435**
Cost of sales	4	(222,196)	(206,350)
Gross profit		**467,438**	**422,085**
Selling expenses	4	(214,245)	(202,043)
R&D expenses	4	(58,860)	(49,122)
G&A expenses	4	(39,372)	(33,927)
Other income (expense), net	4	(10,231)	(5,497)
Operating income		**144,730**	**131,496**
Financial income (expense), net	5	(6,584)	(4,071)
Pretax income		**138,146**	**127,425**
Provision for income taxes	6	(37,717)	(42,560)
Net income		**100,429**	**84,865**
Attributable to:			
Equity holders of the parent		100,424	84,865
Minority interests		5	0
Earnings per share			
Basic		€ 0.511	€ 0.427
Diluted [1]		€ 0.501	€ 0.417

[1] *Diluted earnings per share is calculated taking into account new shares authorized but not yet issued.*

Earnings per share (EPS) are based on average shares outstanding during each year, 196,667,301 in 2008 and 198,557,743 in 2007, net of average treasury stock which amounted to 11,472,355 shares in 2008 and 8,495,866 shares in 2007.

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008

ASSETS

€ (thousands)	Note	31 December 2008	31 December 2007
Non-current assets			
Property, plant and equipment	7	57,969	68,006
Intangible assets	8	92,635	90,521
Goodwill	9	289,822	239,903 *
Other investments	10	7,532	3,115
Other non-current assets	11	5,199	6,661 *
Deferred tax assets	12	22,650	21,324 *
Total non-current assets		**475,807**	**429,530**
Current assets			
Inventories	13	83,087	74,737
Trade receivables	14	137,015	134,454
Other receivables	15	22,741	30,284
Other current assets	16	2,346	3,247
Short-term financial investments, cash and cash equivalents	17	94,951	89,382
Total current assets		**340,140**	**332,104**
Total assets		**815,947**	**761,634**

** Restated to include final Orphan Europe goodwill allocation*

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008

EQUITY AND LIABILITIES

€ (thousands)	Note	31 December 2008	31 December 2007
Shareholders' equity			
Share capital		26,063	25,981
Additional paid-in capital		81,320	78,952
Treasury stock		(59,103)	(59,103)
Hedging reserve *(cash flow hedge)*		(2,532)	(113)
Translation reserve		(7,096)	(3,384)
Other reserves		25,733	25,529
Retained earnings		280,920	237,876
Net income for the year		100,424	84,865
Group shareholders' equity	18	**445,729**	**390,603**
Minority interest	19	13	8
Shareholders' equity		**445,742**	**390,611**
Non-current liabilities			
Loans – due after one year	20	81,409	77,250
Staff leaving indemnities	21	19,624	20,431
Deferred tax liabilities	22	7,399	9,681 *
Other non-current liabilities	23	3,189	5,965 *
Total non-current liabilities		**111,621**	**113,327**
Current liabilities			
Trade payables	24	88,598	80,343
Other payables	25	47,147	41,765 *
Tax liabilities	26	10,278	15,762
Other current liabilities		385	346
Provisions	27	15,094	10,076
Fair value of hedging derivatives *(cash flow hedge)*	28	2,532	113
Fair value of hedging derivatives *(fair value hedge)*	20	1,505	7,556
Loans – due within one year	20	2,201	2,939
Bank overdrafts and short-term loans	29	90,844	98,796
Total current liabilities		**258,584**	**257,696**
Total equity and liabilities		**815,947**	**761,634**

** Restated to include final Orphan Europe goodwill allocation*

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 year	Minority Interest	Total
Balance at 31 December 2006	**25,802**	**73,165**	**(30,653)**	**(1,081)**	**336**	**24,926**	**200,276**	**74,031**	**0**	**366,802**
Allocation of 2006 net income:										
- Dividends distributed								(36,956)		(36,956)
- Retained earnings							37,075	(37,075)		
Increase in share capital	179	5,787								5,966
Net income for the period								84,865		84,865
Share buy-back			(29,862)							(29,862)
Sale of treasury stock			1,412				(87)			1,325
Changes in fair value of hedging derivatives				968						968
Effect of application of IAS/IFRS						603	625			1,228
Other changes in equity							(13)			(13)
Translation Adjustment					(3,720)					(3,720)
Consolidation of Orphan Europe									8	8
Balance at 31 December 2007	**25,981**	**78,952**	**(59,103)**	**(113)**	**(3,384)**	**25,529**	**237,876**	**84,865**	**8**	**390,611**
Allocation of 2007 net income:										
- Dividends distributed								(42,220)		(42,220)
- Retained earnings							42,645	(42,645)		
Increase in share capital	82	2,368								2,450
Net income for the period								100,424	5	100,429
Changes in fair value of hedging derivatives				(2,419)						(2,419)
Effect of application of IAS/IFRS						204	426			630
Other changes in equity							(27)			(27)
Translation Adjustment					(3,712)					(3,712)
Balance at 31 December 2008	**26,063**	**81,320**	**(59,103)**	**(2,532)**	**(7,096)**	**25,733**	**280,920**	**100,424**	**13**	**445,742**

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

€ (thousands)	2008	2007
Operating activities		
Cash flow		
Net Income	100,429	84,865
Depreciation of property, plant and equipment	11,147	13,180
Amortization of intangible assets	18,296	12,789
Impairment or write-down of assets	10,398	2,866
Total cash flow	**140,270**	**113,700**
(Increase)/decrease in deferred tax assets	(1,326)	(1,354)
Increase/(decrease) in staff leaving indemnities	(1,063)	(2,558)
Increase/(decrease) in other non-current liabilities	(3,115)	(6,040)
	134,766	**103,748**
Changes in working capital		
Trade and other receivables	7,969	(10,606)
Inventories	(7,967)	3,886
Other current assets	955	(949)
Trade and other payables	12,736	11,066
Tax liabilities	(6,402)	(8,615)
Other current liabilities	541	(97)
Provisions	5,018	(6,613)
Changes in working capital	**12,850**	**(11,928)**
Net cash from operating activities	**147,616**	**91,820**
Investing activities		
Net (investments)/disposals in property, plant and equipment	(13,307)	(6,171)
Net (investments)/disposals in intangible assets	(30,397)	(8,818)
Net (increase)/decrease in equity investments (acquisition of FIC and FIC Médical)	(15,558) [1]	-
Net (increase)/decrease in equity investments (acquisition of Yeni Ilaç)	(50,604) [2]	-
Net (increase)/decrease in equity investments (acquisition of Orphan Europe)	0	(135,637) [4]
Net (increase)/decrease in equity investments (acquisition of Grupo Jaba)	0	(1,207) [5]
Net (increase)/decrease in other equity investments	(4,414)	(2,419)
Net (increase)/decrease in other non-current assets	1,626	232
Net cash used in investing activities	**(112,654)**	**(154,020)**
Financing activities		
New bank loans raised	0	8
Net financial position of acquired companies	6,434	4,710
Issue of share capital	82	179
Additional paid-in capital increase	2,368	5,787
Changes in treasury stock	0	(28,537)
Effect of application of IAS/IFRS	630	1,228
Other changes in equity	(27)	(13)
Re-payment of loans	(2,914)	(20,355)
Dividends paid	(42,220)	(36,956)
Sale of Jaba Recordati production business (book value)	(17,918) [3]	-
Change in translation reserve	(3,712)	(3,720)
Net cash from/(used in) financing activities	**(21,441)**	**(77,669)**
Changes in short-term financial position	**13,521**	**(139,869)**
Short-term financial position at beginning of year *	(9,414)	130,455
Short-term financial position at end of period *	4,107	(9,414)

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

[1] *Acquisition of FIC and FIC Médical: Working capital 710, Cash and cash equivalents (4,071), Fixed assets (498), Goodwill (11,964), Deferred tax liabilities 41, Non-current liabilities (126), Staff leaving indemnities 66, Bank loans 284.*

[2] *Acquisition of Yeni Ilaç: Working capital (4,826), Cash and cash equivalents (3,903), Fixed assets (2,139), Goodwill (39,931), Deferred tax liabilities 5, Staff leaving indemnities 190.*

[3] *Sale of Jaba Recordati production business: Cash and cash equivalents 1,540, Working capital 2,009, Fixed assets 14,256, Goodwill 1,976, Deferred tax liabilities (1,863).*

[4] *Acquisition of Orphan Europe (includes final goodwill allocation): Working capital (14,287), Cash and cash equivalents (10,739), Fixed assets (11,354), Goodwill (110,569), Deferred tax assets (1,172), Minority interest 8, Staff leaving indemnities 402, Deferred tax liabilities 80, Non-current liabilities 5,965, Bank loans 6,029.*

[5] *Acquisition of Jaba companies, further allocation in 2007: Fixed assets (2,238), Goodwill 437, Deferred tax liabilities 594.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. GENERAL

The consolidated financial statements at 31 December 2008 comprise Recordati S.p.A. (the Company) and subsidiaries controlled by the Company. The companies included in the consolidated accounts, their percentage of ownership and a description of their activity are set out in attachment 1.

During 2008 the consolidation perimeter was modified following the inclusion of the French companies FIC S.A.S. and FIC Médical S.A.R.L., acquired by Bouchara Recordati in March. Profit and loss for these companies are consolidated as from 1 April 2008. In December the acquisition of the Turkish pharmaceutical company Yeni Ilaç A.Ş. was concluded. The balance sheet of this new company is consolidated at 31 December 2008 while its income statement will be consolidated as from 1 January 2009. The effect of the recognition of the newly acquired companies in the accounts is disclosed in the comments to each balance sheet account. The income statements of the companies belonging to the Orphan Europe group, acquired in December 2007, are consolidated as from 1 January 2008 while their balance sheet accounts were consolidated at 31 December 2007. As allowed under IFRS 3 the recognition of these acquired companies in the accounts, which was initially provisional, has now been completed with retroactive effect to 31 December 2007, following the identification of potential assets and liabilities and a change in the cost of the operation.

During June Jaba Recordati's pharmaceutical manufacturing business, which includes third party production, in Sintra, Portugal was split out into a new company (Atlantic Pharma S.A.), 90% of which was subsequently sold to Tecnimede, a Portuguese pharmaceutical group. The transfer involved the property, plant and equipment, the 120 staff employed in manufacturing activities and the working capital allocated to production. This operation was not stated separately as a discontinued operation as the premises for such a treatment are non-existent. In particular, the size of the business involved in the transaction is marginal with respect to the group's overall business.

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 financial statements have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/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 same accounting policies applied in the preparation of the consolidated financial statements at 31 December 2008 were used in the preparation of the financial statements at 31 December 2007.

The financial statements of the consolidated companies, prepared by the Board of Directors or the Sole Directors for submission to the respective Shareholders' meetings, have been reclassified and adjusted as required in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS). The criteria applied is consistent with that of the consolidated financial statements at 31 December 2007.

The financial statements have been prepared on the historical cost basis, except for hedging derivatives (and the relative underlying hedged financial liability) for which their fair value has been applied and defined benefit plans for which the actuarial valuation was carried out as prescribed by IAS 19.

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.

The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared according to the same accounting policies adopted by the Company. Where necessary, adjustments are made to bring the accounting policies used in line with those used by the Company.

All intercompany transactions and balances between group enterprises, including unrealized gains, are eliminated on consolidation. Intragroup losses are also eliminated unless they indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are included in the consolidated financial statements from the effective date control is acquired up to the effective date control is transferred out of the group. When control is no longer exercised over a consolidated subsidiary, the results of the subsidiary are consolidated proportionally to the time period during which control was maintained.

The line-by-line consolidation method is applied using the following criteria:

a. The book value of investments in consolidated subsidiaries is eliminated against the relevant shareholders' equity while the assets and liabilities are consolidated on a line-by-line basis.
b. Intercompany payables and receivables and transactions, as well as intra-group profits and losses not yet realized, are eliminated.

c. Any excess of the cost of acquisition over the value of equity at the date of acquisition is recognized as goodwill.
d. Minority interests in the equity of consolidated subsidiaries are shown separately under equity, while minority interests in the net income of such companies are shown separately in the consolidated income statement.

The financial statements of foreign subsidiaries expressed in currencies other than Euro are translated into Euro as follows:
- Assets and liabilities, at year-end exchange rates;
- Shareholders' equity at historical exchange rates;
- Income and expense items at the average exchange rates for the year;
- The goodwill resulting from the acquisition of a foreign company is recognized in the currency of the country in question and translated at year-end exchange rates.

Translation differences arising from this process are booked to consolidated equity.

BALANCE SHEET

Property, plant and equipment - Property, plant and equipment is stated at purchase cost less accumulated depreciation and any recognized impairment loss. Reviews are performed annually or when events or situations occur which indicate that the carrying amount of the assets can no longer be recovered (see paragraph on *Impairment*). Depreciation is computed on a straight-line basis using rates which are held to be representative of the estimated useful life of the assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Leasing - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognized as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments, and depreciated over their estimated useful life. The corresponding liability to the lessor is included in the balance sheet as a financial liability. Lease payments are apportioned between finance charges and reduction of the financial liability. Finance charges are charged directly in the income statement.

All other leases are classified as operating leases and the rentals payable are charged to income as per the terms of the relevant lease.

Intangible assets - An intangible asset is recognized only if it can be identified, if it is probable that it will generate future economic benefits and its cost can be measured reliably. Intangible assets are valued at purchase cost, net of amortization calculated on a straight line basis and on the basis of their estimated useful life which, however, cannot exceed 20 years. Patents, licenses and know-how are amortized as from the year of the first sale of relevant products. Amortization of distribution and license rights is generally calculated over the duration of the contract.

Goodwill - Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or

jointly controlled entity at the date of acquisition. Goodwill is recognized as an asset and reviewed annually in order to determine any impairment loss.

Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of remaining goodwill is included in the determination of the profit or loss on disposal.

Impairment - At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized. A reversal of an impairment loss is recognized as income immediately.

Investments in associates - An associate is an enterprise over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting.

Other investments - Other investments are those described by IAS 39 as available-for-sale financial assets. They comprise equity instruments and are measured at fair value. If their market value is not available and their fair value cannot be reasonably determined, these investments are valued at cost.

Receivables (included in non-current assets) - Receivables are stated at their nominal value and reduced by estimated irrecoverable amounts if and when necessary.

Inventories - Inventories are stated at the lower of cost or market, where the market value of raw materials and subsidiaries is their substitution cost while that related to finished goods and work-in-process is their net realizable value. Inventories of raw materials, supplies and promotional material are valued at their average acquisition cost including costs incurred in bringing the inventories to their location and condition at year end. Inventories of work-in-process and finished goods are valued at

their average manufacturing cost which includes the cost of raw materials, consumables, direct labour and indirect costs of production.

Inventories are written-down if market value is lower than cost as described above or in the case of obsolescence resulting from slow moving stocks.

Trade receivables - Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents - Cash in banks on demand and highly liquid investments.

Non-current assets held for sale and discontinued operations - Comprise those components of an entity, whose operations and cash flows can be distinguished operationally and for financial reporting purposes, that either have been disposed of or that satisfy the criteria to be classified as held for sale.

A non-current asset (or disposal group) classified as held for sale is measured at the lower of fair value less costs to sell it and its carrying amount.

Non-current assets or disposal groups that are classified as held for sale are not depreciated.

Equity - Equity instruments issued by the Company are recorded at the proceeds received. Proposed dividend is recognized as a liability at the time of adoption of the dividend resolution at the annual shareholders' meeting. The cost and selling prices of treasury shares are recognized directly in equity and therefore gains and losses on sales are not recognized in the income statement.

Loans - Interest-bearing loans are recorded at the proceeds received, net of direct issue costs. Subsequently, loans are measured using the amortised cost method as prescribed by IAS 39. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period.

If the loans are covered using derivative instruments qualifying as fair value hedges, in accordance with IAS 39 these loans are measured at fair value as are their related derivative instruments.

Staff leaving indemnities - Employee benefits presented on the balance sheet are the result of valuations carried out as prescribed by IAS 19. The liability recognised in the balance sheet for post-employment benefit plans is the present value of the defined benefit obligation, as adjusted for unrecognised actuarial gains and losses and unrecognized past service cost. The present value of the defined benefit obligation is determined using the Projected Unit Credit Method.

Trade payables - Include payables arising from supply agreements and are stated at their nominal value.

Other payables - Include payables arising in the normal course of business (towards employees and third parties) and are stated at their nominal value.

Bank overdrafts and loans - Bank overdrafts and loans are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments - The Group uses derivative financial instruments to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivatives are measured at fair value at the end of each reporting period.

Hedging relationships are of two types, "fair value hedge" or "cash flow hedge". A "fair value hedge" is a hedge of the exposure to changes in the fair value of an asset or liability that is already recognized in the balance sheet. A "cash flow hedge" is a hedge of the exposure to variability in cash flows relating to a recognized asset or liability or to a forecasted transaction.

The gain or loss from the change in fair value of a hedging instrument qualifying as a "fair value hedge" is recognized immediately in net profit or loss. At the same time, the carrying amount of the hedged item is adjusted for the corresponding gain or loss since the inception of the hedge, which also is recognized immediately in net profit or loss.

The gain or loss from the change in fair value of a hedging instrument qualifying as a "cash flow hedge" is recognized directly in equity.

The gain or loss from the change in fair value of a derivative financial instrument which does not qualify as a hedging instrument is recognized immediately in net profit or loss.

Provisions - Provisions are recognized when the Group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Foreign currencies - Transactions in currencies other than the Euro are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period. Non-monetary assets and liabilities recorded at the rates of exchange prevailing on the dates of the transactions are not retranslated on the balance sheet date.

On consolidation, the assets and liabilities of the Group's foreign currency operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized as income or as expenses in the period in which the operation is disposed of.

INCOME STATEMENT

Revenues - Revenues are recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and that the amount of revenue can be measured reliably. Revenue arising from the sale of goods is recognized when the enterprise has transferred the

significant risks and rewards of ownership. These are stated net of discounts, rebates and returns. Revenues include income from royalties due on licensed out products and up-front payments received under licensing agreements.

Cost of Sales - Represents the cost of goods sold and includes the cost of raw materials, supplies and consumables, finished goods, and direct and indirect production expenses.

Selling expenses - Include all expenses incurred in connection with the products sold during the year, such as payroll and other costs for sales and marketing personnel, promotional expenses and all distribution costs. Promotional expenses for the launch of new products are recognized in the income statement in proportion to the revenues obtained during the launch period.

Research and development expenses - All research costs are expensed in the income statement in the year in which they are incurred in accordance with IAS 38. IAS 38 prescribes that development costs must be capitalized when technical and commercial feasibility is achieved. Regulatory and other uncertainties inherent in the development of new products are so high that the guidelines under IAS 38 are not met so that development costs are expensed as incurred. Research and development costs include amounts due under collaboration agreements with third parties.

Non-reimbursable government grants - Government grants towards investment in plant are recognized as income over the periods necessary to match them with the related costs and are stated in the balance sheet as deferred income. Non-reimbursable government grants are booked to the income statement, against depreciation, on an accruals basis and carried forward, as pre-paid income, in relation to the estimated useful life of the assets to which they refer. Research grants are booked on an accrual basis and are recognized in the income statement as other revenue.

Financial items - Include interest income and expense, foreign exchange gains and losses, both realized and unrealized, and differences arising from the valuation of securities.

Taxation - Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year and tax rates in force at the date of the balance sheet are applied.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Earnings per share - Earnings per share is the net profit for the period attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the number of shares for the effects of all dilutive potential ordinary shares.

Other information - The balance sheet at 31 December 2007 included in these consolidated statements for comparison purposes includes a number of restated entries in accordance with the provisions of IFRS 3 related to the provisional accounting for business combinations. In particular, adjustments to the provisional values related to the acquisition of Orphan Europe were made as if the initial accounting were completed on the acquisition date (see note 9. "Goodwill" for details).

3. REVENUE

Net revenue for the years 2008 and 2007 is € 689.6 million and € 628.4 million respectively and can be broken down as follows:

€ (thousands)	2008	2007	Change 2008/2007
Net sales	669,790	621,124	48,666
Royalties	5,546	2,774	2,772
Up-front payments	6,749	2,270	4,479
Other revenue	7,549	2,267	5,282
Total revenue	**689,634**	**628,435**	**61,199**

Please refer to the Review of Operations for the analysis of net sales. The increase in royalties derives mainly from the consolidation of the Orphan Europe group of companies. The increase in other revenue is mostly due to the inclusion of commissions received by FIC and FIC Médical for promotion services rendered to third parties in the countries belonging to the Commonwealth of Independent States (C.I.S.).

4. OPERATING EXPENSES

Total operating expenses for the years 2008 and 2007 are € 544.9 million and € 496.9 million respectively and are analyzed by function as follows:

€ (thousands)	2008	2007	Change 2008/2007
Cost of sales	222,196	206,350	15,846
Selling expenses	214,245	202,043	12,202
Research and development expenses	58,860	49,122	9,738
General and administrative expenses	39,372	33,927	5,445
Other income (expense), net	10,231	5,497	4,734
Total operating expenses	**544,904**	**496,939**	**47,965**

Labor cost in 2008 is € 177.5 million, an increase of 8.6% compared to 2007 due to the consolidation of the Orphan Europe companies and of FIC and FIC Médical. Labor cost includes charges of € 0.6 million related to stock option plans determined in accordance with IFRS 2. Personnel and other human resources data at 31 December 2008 and 2007 are shown in the following table:

	2008	2007
Employees at year-end	**2,685**	**2,333**
Average age	43	43
Average service (years)	7.7	7.9
Labor cost increase (decrease)	**8.6%**	**10.8%**
Labor productivity:		
Labor cost on net sales	25.7%	26.0%
Sales per employee (€ thousands) [(a)]	301.5	287.6
Value added per employee (€ thousands) [(a)]	153.7	146.8

Labor cost includes wages, related charges and additional costs.
[(a)] Data per employee for both years are computed on the average number of personnel, 2,287 in 2008 and 2,185 in 2007.

Depreciation and amortization charges are € 29.4 million. Depreciation of property, plant and equipment is € 11.1 million, down by € 2.1 million as compared to 2007, mainly as a result of the disposal in June of the Jaba Recordati production site of Sintra in Portugal. Amortization of intangibles went from € 12.8 million in 2007 to € 18.3 million in 2008, an increase of € 5.5 million due entirely to the reduction of the residual useful life of the intangible assets related to the marketing of lercanidipine in the United Kingdom following a more cautious calculation of the expected sales of this product in this market. These assets will now be fully amortized by the first half of 2010.

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

€ (thousands)	2008	2007	Change 2008/2007
Capital gain on sale of Jaba Recordati's production business	8,320	-	8,320
Termination of license agreements	(8,231)	0	(8,231)
Pay back AIFA (Italian Medicines Agency)	(4,568)	(3,717)	(851)
Sales force restructuring charges	(2,575)	(1,195)	(1,380)
Write-downs	(749)	(2,866)	2,117
Other risk provisions	(2,500)	0	(2,500)
Transfer of industrial leasehold	-	1,132	(1,132)
Extraordinary gain on reversal of VAT charges	0	784	(784)
Valuation adjustment of the personnel leaving indemnity provision	0	501	(501)
Non-recurring legal expenses	0	(330)	330
Others	72	194	(122)
Total other income (expense), net	**(10,231)**	**(5,497)**	**(4,734)**

The sale to Tecnimede of 90% of Atlantic Pharma S.A. (Jaba Recordati's pharmaceutical manufacturing business), the book value of which is € 17.9 million, for a price of € 25.1 million gave rise to a capital gain of € 8.3 million after the deduction of the € 0.7 million transaction costs. Further details regarding the assets sold are provided in the cash flow statement and in the following notes.

In the preparation of these financial statements the assets sold are not deemed to be a discontinued operation as the size of the business involved is marginal with respect to the group's overall business and the transaction is of a non-recurring nature and is not part of an extensive disposal program. Furthermore, these assets were not stated as held for sale at 31 December 2007.

The cost related to the termination of license agreements is determined mainly by the write-down of the residual values of up-front payment to:

- Labopharm for the Tradorec XL® (tramadol) license for the UK market for a value of € 1.1 million,
- Uriach for the rupatadine license for the UK market for a value of € 1,8 million, and
- Bayer A.G. for the Octegra® (moxifloxacin) license for the Italian market for a value of € 5.3 million.

The termination of the Tradorec XL® and rupatadine licenses was agreed with Labopharm and Uriach respectively in view of the limited development of the reference markets for these products. The termination of the Octegra® license agreement was unilaterally decided by Bayer based on an arbitrary interpretation of the contract. The Company maintains that the termination is invalid and will uphold its position as deemed appropriate. However, the residual value of the relative asset was prudentially written-down.

The pay back of € 4.6 million refers to the amount due to the Italian medicines agency (AIFA) in substitution for the 5% price reduction on selected products. This mechanism which was initially introduced for the period 1 March 2007 to 29 February 2008, was subsequently extended to year-end of 2008.

The other risk provisions include an increase of the provision for sales returns (€ 1.8 million) and an estimate of litigation liabilities for an amount of € 0.7 million.

5. FINANCIAL INCOME AND EXPENSE

In 2008 and 2007 financial items recorded a net expense of € 6.6 million and € 4.1 million respectively which are comprised as follows:

€ (thousands)	2008	2007	Change 2008/2007
Exchange gains (losses)	342	(380)	722
Interest expense on loans	(4,767)	(5,343)	576
Net interest income (expense) on short-term financial position	(1,446)	2,386	(3,832)
Interest cost in respect of defined benefit plans	(713)	(734)	21
Change in fair value of hedging derivatives	6,051	(3,607)	9,658
Change in fair value of hedged item	(6,051)	3,607	(9,658)
Total financial income (expense), net	**(6,584)**	**(4,071)**	**(2,513)**

Interest expense on short-term loans increased due to the use of funds to finance recent acquisitions.

The change in fair value of hedging derivatives 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 reduction 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. PROVISION FOR INCOME TAXES

The 2008 provision for income taxes amounts to € 37.7 million and includes income taxes levied on all consolidated companies as well as the Italian regional tax on production activities (IRAP) which is levied on all Italian companies.

The current standard corporate income tax rate in Italy can be reconciled with the tax rate effectively incurred on pretax income, as follows:

	2008 %	2007 %
Standard income tax rate on pretax income of the parent company	27.5	33.0
Adjustment of deferred tax assets and liabilities	(1.0)	(0.6)
Dividends from foreign subsidiaries	0.3	0.3
Consolidation effect of subsidiaries	(4.2)	(5.6)
Other differences, net	1.6	2.3
Effective tax rate on income	24.2	29.4
IRAP	3.1	4.0
Effective tax rate, including IRAP	**27.3**	**33.4**

IRAP relates only to the Italian companies and is computed applying a 3.9% rate to a broader taxable base which includes labor cost, interest and certain extraordinary items.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net of accumulated depreciation, amounts to € 58.0 million and € 68.0 million at 31 December 2008 and 2007 respectively. 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 31.12.07	59,531	164,092	36,821	3,626	264,070
Additions	805	3,292	1,631	7,761	13,489
Write-downs	(247)	0	0	0	(247)
Disposals	0	(1,655)	(680)	0	(2,335)
Sale of a business*	(19,268)	(21,981)	(1,727)	(24)	(43,000)
Changes in reporting entities	44	7,462	2,230	74	9,810
Other changes	796	2,266	1,015	(3,768)	309
Balance at 31.12.08	**41,661**	**153,476**	**39,290**	**7,669**	**242,096**
Accumulated depreciation					
Balance at 31.12.07	29,681	134,112	32,271	0	196,064
Additions	1,857	7,264	2,026	0	11,147
Disposals	0	(1,163)	(602)	0	(1,765)
Sale of a business*	(7,081)	(20,068)	(1,628)	0	(28,777)
Changes in reporting entities	2	6,099	1,435	0	7,536
Other changes	(3)	0	(75)	0	(78)
Balance at 31.12.08	**24,456**	**126,244**	**33,427**	**0**	**184,127**
Carrying amount at					
31 December 2008	17,205	27,232	5,863	7,669	57,969
31 December 2007	29,850	29,980	4,550	3,626	68,006

** Jaba Recordati's production plant in Sintra*

The land and buildings located in Milan, Italy have been pledged to secure loans granted by Istituto Bancario Intesa Sanpaolo which have a residual value of € 2.0 million.

The carrying amount of the Group's land and buildings includes an amount of € 0.8 million (€ 1.3 million in 2007) in respect of assets held under financial leases. Following the decision to redeem and subsequently sell one of the leased plants, its value was written-down by € 0.2 million to adjust it to the selling price.

The additions of € 13.5 million in 2008 refer mainly to investments in the Milan pharmaceutical plant and headquarters building of € 4.0 million, to investments in the production facilities at the Campoverde di Aprilia plant of € 4.0 million and to investments in the Bouchara Recordati production facilities at Saint Victor (Montluçon) of € 3.9 million.

Changes in reporting entities arise from the consolidation of the newly acquired companies. The net book value of their tangible fixed assets is € 2.3 million, of which € 0.4 million relate to FIC and FIC Médical while € 1.9 million relate to Yeni Ilaç.

8. INTANGIBLE ASSETS

Intangible assets, net of accumulated amortization, at 31 December 2008 and 2007 amount to € 92.6 million and € 90.5 million respectively. Their composition and variation 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 31.12.07	74,101	78,481	14,682	7,343	174,607
Additions	10,815	13,149	34	8,147	32,145
Write-downs	(252)	(6,699)	0	(3,200)	(10,151)
Disposals	(845)	(8,042)	(11)	(20)	(8,918)
Sale of a business*	0	0	(32)	0	(32)
Changes in reporting entities	0	397	0	0	397
Other changes	69	1,763	(58)	(3,631)	(1,857)
Balance at 31.12.08	**83,888**	**79,049**	**14,615**	**8,639**	**186,191**
Accumulated amortization					
Balance at 31.12.07	36,325	34,233	13,528	0	84,086
Additions	8,077	9,385	834	0	18,296
Disposals	(801)	(7,688)	(7)	0	(8,496)
Changes in reporting entities	0	201	0	0	201
Other changes	0	(489)	(42)	0	(531)
Balance at 31.12.07	**43,601**	**35,642**	**14,313**	**0**	**93,556**
Carrying amount at					
31 December 2008	40,287	43,407	302	8,639	92,635
31 December 2007	37,776	44,248	1,154	7,343	90,521

** Jaba Recordati's production business*

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

The main additions during the year relate to

- the license agreement entered into with a subsidiary of Watson Pharmaceuticals for the marketing and sales of Kentera®, an oxybutynin transdermal patch indicated for the treatment of the symptoms of overactive bladder, for a value of € 10.1 million,
- the agreement with Bastian-Werk for the acquisition of Ortoton® (methocarbamol), a muscle relaxant currently on the market in Germany, for a value of € 10.8 million,
- the payment of a milestone of € 3.3 million to Kissei following the filing of the approval application for silodosin,
- and to the new agreement with Kowa Pharmaceutical Europe covering the marketing and sales in 7 EU countries plus Turkey, Russia and other C.I.S. countries which involved a payment of € 2.5 million.

The write-downs under "patent rights and marketing authorizations" are related to the residual values of the up-front payments in connection with the license agreement with Labopharm for Tradorec XL® (tramadol) and the one with Bayer A.G. for Octegra® (moxifloxacin) the termination of which is explained in note 4. The write-off of these intangible assets is the main reason for the disposals under this category. The write-downs under "advance payments" are related mainly to the termination of the license agreement with Uriach for the marketing of rupatadine in the UK market (€ 1.8 million) and to the prudent write-off of the up-front payment paid for the marketing rights to prulifloxacine (€ 1.0 million) in Spain.

The residual useful life of the intangible assets related to the marketing of lercanidipine in the United Kingdom was revised. The new amortization period ends in June 2010 which results in an additional amortization charge in 2008 of € 5.5 million.

Changes in reporting entities arise from the consolidation of Yeni Ilaç. The net book value of its intangible fixed assets is € 0.2 million.

9. GOODWILL

Goodwill, net of accumulated amortization, at 31 December 2008 and 2007 amounts to € 289.8 million and € 239.9 million respectively and changed as follows:

€ (thousands)	Goodwill
Cost	
Balance at 31.12.08	277,567 *
Sale of Jaba Recordati's production business	(1,976)
Acquisition of FIC and FIC Médical	11,964
Acquisition of Yeni Ilaç	39,931
Balance at 31.12.08	**327,486**
Accumulated amortization	
Balance at 31.12.07	37,664
Changes in reporting entities	0
Balance at 31.12.08	**37,664**
Carrying amount at	
31 December 2008	**289,822**
31 December 2007	239,903 *

** Restated to include final Orphan Europe goodwill allocation*

In accordance with IFRS 3, the final allocation of the price paid for the acquisition, at the end of 2007, of the Orphan Europe group of companies was effected. The allocation was made as if the initial accounting for the business combination had been final at the date of acquisition, resulting in the following adjustments to the original measurements provisionally accounted for at 31 December 2007:

- net reduction of € 3.3 million due to contractual price adjustments;
- net reduction of € 0.7 million, the quota pertaining to the group as a result of the favorable

conclusion of the litigation with the Swedish company Swedish Orphan regarding the distribution contract covering the product Orfadin®. This litigation, concluded in 2008 with a gain of € 7.5 million (of which € 1.5 million have already been collected and the remainder is due in equal installments over the next four years), was initiated before the acquisition of Orphan Europe and the related agreement provisions establish that 75% of the gain, net of costs and taxes, be returned to the previous owners of the Orphan Europe group in five equal installments.

The excess of the cost of the acquisition of Orphan Europe after recognition of the net fair value of the identifiable assets, liabilities and contingent liabilities, in the amount of € 110.6 million, was entirely allocated to Goodwill due to the strategic nature of the acquired business as a whole for Recordati. The reason driving the decision to make this acquisition was to diversity the group's business to include treatments for rare diseases, a new area which has interesting development prospects. Continuous scientific advances are enabling earlier diagnosis of these diseases and the development of adequate therapies. Public healthcare authorities in many countries are sensitive to the needs of patients suffering from these diseases and the social issue they represent. Therefore, the value of the acquisition cannot be attributed to any one of the specific activities carried out by the Orphan Europe group. An attentive analysis was made of these specific activities and no significant assets or liabilities emerged which could satisfy the IFRS 3 recognition criteria. Consequently, the allocation of the entire excess of the cost of the acquisition of Orphan Europe to Goodwill is based on the preeminent strategic nature of the investment as opposed to a probable and marginal identification of single assets which do not represent separate cash generating units contributing to value creation for the group.

The items comprising the effect of the final allocation of Orphan Europe's goodwill on the consolidated balance sheet accounts as at 31 December 2007 are set out in the following table.

€ (thousands)	Original balances as at 31.12.07	Contractual adjustments	Swedish Orphan settlement	Restated balances as at 31.12.07
Non-current assets				
Goodwill	243,942	(3,347)	(692)	239,903
Receivables	1,460	-	5,201	6,661
Deferred tax assets	21,044	-	280*	21,324
Current assets				
Other receivables	24,784	4,000	1,500	30,284
Non-current liabilities				
Deferred tax liabilities	(9,601)	-	(80)*	(9,681)
Other liabilities	0	(653)	(5,312)	(5,965)
Current liabilities				
Other payables	(40,868)	-	(897)	(41,765)

** Tax effect on the present value of receivables and payables generated by the settlement, due as from 2009*

The goodwill resulting from the initial accounting for the acquisition of Yeni Ilaç, determined in local currency, is to be considered provisional, as allowed by IFRS 3.

As described in note 2. "Summary of significant accounting policies" and in compliance with IFRS 3, goodwill is no longer systematically amortized. Instead, it is tested for impairment, at least annually, or when there is any indication that the assets may have suffered loss of value.

The impairment test was based on the cash flows of each cash generating unit used for the financial projections included in the 2009-2011 Business Plan which was approved by the Board of Directors of the Parent on 17 December 2008. The discount rate used for the calculation of the present value of the cash flows was the current weighted average cost of capital for the Recordati group.

The € 289.8 million residual goodwill at 31 December 2008 is related to the following equity investments:

- € 45.8 million related to the acquisition of Doms-Adrian and the Bouchara group of companies;
- € 48.8 million related to Merckle Recordati;
- € 32.7 million related to the Grupo Jaba companies;
- € 110.6 million related to the Orphan Europe companies;
- € 12.0 million related to FIC and FIC Médical;
- € 39.9 million related to Yeni Ilaç.

The recoverable amount of the cash generating units was measured by determining their value in use. The main assumptions made for the calculation of value in use were those related to the discount rate, the growth rate and expectations regarding the performance of revenues and direct expenses during the designated period. The weighted average cost of capital for the group, pre-tax, was estimated to be 7.46%, and reflects the current market assessments of the time value of money and the risks specific to each cash generating unit. As mentioned above, the operational cash flow estimates were taken from the 2009-2011 Business Plan and were projected forwards for the 2012-2013 two year period based on reasonable assumptions derived from the Plan's contents. Prudently a terminal growth rate of zero was applied. The basis for the estimate of the performance of revenues and direct expenses was past experience as well as specific assumptions regarding the sales of existing products and of new products in development or filed for approval. The comparison between the assets' recoverable amount measured as described above, and taking into account alternative scenarios, and their carrying amount at 31 December 2008 showed that the goodwill allocated to the cash generating units tested is not impaired.

10. OTHER INVESTMENTS

Investments in equity instruments of non-consolidated companies are as follows:

€ (thousands)	Value at 31 December		Percentage of equity owened	
	2008	2007	2008	2007
PureTech Ventures LLC	5,224	2,629	14.1%	8.8%
Atlantic Pharma S.A.	1,792	-	10.0%	-
Technogen Associates L.P., U.S.A.	104	104	n.s.	n.s.
Maxygen Inc., U.S.A.	179	152	n.s.	n.s.
Tecnofarmaci S.p.A., Pomezia (Rome)	87	87	4.2%	4.2%
Consorzio C4T, Pomezia (Rome)	78	78	2.3%	2.3%
Alavita Inc., U.S.A.	63	63	n.s.	n.s.
DAFNE, Reggello (Florence)	2	2	1.7%	2.0%
Other	3	0	n.s.	n.s.
Total equity investments	**7,532**	**3,115**		

During 2008 the holding in PureTech Ventures LLC (U.S.A.), an investment company specialized in start-up companies dedicated to new therapies, medical devices and new research technologies, was increased. In the accounts as at 31 December 2008 the historical value of € 5.2 million is maintained in view of the positive cash flows that the company expects to generate as from 2010.

The holding in Atlantic Pharma S.A. (€ 1.8 million) represents the 10% of this newly established company which was not sold to the Portuguese pharmaceutical group Tecnimede.

11. OTHER NON-CURRENT ASSETS

Receivables included in non-current assets at 31 December 2008 are € 5.2 million and include the present value of the residual receivable (€ 4.0 million) related to the settlement from Swedish Orphan (see note 9.) which is due in three equal annual installments as from 2010. The booking to current assets of the installment due in 2009 (€ 1.5 million) is the main reason for the decrease of other non-current assets as compared to those as at 31 December 2007.

12. DEFERRED TAX ASSETS

Deferred tax assets at 31 December 2008 and 2007 amount to € 22.6 million and € 21.3 million respectively, an increase of € 1.3 million. The main deferred tax assets and their change in 2008 are analyzed below.

€ (thousands)	2008	2007
Balance at 1 January	21,324	18,798
Additions	3,862	8,420
Utilization	(2,536)	(7,066)
Changes in reporting entities	0	1,172 *
Balance at 31 December	**22,650**	**21,324 ***

** Restated to include final Orphan Europe goodwill allocation (see note 9.)*

€ (thousands)	Revaluation of intangible assets	Profit and loss temporary differences	Other	Total
Balance at 1 January	11,229	2,618	7,477 *	21,324 *
Additions	0	3,862	0	3,862
Utilization	(2,075)	0	(461)	(2,536)
Balance at 31 December	**9,154**	**6,480**	**7,016**	**22,650**

** Restated to include final Orphan Europe goodwill allocation (see note 9.)*

"Other" deferred tax assets refers mainly to temporary differences arising from the elimination of unrealized gains on intercompany transactions.

13. INVENTORIES

Inventories at 31 December 2008 and 2007 amount to € 83.1 million and € 74.7 million respectively, net of their respective obsolescence provisions of € 1.8 million and € 1.1 million. Composition of inventories is as follows:

€ (thousands)	31.12.2008	31.12.2007	Change 2008/2007
Raw materials and supplies	22,472	19,944	2,528
Intermediates and work-in-process	13,225	11,523	1,702
Finished goods	47,390	43,270	4,120
Total inventories	**83,087**	**74,737**	**8,350**

The increase in inventories is due both to the growth of sales volumes as well as to the purchase of stocks of Ortoton®, for a value of € 2.2 million, as part of the acquisition agreement for this product by Merckle Recordati in December 2008. The consolidation effect related to the acquisition of Yeni Ilaç is € 1.8 million.

14. TRADE RECEIVABLES

Trade accounts receivable at 31 December 2008 and 2007 amount to € 137,0 million and € 134.5 million respectively. These are shown net of the allowance for doubtful accounts which at 31 December 2008 is € 6.5 million (€ 6.8 million at 31 December 2007) and is considered to be sufficient to cover potential losses of certain receivables which, due to the nature of the customers in question or the destination markets, may be difficult to collect. Average days of sales outstanding are 66 (67 at 31 December 2007). The consolidation of FIC and FIC Médical and of Yeni Ilaç accounted for an increase in trade receivables of € 0.5 million and € 4.0 million respectively.

15. OTHER RECEIVABLES

Other receivables amount to € 22.7 million (€ 30.3 million at 31 December 2007) and their breakdown is as follows:

€ (thousands)	31.12.2008	31.12.2007	Change 2008/2007
Tax receivable	10,965	14,974	(4,009)
Balances due from employees and agents	1,861	3,460	(1,599)
Other	9,915	11,850 *	(1,935)
Total other receivables	**22,741**	**30,284 ***	**(7,543)**

** Restated to include final Orphan Europe goodwill allocation (see note 9.)*

Tax receivable comprises value added tax (VAT) receivable and advance payments of income tax exceeding those required. Receivables from employees and agents comprise advances on expense accounts and other credits. The "other" line includes the current installment due related to the Swedish Orphan settlement (€ 1.5 million) as described in note 9., as well as advances paid to suppliers and other parties and to computed credits under licensing-in agreements.

The consolidation of FIC and FIC Médical and of Yeni Ilaç accounted for an increase of € 0.2 million and € 0.1 million respectively.

16. OTHER CURRENT ASSETS

At 31 December 2008 other current assets amount to € 2.3 million (€ 3.2 million at 31 December 2007) and relate mainly to prepaid expenses.

17. SHORT TERM FINANCIAL INVESTMENTS, CASH AND CASH EQUIVALENTS

A breakdown is shown in the following table.

€ (thousands)	31.12.2008	31.12.2007	Change 2008/2007
Short term financial investments	3,505	33,574	(30,069)
Short term time deposits	57,404	31,463	25,941
Deposits in bank current accounts	34,008	24,318	9,690
Cash on hand	34	27	7
Total short term financial investments, cash and cash equivalents	**94,951**	**89,382**	**5,569**

Short term financial investments as at 31 December 2008 are in Euro denominated, low risk financial instruments which can be easily unwound. Short term time deposits have maturities of three months or less and are denominated in Euro, in U.S. dollars and in pounds sterling.

At 31 December 2008 cash and cash equivalents are denominated mainly in Euro (€ 58.2 million). Cash deposits in U.S. dollars amount to 25.1 million and are held mostly by Recordati Corporation, while those in pounds sterling are 10.4 million and are held by Recordati Pharmaceuticals Ltd..

These financial resources are maintained, even if there is financial debt on the balance sheet, in order to have the necessary funds readily available to support the current acquisition strategy.

The short term financial investments and cash and cash equivalents held by Yeni Ilaç are € 3.9 million.

18. SHAREHOLDERS' EQUITY

Share capital - At 31 December 2008 the issued and fully paid share capital consists of 208,507,656 ordinary shares with a par value of € 0.125 each for a total of € 26,063,457.00.

During 2008 share capital increased by € 82,875.00 following the issue of 663,000 new ordinary shares, of which 125,000 at a price of € 3,6775 each, 396,500 at a price of € 3,575 each, 141,500 at a price of € 4.055 each, to company managers who exercised stock options under the 2001-2003 and 2003-2007 stock option plans.

As at 31 December 2008 the Company has two stock option plans in place, the 2003-2007 plan and the 2006-2009 plan, under each of which options were granted on two occasions, in favor of certain group employees. The strike price of the options is the average of the parent company's listed share price during the 30 days prior to the grant date. Stock options are vested over a period of four years. Options not exercised within the fifth year of the date of grant expire. Options may not be exercised if the employee leaves the company before they are vested.

Stock options outstanding at 31 December 2008 are analyzed in the following table.

	Strike price (€)	Options outstanding at 1.1.2008	Options granted during 2008	Options exercised during 2008	Options cancelled or expired	Options outstanding 31.12.2008
Date of grant:						
14 May 2003	3.6775	125,000	-	(125,000)	0	0
7 April 2004	3.5750	493,000	-	(396,500)	(37,000)	59,500
27 October 2004	4.0550	761,000	-	(141,500)	(58,000)	561,500
6 April 2006	6.4975	2,315,000	-	0	(270,000)	2,045,000
29 October 2008	4.0730	-	3,875,000	0	0	3,875,000
Total		**3,694,000**	**3,875,000**	**(663,000)**	**(365,000)**	**6,541,000**

The share capital increase in relation to options outstanding, except those granted under the 2006-2009 plan, which may be served by using shares held in treasury stock, has already been authorized.

Additional paid-in capital - During 2008 additional paid-in capital increased from € 78,952,225.83 to € 81,320,308.33 following the issue of 663,000 new shares for a total price in excess of par value of € 2,368,082.50.

Treasury stock - At 31 December 2008, 11,472,355 shares were held as treasury stock for a total cost of € 59.1 million, unchanged as compared to 31 December 2007. The average purchase price per share is € 5.15.

Hedging reserve - In accordance with IAS 39 the € 2.5 million liability arising from the measurement at fair value at 31 December 2008 of interest rate swaps qualifying as a cash flow hedge is recognized directly in equity as a hedging reserve.

Other reserves - These amount to € 25.7 million at 31 December 2008 and include the statutory reserve of the parent company in the amount of € 5.2 million, reserves for grants received for a total of € 15.5 million, and reserves arising from the application of IFRS 2 and IAS 19 of € 2.5 million each.

Retained earnings and net income for the year - These amount to € 280.9 million at 31 December 2008 and increased by € 43.0 million as compared to 31 December 2007. Net income for the year is € 100.4 million, an increase of 18.3% over the € 84.9 million 2007 net income.

The shareholders' equity of the Italian companies includes untaxed reserves of € 101.0 million, net of € 16.6 million withholding tax already paid, and their distribution is subject to taxation under fiscal law. In accordance with IAS 12 deferred taxes are not recognized on these reserves until their distribution is resolved.

19. MINORITY INTEREST

All consolidated companies are 100% owned except for the Italian subsidiary of Orphan Europe which is 99% owned.

20. LOANS

At 31 December 2008 and 2007, medium and long-term loans included:

€ (thousands)	31.12.2008	31.12.2007
Loans granted to Recordati S.p.A.:		
Istituto Bancario Intesa Sanpaolo loans, guaranteed by mortgages on the Milan and Campoverde plants, at an average annual interest rate of 0.99% repayable in semi-annual installments through 2010	2,034	2,958
Research loans granted by Istituto Bancario Intesa Sanpaolo, at an average annual interest rate of 2.49%, repayable in semi-annual installments through 2009	452	1,155
Loans granted by the Ministry of Industry and Commerce repayable in annual installments through 2013, at an annual interest rate of 3.30% during the amortization period (2004-2013) and at 0.825% before that	652	770
Loans granted to other Group companies:		
Loan granted by Istituto Bancario Intesa Sanpaolo to Recordati España S.L. at variable interest rate, converted into a fixed annual interest rate of 4.85% by IRS, repayable in quarterly installments through 2008	0	601
Various loans granted to Recordati España S.L. at an average annual interest rate of 2.33%	1,054	1,492
Various loans granted to Bouchara-Recordati S.a.s. at an average annual interest rate of 4.27%	386	543
Various loans granted to FIC S.A.S. at an average annual interest rate of 5.00%	249	-
Guaranteed senior notes issued by Recordati S.A. (Luxembourg) privately placed with international institutional investors: € 15 million at a fixed interest rate of 4.52% due 2011 $ 40 million at a fixed interest rate of 5.50% due 2014 € 26 million at a fixed interest rate of 5.02% due 2014 £ 5 million at a fixed interest rate of 6.09% due 2014	* 80,288	* 80,226
Total amortized cost of loans	85,115	87,745
Portion due within one year	(2,201)	(2,939)
Portion due after one year	82,914	84,806
Change in the fair value of loans	(1,505)	(7,556)
Total	**81,409**	**77,250**

** Net of direct issue costs of € 0.3 million amortized using the effective interest method.*

The average effective interest rate at 31 December 2008, applying the rates resulting from the interest rate swaps, is 4.19%.

At 31 December 2008, the repayment schedule of long-term debt due after 2009 is as follows:

€ (thousands)	
2010	1,551
2011	15,367
2012	304
2013	264
2014	65,428
Total	**82,914**

The note and guarantee agreement covering the guaranteed senior notes issued by Recordati S.A. (Luxembourg) includes covenants which require the maintenance of the following financial conditions by the Company:

- 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.

The series of guaranteed senior notes, issued 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 abovementioned conditions. The measurement at fair value of the swaps at 31 December 2008 generated a liability of € 1.5 million, an amount equivalent to the decrease in the fair value of the underlying debt. This amount is recognized in the balance sheet as an decrease of debt and under current liabilities as 'Fair value of hedging derivatives *(fair value hedge)*'.

The total amount of the notes was simultaneously covered with a further interest rate swap, qualifying as a cash flow hedge, to fix a range (which at 31 December 2008 is between 3.16% 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 € 2.5 million fair value of the cash flow hedge is recognized directly in equity and stated as a current liability (see Note 28.).

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

21. STAFF LEAVING INDEMNITIES

This provision at 31 December 2008 and 2007 is € 19.6 million and € 20.4 million respectively and reflects the Group's obligation towards its employees determined in accordance with IAS 19. The roll forward of this fund is as follows:

€ (thousands)	2008	2007
Balance at 1 January	20,431	22,587
Additions	1,425	1,068
Utilization	(2,111)	(3,238)
Change in fair value of the TFR funds in Italian companies	(377)	(388)
Consolidation of Orphan Europe	-	402
Consolidation of FIC and FIC Médical	66	-
Consolidation of Yeni Ilaç	190	-
Balance at 31 December	**19,624**	**20,431**

The main part of this liability is to be attributed to the staff leaving indemnity fund (TFR, trattamento fine rapporto) in the Italian companies. The measurement of this fund at 31 December 2008 in accordance with IAS 19 generated a liability of € 13.8 million. The fair value calculation made using actuarial parameters updated at 31 December 2008 generated a lower liability and gave rise to a gain of € 0.4 million which is recognized directly in equity as prescribed by IAS 19. The remaining part of this provision comprises employee benefit plans in the French subsidiary Laboratoires Bouchara Recordati (€ 3.9 million), in the German subsidiary Merckle Recordati (€ 0.9 million) and in Orphan Europe (€ 0.6 million).

22. DEFERRED TAX LIABILITIES

Deferred tax liabilities at 31 December 2008 and 2007 were € 7.4 million and € 9.7 million respectively, and changed as follows:

€ (thousands)	2008	2007
Balance at 1 January	9,681	9,402
Additions	1,012	1,090
Utilization	(3,340)	(891)
Changes in reporting entities	46	80*
Balance at 31 December	**7,399**	**9,681***

** Restated to include final Orphan Europe goodwill allocation (see note 9.)*

At 31 December 2008 no deferred tax liabilities exist in relation to subsidiaries' undistributed earnings because no significant additional tax must be paid by the Group in the event of these dividend distributions as they are essentially exempt from dual income taxation.

23. OTHER LIABILITIES (INCLUDED IN NON-CURRENT LIABILITIES)

Other non-current liabilities as at 31 December 2008 amount to € 3.2 million and include:

- the installments due in 2010 and 2011 of the price still to be paid for the acquisition of FIC and FIC Médical for an amount of € 1.4 million, net of the € 0.1 million arising from the discounting of the nominal amount due as required by the accounting standards;
- the equal installments due in 2010, 2011 and 2012 of the residual liability due for the acquisition of Orphan Europe following the settlement with Swedish Orphan for a total amount of € 1,8 million, net of the € 0.1 million arising from the discounting of the nominal amount due.

24. TRADE PAYABLES

Trade accounts payable, which are entirely of a business nature and include allocations for invoices to be received, at 31 December 2008 and 2007 amount to € 88.6 million and € 80.3 million respectively. The consolidation of FIC and FIC Médical and of Yeni Ilaç determined an increase of € 0.3 million and € 0.4 million respectively.

25. OTHER PAYABLES

Other accounts payable at 31 December 2008 and 2007 amount to € 47.1 million and € 41.8 million respectively. Their composition is as follows:

€ (thousands)	31.12.2008	31.12.2007	Change 2008/2007
Personnel	16,699	17,027	(328)
Social security	10,682	9,850	832
Agents	464	389	75
Balance due for the acquisition of equity	3,562	6,438 *	(2,876)
Balance due for the acquisition of product marketing rights	7,224	0	7,224
Other	8,516	8,061 *	455
Total other payables	**47,147**	**41,765 ***	**5,382**

** Restated to include final Orphan Europe goodwill allocation (see note 9.)*

The balance due for the acquisition of equity decreases following the payment of the third and last installment of € 5.8 million for the acquisition of Merckle Recordati, and increases to include the amounts due for the acquisition of Orphan Europe (€ 1.3 million) and FIC and FIC Médical (€ 1.6 million).

The balance due for the acquisition of product marketing rights refers to the amount still due for the acquisition by Recordati Ireland of the rights to Kentera® (€ 4.0 million), and to that due for the acquisition by Merckle Recordati of Ortoton® (€ 3.2 million).

The consolidation of FIC and FIC Médical and of Yeni Ilaç accounted for € 0.3 million and € 0.5 million respectively.

26. TAX LIABILITIES

Tax liabilities at 31 December 2008 and 2007 amount to € 10.3 million and € 15.8 million respectively and include tax provisions computed by the companies on the basis of estimated taxable income, net of tax advances already paid, and withholding taxes payable.

The consolidation of Yeni Ilaç accounted for € 0.1 million.

27. PROVISIONS

Tax and other provisions are included as follows:

€ (thousands)	31.12.2008	31.12.2007	Change 2008/2007
Tax	3,660	3,620	40
Other	11,434	6,456	4,978
Total provisions	**15,094**	**10,076**	**5,018**

Changes in provisions are as follows:

€ (thousands)	2008	2007
Balance at 1 January	10,076	16,479
Additions	9,685	4,702
Utilization	(4,667)	(11,315)
Changes in consolidation perimeter	0	210
Balance at 31 December	**15,094**	**10,076**

The provision for taxes includes an amount to cover the following tax assessment. 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 believes no amount is due and considers 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 degree 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 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. A tax provision was made on grounds of prudence in the light of the first degree judgement amounting to € 3.1 million in addition to the payment of € 1.3 million already made following the temporary registration on the tax roll.

Other provisions include amounts set aside for future contingencies which are uncertain as to timing and value. The substantial net increase is mainly due to higher provisions for sales returns (€ 1.8 million) and amounts set aside for employee settlements (€ 1.3 million).

28. FAIR VALUE OF HEDGING DERIVATIVES

The interest rate swaps covering the cash flows related to medium and long-term loans measured at fair value at 31 December 2008 give rise to a € 2.5 million liability which represents the unrealized benefit of paying the current expected future rates instead of the rates agreed for the duration of the loans.

The entire liability refers to an 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.

29. BANK OVERDRAFTS AND SHORT-TERM LOANS

Bank overdrafts at 31 December 2008 and 2007 amount to € 90.8 million and € 98.8 million respectively. In April Recordati S.p.A. finalized two financing agreements with Italian and international banks of high standing. The two contracts provide for two revolving lines of credit for a period of two years and for an amount of € 50 million each. The interest rate agreed is the Euribor for the draw down period plus 40 basis points. These lines of credit include covenants which are in line with those already included in our current loan agreements. As at 31 December 2008 the lines of credit were almost entirely drawn down. These short term financing instruments allow for flexible cash management by combining their non revocable nature with variable draw downs to match specific funding requirements.

30. ACQUISITION OF SUBSIDIARY

The effect of the acquisitions of FIC and FIC Médical and of Yeni Ilaç made during 2008, already included in each single note, is analyzed hereunder.

FIC AND FIC MÉDICAL

€ (thousands)	Fair value of assets and liabilities acquired
Non-current assets	
Property, plant and equipment	359
Non-current receivables	139
Current assets	
Trade receivables	488
Other receivables	157
Other current assets	21
Short-term financial investments, cash and cash equivalents	4,071
Non-current liabilities	
Loans	(284)
Staff leaving indemnities	(66)
Deferred tax liabilities	(41)
Other liabilities	126
Current liabilities	
Trade payables	(287)
Other payables	(307)
Taxes payable	(782)
	3,594
Goodwill	11,964
Cost of acquisition	**15,558**

YENI ILAÇ

€ (thousands)	Fair value of assets and liabilities acquired
Non-current assets	
Property, plant and equipment	1,915
Intangible assets	196
Non-current receivables	28
Current assets	
Inventories	1,778
Trade receivables	3,962
Other receivables	107
Other current assets	42
Short-term financial investments, cash and cash equivalents	3,903
Non-current liabilities	
Staff leaving indemnities	(190)
Deferred tax liabilities	(5)
Current liabilities	
Trade payables	(447)
Other payables	(480)
Taxes payable	(136)
	10,673
Goodwill	39,931
Cost of acquisition	**50,604**

As allowed under IFRS 3 the allocation of the cost of acquisition of Yeni Ilaç is not yet final.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

As prescribed by IAS 32 hereunder are stated the balance sheet values and fair values at 31 December 2008 of financial assets and liabilities:

€ (thousands)	Carrying value	Fair value
Financial assets		
Short-term financial investments, Cash and cash equivalents	94,951	94,951
Trade receivables	137,015	137,015
Equity investments	7,532	7,532
Other receivables	22,741	22,741
Financial liabilities		
Borrowings		
- loans at fixed interest rates covered with interest rate swaps	78,783	78,783
- loans at fixed interest rates	4,441	3,363
- loans at variable interest rates	386	386
Trade payables	88,598	88,598
Other payables	57,425	57,425
Hedging derivatives *(cash flow hedge)*	2,532	2,532
Hedging derivatives *(fair value hedge)*	1,505	1,505
Bank overdrafts and short-term loans	90,844	90,844

32. DISCLOSURE OF FINANCIAL RISKS

The Group constantly monitors the financial risks to which it is exposed in order to take immediate mitigating action when necessary. The objective of group financial policy is to achieve a balanced and prudent financial structure in order to fund growth, both organic and through business expansion.

As prescribed by IFRS 7 the main financial risks to which the Group is exposed are hereby disclosed.

Credit Risk - The Group closely controls its credit exposure through the allocation of credit limits to each single customer and an internal reporting system. At 31 December 2008 the credit exposure is not critical due to the large number of customers, their geographical distribution and the average amount of each account receivable. In particular, at 31 December 2008, total trade receivables of € 143.5 million include € 11.9 million of receivables overdue by more than 90 days. Of these, € 5.3 million are due by Italian public hospitals which, despite their very long payment times, do not represent a significant risk situation. An allowance for doubtful accounts of € 6.5 million, which is considered to be sufficient to cover potential losses on collection, is in place.

Interest Rate Risk - The Group raises funds using debt and invests excess cash in money market and other financial instruments. The fluctuation of market interest rates influences the cost and returns of the debt and investment instruments therefore affecting the Group's net financial charges. The Group's policy is to limit the risk arising from interest rate fluctuations by establishing fixed interest loans or by using derivative financial instruments, which are used to hedge risk and are never of a speculative nature, to minimize such fluctuations, as described in note 20. As a result of this policy and considering the current amount of net debt, it is believed that the change in current interest rates would not have a significant impact on net financial expenses.

Foreign Currency Risk - The Group is exposed to foreign currency fluctuations which can affect is operating results and the value of its equity. In particular, the Group is exposed to foreign currency fluctuations on its trade balances denominated in currencies other than the Euro, such as U.S. Dollars, Japanese Yen, GB Pounds, Swiss Francs and, following the acquisition of Yeni Ilaç, Turkish Lira. The net exposure to these currencies is, however, marginal when compared to the Group's business volumes. As at 31 December 2008 Group positions in these currencies are the following:
net receivables in GB Pounds of 4.5 million;
net receivables in U.S. Dollars of 3.8 million;
net receivables in Turkish Lira of 7.6 million;
net payables in Japanese Yen of 330.0 million.

Some of the Group companies are located outside the European Monetary Union and their income statements and balance sheets are converted from their local currencies into Euro. At 31 December 2008 the net equity values of these companies are denominated mainly in U.S. Dollars (21.6 million), in GB Pounds (14.5 million), in Swiss Francs (6.1 million) and, following the acquisition of Yeni Ilaç, Turkish Lira (22.9 million). The effect of exchange rate changes on the conversion of these values is recognized in shareholders' equity and at 31 December 2008 is negative by € 7.1 million.

Liquidity Risk - The liquidity risk to which the Group may be exposed is the inability to raise sufficient financial resources for the its ongoing business and for the development of its industrial and commercial activities. The two main factors which determine the Group's liquidity are, on the one hand, the cash generated or absorbed by operations and by investments, and on the other, the expiry and renewal terms of debt or the degree of liquidity of financial investments and market conditions. At 31 December 2008 the Group has at its disposal an ample supply of liquidity readily available for its operations and plentiful lines of credit granted by a number of leading Italian and international financial institutions. The terms and conditions of the Group's financial assets and its loans are set out in notes 17., 20. and 29. which address, respectively, short-term financial investments, cash and cash equivalents, loans and bank overdrafts. The Group believes that the funds and credit lines currently available, in addition to those generated by operations and financing activities, are enough to satisfy investment needs, working capital requirements and the repayment of debts at their natural due dates.

33. SEGMENT REPORTING

The financial information reported by line of business and by geographical area, in compliance with IAS 14 – Segment reporting, is prepared using the same accounting principles and reporting standards used for the preparation and disclosure of the Group consolidated financial statements.

The primary basis of segmentation is by line of business while the reporting of financial information by geographical area has been chosen as the secondary basis of segmentation. 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 December 2008. No comparative data is included as the orphan drugs segment is consolidated as from 1 January 2008.

€ (thousands)	Pharmaceutical segment*	Orphan drugs segment	Non-allocated	Consolidated accounts
Revenues	645,798	43,836	-	689,634
Expenses	(510,028)	(34,876)	-	(544,904)
Operating income	**135,770**	**8,960**	**-**	**144,730**
Non-current assets	346,600	121,675	7,532	475,807
Inventories	78,895	4,192	-	83,087
Trade payables	127,552	9,463	-	137,015
Other current assets	19,719	5,368	-	25,087
Short-term investments, cash and cash equivalents	-	-	94,951	94,951
Total assets	**572,766**	**140,698**	**102,483**	**815,947**
Non-current liabilities	27,818	2,394	81,409	111,621
Current liabilities	147,622	13,880	97,082	258,584
Total liabilities	**175,440**	**16,274**	**178,491**	**370,205**
Net capital employed	**397,326**	**124,424**		

** Includes the pharmaceutical chemicals operations*

The amounts non allocated refer to: investments in equity instruments of non-consolidated companies, 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. The following table presents net revenues by geographic area:

€ (thousands)	2008	2007	Change 2008/2007
Europe	622,301	560,198	62,103
of which Italy	*205,848*	*203,655*	*2,193*
Australasia	31,959	30,196	1,763
America	17,145	19,782	(2,637)
Africa	18,229	18,259	(30)
Total revenue	**689,634**	**628,435**	**61,199**

The Group's production facilities are located almost exclusively in Europe and therefore non-current assets and Group investments are located for the most part in this area.

34. NET FINANCIAL POSITION

The following table summarizes the Company's net financial position:

€ (thousands)	31.12.2008	31.12.2007	Change 2008/2007
Deposits in bank current accounts and cash on hand	34,042	24,345	9,697
Short term time deposits	57,404	31,463	25,941
Short term investments	3,505	33,574	(30,069)
Liquid assets	**94,951**	**89,382**	**5,569**
Bank overdrafts and short-term loans	(90,844)	(98,796)	7,952
Loans – due within one year	(2,201)	(2,939)	738
Short term borrowings	**(93,045)**	**(101,735)**	**8,690**
Net current financial position	**1,906**	**(12,353)**	**14,259**
Loans – due after one year	(2,626)	(4,580)	1,954
Loan notes issued [1]	(80,288)	(80,226)	(62)
Non-current loans	**(82,914)**	**(84,806)**	**1,892**
Net financial position	**(81,008)**	**(97,159)**	**16,151**

[1] Includes change in fair value (fair value hedge)

35. 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.

In January 2001 certain savings shareholders, who said they owned in total about 1% of savings shares, contested the decision to convert the savings shares into ordinary shares adopted by the Special Savings Shareholders' Meeting on 26 October 2000 and by the Extraordinary Shareholders' Meeting on 25 October 2000, questioning the legitimacy of the "automatic" conversion provision. These shareholders also presented a motion to suspend the execution of the said decision, which however was rejected on 13 February 2001 by the competent court. The Company filed its entry of appearance. On 18 May 2004 and on 10 January 2005 the hearings for the final pleas of the parties took place. On 13 April 2007 the court filed its decision rejecting the aforesaid shareholders' demands and sentencing them to settle all charges arising from the litigation. On 27 February 2008 the Company was summoned by the aforesaid shareholders who appealed against the judgment passed by the Milan court of first instance. The hearing of 17 June 2008 adjourned the case until 30 March 2010 for final pleadings. The Company is firm in its belief that the conversion operation was perfectly legal as supported, not only by the positive judgment of the court of first instance, but also by the positive reaction of the market and the very high percent of shareholders opting for the conversion.

During 2006 Recordati S.p.A. was party to two lawsuits for tort liability brought by the Bari and by the Milan Attorneys' Offices pursuant to legislative decree 231/2001 in relation to alleged crimes committed by its employees. In both cases the Company fulfilled all the obligations provided for by article 17 of the aforesaid legislative decree, thus avoiding the possible application of precautionary measures and/or interdiction and paving the way towards the closing of the proceedings through the sole application of a fine as per article 63 of the aforesaid legislative decree. In particular, regarding

the Milan proceedings, in 2006 the Company filed its new compliance programmes with the Prosecutor, which have been further reinforced to prevent illicit conduct by its employees, and it has made available all profits and indemnified the Ministry of Health for the damages that might have arisen out of the alleged illicit conduct of its employees and on 18 February 2009 the action against the Company was officially closed. As concerns the proceedings in Bari, following the outcome of the experts report on the appropriateness of the Company's compliance programmes, ordered by the Attorney's Office, on 11 February the proceedings against the Company were officially closed. All the costs of those proceedings had already been expensed in prior years.

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 believes no amount is due and considers 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 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.

36. INTERCOMPANY TRANSACTIONS AND RELATED ISSUES

The balance sheet accounts as at 31 December 2008 include current liabilities of € 1.1 million and non-current liabilities of € 1.0 million due to Mr. William Gunnarsson, a member of the Board of Directors of Recordati S.p.A., connected with the acquisition of the Orphan Europe group of companies.

Other receivables include a net amount of € 1.2 million receivable from the controlling company Fimei S.p.A. relative to a tax credit computed by the parent company based on estimated taxable income and transferred to the controlling company following the adhesion to the tax consolidation option 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.

RECORDATI S.P.A. AND SUBSIDIARIES
SUBSIDIARIES INCLUDED IN THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2008

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	26,063,457.00	Euro	Line-by-line
RECOFARMA S.R.L. *Dormant, holds pharmaceutical marketing rights*	Italy	1,258,400.00	Euro	Line-by-line
INNOVA PHARMA S.P.A. *Marketing and sales of pharmaceuticals*	Italy	1,920,000.00	Euro	Line-by-line
RECORDATI ESPAÑA S.L. *Development, production, marketing and sales of pharmaceuticals*	Spain	94,000,000.00	Euro	Line-by-line
RECORDATI S.A. Chemical and Pharmaceutical Company *Holding company*	Luxembourg	9,962,619.00	Euro	Line-by-line
BOUCHARA RECORDATI S.A.S. *Development, production, marketing and sales of pharmaceuticals*	France	4,600,000.00	Euro	Line-by-line
RECORDATI PORTUGUESA LDA *Dormant*	Portugal	24,940.00	Euro	Line-by-line
FARMARECORD LTDA *Dormant, holds pharmaceutical marketing rights in Brazil*	Brazil	166.00	BRL	Line-by-line
RECORDATI CORPORATION *Sales Agent for pharmaceutical chemicals*	U.S.A.	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD *Development, production, marketing and sales of pharmaceuticals*	Ireland	200,000.00	Euro	Line-by-line
RECORDATI S.A. *Dormant, holds pharmaceutical marketing rights*	Switzerland	6,000,000.00	CHF	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. *Development, production, marketing and sales of pharmaceuticals*	France	14,000,000.00	Euro	Line-by-line
MERCKLE RECORDATI GmbH *Marketing and sales of pharmaceuticals*	Germany	268,939.53	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	6,000,000.00	Euro	Line-by-line
JABA RECORDATI S.A. *Development, production, marketing and sales of pharmaceuticals*	Portugal	2,000,000.00	Euro	Line-by-line
JABAFARMA PRODUTOS FARMACÊUTICOS S.A. *Development, production, marketing and sales of pharmaceuticals*	Portugal	50,000.00	Euro	Line-by-line
BONAFARMA PRODUTOS FARMACÊUTICOS S.A. *Development, production, marketing and sales of pharmaceuticals*	Portugal	50,000.00	Euro	Line-by-line

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI ORPHAN DRUGS S.A.S.* *Holding company*	France	57,000,000.00	Euro	Line-by-line
ORPHAN EUROPE HOLDING S.A.** *Holding company*	France	1,701,260.00	Euro	Line-by-line
ORPHAN EUROPE OPERATIONS S.A.S.** *Marketing and sales of pharmaceuticals*	France	5,112,000.00	Euro	Line-by-line
ORPHAN EUROPE SWITZERLAND GmbH** *Marketing and sales of pharmaceuticals*	Switzerland	20,000.00	CHF	Line-by-line
ORPHAN EUROPE MIDDLE EAST FZ LLC** *Marketing and sales of pharmaceuticals*	United Arab Emirates	100,000.00	AED	Line-by-line
ORPHAN EUROPE NORDIC A.B.** *Marketing and sales of pharmaceuticals*	Sweden	100,000.00	SEK	Line-by-line
ORPHAN EUROPE PORTUGAL LDA** *Marketing and sales of pharmaceuticals*	Portugal	5,000.00	Euro	Line-by-line
ORPHAN EUROPE S.A.R.L.** *Marketing and sales of pharmaceuticals*	France	320,000.00	Euro	Line-by-line
ORPHAN EUROPE UNITED KINGDOM LTD** *Marketing and sales of pharmaceuticals*	United Kingdom	50,000.00	GBP	Line-by-line
ORPHAN EUROPE GERMANY GmbH** *Marketing and sales of pharmaceuticals*	Germany	25,564.69	Euro	Line-by-line
ORPHAN EUROPE SPAIN S.L.** *Marketing and sales of pharmaceuticals*	Spain	37,563.27	Euro	Line-by-line
ORPHAN EUROPE ITALY S.R.L. ** *Marketing and sales of pharmaceuticals*	Italy	40,000.00	Euro	Line-by-line
ORPHAN EUROPE BENELUX BVBA** *Marketing and sales of pharmaceuticals*	Belgium	18,600.00	Euro	Line-by-line
FIC S.A.S. *** *Marketing and sales of pharmaceuticals*	France	100,000.00	Euro	Line-by-line
FIC MEDICAL S.A.R.L. *** *Marketing and sales of pharmaceuticals*	France	9,999.89	Euro	Line-by-line
YENI ILAÇ Ve Hammaddeleri Sanayi Ve Ticaret A.Ş **** *Development, production, marketing and sales of pharmaceuticals*	Turkey	7,086,614.00	TRY	Line-by-line

* *Established during 2007*

** *Acquired during 2007 - Balance Sheet consolidated in 2007, P&L consolidated as from 1 January 2008*

*** *Acquired during 2008 - P&L consolidated as from 1 April 2008*

**** *Acquired during 2008 - Balance Sheet consolidated in 2008*

	PERCENTAGE OF OWNERSHIP									
	Recordati S.p.A. (parent)	Recordati S.A. (Luxembourg)	Bouchara Recordati S.A.S.	Recordati España S.L.	Recordati Orphan Drugs S.A.S.	Orphan Europe Holding S.A.	Orphan Europe Operations S.A.	Orphan Europe S.A.R.L.	FIC S.A.S.	Total
RECOFARMA S.R.L.	100.00%									100.00%
INNOVA PHARMA S.P.A.	100.00%									100.00%
RECORDATI ESPAÑA S.L.	90.00%	10.00%								100.00%
RECORDATI S.A. Chemical and Pharmaceutical Company	100.00%									100.00%
BOUCHARA RECORDATI S.A.S.	99.94%	0.06%								100.00%
RECORDATI PORTUGUESA LDA	98.00%	2.00%								100.00%
FARMARECORD LTDA		100.00%								100.00%
RECORDATI CORPORATION		100.00%								100.00%
RECORDATI IRELAND LTD		100.00%								100.00%
RECORDATI S.A.		100.00%								100.00%
LABORATOIRES BOUCHARA RECORDATI S.A.S.			100.00%							100.00%
MERCKLE RECORDATI GmbH				100.00%						100.00%
RECORDATI PHARMACEUTICALS LTD	3.33%	96.67%								100.00%
RECORDATI HELLAS PHARMACEUTICALS S.A.	1.58%	98.42%								100.00%
JABA RECORDATI S.A.				100.00%						100.00%
JABAFARMA PRODUTOS FARMACÊUTICOS S.A.				100.00%						100.00%
BONAFARMA PRODUTOS FARMACÊUTICOS S.A.				100.00%						100.00%
RECORDATI ORPHAN DRUGS S.A.S.*		100.00%								100.00%
ORPHAN EUROPE HOLDING S.A.**					100.00%					100.00%
ORPHAN EUROPE OPERATIONS S.A.S.**						100.00%				100.00%
ORPHAN EUROPE SWITZERLAND GmbH**							100.00%			100.00%
ORPHAN EUROPE MIDDLE EAST FZ LLC**							100.00%			100.00%
ORPHAN EUROPE NORDIC A.B.**							100.00%			100.00%
ORPHAN EUROPE PORTUGAL LDA**							100.00%			100.00%
ORPHAN EUROPE S.A.R.L.**							100.00%			100.00%
ORPHAN EUROPE UNITED KINGDOM LTD**								100.00%		100.00%
ORPHAN EUROPE GERMANY GmbH**								100.00%		100.00%
ORPHAN EUROPE SPAIN S.L.**								100.00%		100.00%
ORPHAN EUROPE ITALY S.R.L.**								99.00%		99.00%
ORPHAN EUROPE BENELUX BVBA**							99.46%	0.54%		100.00%
FIC S.A.S. ***			100.00%							100.00%
FIC MEDICAL S.A.R.L. ***									100.00%	100.00%
YENI ILAÇ Ve Hammaddeleri Sanayi Ve Ticaret A.Ş ****				100.00%						100.00%

* *Established during 2007*

** *Acquired during 2007 – Balance Sheet consolidated in 2007, P&L consolidated as from 1 January 2008*

*** *Acquired during 2008 – P&L consolidated as from 1 April 2008*

**** *Acquired during 2008 – Balance Sheet consolidated in 2008*

ATTESTATION IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS UNDER ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98

- The undersigned, Giovanni Recordati, in his capacity as the Chief Executive Officer of the Company, and Fritz Squindo, as the Manager responsible for the preparation of the Company's financial statements, pursuant to the provisions or Article 154-***bis***, clauses 3 and 4, of Legislative Decree no. 58 of 1998, hereby attest
  - the adequacy with respect to the Company structure,
  - and the effective application,

  of the administrative and accounting procedures applied in the preparation of the Company's consolidated financial statements at 31 December 2008.

- The undersigned moreover attest that the consolidated financial statements at 31 December 2008:
  - have been prepared in accordance with the International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002, as implemented in Italy by Article 9 of Legislative Decree no. 38 of 2005;
  - correspond to the amounts shown in the Company's accounts, books and records; and
  - provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries as at 31 December 2008 and for the year then ended.

- the report on operations includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

Milan, 3 March 2009

Signed by
Giovanni Recordati
Chief Executive Officer

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

AUDITORS' REPORT

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milano
Italia

Tel: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998

To the Shareholders of
RECORDATI INDUSTRIA
CHIMICA E FARMACEUTICA S.p.A.

1. We have audited the consolidated financial statements of Recordati Industria Chimica e Farmaceutica S.p.A. and subsidiaries (the "Recordati Group"), which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year consolidated financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report issued on March 26, 2008.

3. In our opinion, the consolidated financial statements present fairly the financial position of the Recordati Group as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with IFRS as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

4. The Directors of Recordati Industria Chimica e Farmaceutica S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by art. 156, paragraph 4-*bis*, letter d), of the Legislative Decree n° 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations is consistent with the consolidated financial statements of the Recordati Group as of December 31, 2008.

DELOITTE & TOUCHE S.p.A.

Signed by
Riccardo Raffo
Partner

Milan, Italy
March 20, 2009

This report has been translated into the English language solely for the convenience of international readers.

CORPORATE GOVERNANCE REPORT

Pursuant to article 124 *bis* of the Consolidated Financial Act, article 89 *bis* of Consob Issuers' Regulations and article IA.2.6 of Borsa Instructions

Approved 3 March 2009 by the Board of Directors

Internet: www.recordati.it

DEFINITIONS

CG Code: the Corporate Governance Code for listed companies approved by the Corporate Governance Committee in March 2006 and promoted by Borsa Italiana S.p.A.

CC: the Italian Civil Code.

Board: the Board of Directors of the Company.

Year: the financial year that ended 31 December 2008.

Borsa Instructions: instructions for the Borsa Regulations governing the markets organized and managed by Borsa Italiana S.p.A..

Borsa Regulations: regulations governing the markets organized and managed by Borsa Italiana S.p.A..

Consob Issuers' Regulations: regulations governing issuers as established by Consob regulation no. 11971 of 1999.

Consob Markets Regulations: regulations governing markets as established by Consob regulation no. 16191 of 2007.

Report: this corporate governance report compiled pursuant to article 124 bis of the Consolidated Financial Act, article 89 bis of Consob Issuers' Regulations and article IA.2.6 of Borsa Instructions.

Company: Recordati S.p.A..

By-Laws: the By-Laws of the Company.

TUF: Legislative Decree no. 58 dated 24 February 1998, (Testo Unico della Finanza) the Consolidated Financial Act.

1. OVERVIEW

The Company and the Group that it leads perform research and development, production, marketing and sales of pharmaceuticals and pharmaceutical chemicals. They perform their activities in the principal European countries. The primary objective of the corporate governance system is the creation of value for shareholders, without, however, losing sight of the social importance of the activity performed and of all the stakeholders involved.

The corporate governance structure of the Company is based on a conventional organisational model and therefore consists of the following corporate bodies: (i) the Shareholders' Meeting, (ii) the Board of Directors, (iii) the Board of Statutory Auditors. Accounting control is delegated, in compliance with the relative legislation in force, to a firm of auditors registered in the special roll maintained by the Consob.
The Board of Directors has formed two committees from among its members with consultative and proposal-making functions: the Remuneration Committee and the Internal Audit Committee.

The Company observes the CG Code, in accordance with the procedures contained in this report.

Unless otherwise indicated, the information contained in this report relates to the date of its approval by the Board of Directors (3 March 2009).

2. DISTRIBUTION OF SHARES (AT 3 MARCH 2009)

A) STRUCTURE OF SHARE CAPITAL

The subscribed and paid in share capital amounts to Euro 26,063,457.00 and is represented by 208,507,656 ordinary shares each with a par value of . Each share entitles the holder to a proportional part of the profits allocated for distribution; art. 29 of the By-Laws provides that the net profits on the balance sheet are to be distributed as follows: (a) 5% (five percent) to the legal reserve fund up to the amount established by the law; (b) the remainder, unless the Shareholders' Meeting, as proposed by the Board, resolves to allocate funds for extraordinary reserves or for other purposes, or to postpone part or all of the distribution to all shares to successive years, to be distributed to all shares.
There are no other categories of shares, nor other financial instruments that assign the right to subscribe to new share issues, with the exception of the conditions indicated below in the context of stock option plans.

The document entitled "Information on Recordati S.p.A.'s stock option plans" distributed to the market on 17 September 2007 and available on the Company website (at address http://www.recordati.it/rec_it/investors/releases/2007/2007-09-17/) may be consulted for information on existing stock option plans and increases in the share capital at the service of those plans, as may page 135 of the draft separate company annual report.

B) RESTRICTIONS ON TRANSFER OF SECURITIES

The shares of the Company are freely transferable.

C) SIGNIFICANT HOLDINGS IN SHARE CAPITAL

The significant holdings, both direct and indirect, in share capital are indicated below, as results from the communications in accordance with TUF art. 120, updated in accordance with the information available to the Company.

DECLARANT	SHAREHOLDER	PERCENTAGE (%) OF ORDINARY SHARE CAPITAL	PERCENTAGE (%) OF VOTING SHARE CAPITAL
FIMEI S.p.A.	FIMEI S.p.A	51,269%	51,269%
	RECORDATI S.P.A.*	5,502%	5,502%
	Total	56,771%	56,771%
TORRE S.S	TORRE S.S	3,355%	3,355%
JP MORGAN ASSET MANAGEMENT (UK) LIMITED	JP MORGAN ASSET MANAGEMENT (UK) LIMITED	2,001%	2,001%

** Treasury stock, without voting rights in accordance with the law*

D) SECURITIES WITH SPECIAL RIGHTS

No securities with special rights of control have been issued.

E) SHARE HOLDING BY EMPLOYEES: EXERCISE OF VOTING RIGHTS

No shareholding system exists for employees which involves the exercise of voting rights which is different from that provided for shareholders in general.

F) RESTRICTIONS ON VOTING RIGHTS

There are no restrictions on voting rights.

G) SHAREHOLDERS' AGREEMENTS

The Company has no knowledge of the existence of shareholders' agreements pursuant to TUF art. 122.

H) APPOINTMENT AND SUBSTITUTION OF DIRECTORS AND AMENDMENTS TO THE BY-LAWS

The appointment and replacement of directors is regulated by articles 15, 16 and 18 of the By-Laws which are reproduced in full below:

Art. 15) The Company is governed by a Board of Directors composed of six to sixteen members; the Shareholders' Meeting shall establish the number, pursuant to CC art. 2380 bis.
The directors may be appointed for a term of no more than three years, and they may be re-elected. They step down, are re-elected or substituted in accordance with the law and the By-laws.
The directors must have the qualifications established by provisions in force at the time; among them, a minimum number of Directors, corresponding to the minimum number established by the same provisions, must be qualified as independent, pursuant to TUF art. 148, third paragraph.
A director who loses the mandatory qualifications must step down. A Director who loses the characteristics of independence as defined above may remain in office if the same qualifications are still possessed by the minimum number of directors established by applicable laws and regulations.

Art. 16) The Board of Directors shall be appointed from lists of candidates presented by shareholders, according to the procedures as indicated below, in which the candidates are identified by progressive numbers.
The lists, signed by the shareholders who present them, must be deposited at the registered office of the Company at least fifteen days prior to the date of the first convention of the shareholders' meeting, available to anyone who requests to see them and they will also be subject to other forms of publicity in accordance with laws and regulations in force at the time.
Every shareholder, shareholders who participate in a significant shareholders' agreement pursuant to TUF art. 122, the parent company, subsidiaries and companies subject to joint control pursuant to TUF art. 93, may not present or contribute to the presentation of more than one list, not even by means of another person or trustee, nor may they vote for different lists, and each candidate may be listed in only one list or will be disqualified. The subscriptions and votes expressed in violation of this prohibition will not be attributed to any list.
Only shareholders individually or jointly possessing a total number of shares with voting rights representing at least 2.5% of capital stock with

voting rights at ordinary meetings, or representing a lesser percentage as established by binding legislative or regulatory provisions which shall be specified in the notice of meeting, shall have the right to submit lists. The following items must be filed for each list within the respective deadlines set out above and as provided by applicable regulations: (i) certification issued ad hoc by a legally authorised intermediary attesting to the ownership of the number of shares required to submit a list; (ii) statements by each candidate to the effect that each accepts candidacy and declares, assuming full responsibility, that there are no reasons preventing the candidate from being elected or rendering him unsuitable for the office, and that the candidate meets any specific requirements for the relevant office; (iii) a curriculum vitae detailing each candidate's personal and professional characteristics and indicating that the candidate may be considered independent.
Lists that are presented but are not in accordance with the provisions as above will be considered as not presented.
The Board of Directors will be elected as follows:

a) all of the Directors to be appointed, except one, will be selected from the list that obtained the greatest number of shareholders' votes, following the progressive order in which they are listed on the list;
b) the remaining director shall be the candidate placed at the number one position on the minority list, which shall not be connected in any way, even indirectly, with the shareholders who submitted or voted for the list indicated in letter a) above, which obtains the second-highest number of votes registered by shareholders. For this purpose, lists that did not obtain a percentage of votes equal to at least half of that required for presentation of the lists as at the fourth paragraph of this article will not be considered.
For the purposes of the appointment of directors as indicated at point b) above, in the event of a tie between lists, the list presented by shareholders possessing the larger shareholding, or subordinately the larger number of shareholders, shall prevail.
If the candidates elected by the method as above do not include an adequate number of independent Directors with the characteristics as established for statutory auditors at TUF art. 148, third paragraph, equal to the minimum number established by the law in relation to the total number of Directors, the last non-independent candidate, according to the progressive numbering, of the list that obtained the greatest number of votes as at letter a) of the paragraph above, will be substituted by the first independent candidate, according to the progressive numbering, of the non-elected candidates on the same list, or if not possible, by the first independent candidate, according to the progressive numbering, of the non-elected candidates of the other lists, according to the number of votes obtained by each. This procedure of substitution will be followed until the board of directors is composed of a number of members who have the qualifications as at TUF art. 148, third paragraph, equal at least to the minimum legal number. If this procedure does not produce the latter result, the substitution will be effected by resolution of the shareholders' meeting by relative majority, after presentation of candidates who possess the qualifications as cited above.
If only one list is presented, all of the Directors will be selected from the same list. If no list is presented the Shareholders' Meeting will decide by legal majority, without following the procedure as above.
Any diverse or additional compulsory provisions of the law or regulations will form an exception to these provisions.

Art. 18) If, during the course of the year one or more directors is no longer available, and the majority of the Directors was designated by the Shareholders' Meeting, the following procedure will be followed pursuant to CC art. 2386:

a) the Board of Directors will proceed to select a director among the candidates of the same list as the Director to be substituted, without being conditioned by the progressive numbering of the list, and the Shareholders' Meeting will decide the designation by legal majority, following the same criteria;
b) if there are no non-elected candidates on the aforementioned list or no candidates with the necessary qualifications, or it is not possible to follow the provisions as at letter a) for any reason, the Board of Directors will proceed with the substitution, and successively the Shareholders' Meeting shall do likewise, by legal majority without voting lists.
In any case, the Board and the Shareholders' Meeting will proceed with the appointment in such a way as to ensure the presence of at least the minimum number of independent directors, as required by the law and regulations in force at the time".

It is important to note that in applying the CG Code, art. 16 of the By-laws, as reproduced above, requires the lists of candidates for the office of Director to be deposited at the registered office of the Company and made available to anyone who so requests for at least fifteen days prior to the date of the first call of the Shareholders' Meeting. It is also important to emphasize that only shareholders or groups of shareholders who singly or jointly hold shares with voting rights representing at least 2.5% of share capital with voting rights at ordinary sessions of the Shareholders' Meeting will be entitled to present a list of candidates, or a lesser percentage established by compulsory provisions of laws or regulations. At present, in accordance with articles 144-quater and 144-septies of the Consob Issuers' Regulations no. 11971 of 14.4,1999, and Consob Regulation no. 16779 of 29 January 2008, the percentage continues to be 5% as specified in the By-laws. Minority lists are entitled to appoint one Director. With reference to the election mechanism adopted to select candidates from the various lists presented, art. 16 of the By-Laws establishes that all Directors except one are to be selected from the list that obtains the most votes from shareholders; the other Director will be the no. 1 candidate of the minority list that is not connected in any way, not even indirectly, with the list that obtained the most votes, nor with the shareholders who presented or voted the same, and obtained the second number of shareholders' votes. For this purpose, lists that did not obtain a percentage of votes equal to at least half of that required for presentation of the lists will not be considered.

Amendments to By-Laws shall be made in accordance with the legislation in force. In accordance with Art. 23 of the By-Laws, the Board of Directors is responsible for compliance of the By-Laws with legislation and regulations in force.

I) AUTHORISATION FOR INCREASE OF SHARE CAPITAL AND ACQUISITION OF TREASURY SHARES

The Board of Directors was authorized to increase share capital, pursuant to CC art. 2443, by a Shareholders' Meeting of 11 April 2007. The increase in the share capital may be performer in one or more tranches, gratuitously or by payment, for a total maximum amount of € 50,000,000 within a period of no more than five years from the date of the resolution, by issuing ordinary shares and/or warrants for the subscription to such shares, to assign or to offer as an option to shareholders, with the right pursuant to the joint provisions of CC art. 2441, last paragraph and TUF art. 134, second paragraph, to offer subscription to the shares to Recordati S.p.A. employees or to subsidiaries of the Company in relation to the stock option plans decided by the Shareholders' Meeting (and therefore with the possibility to exclude the option rights to one fourth of the new issue).
To this date, the Board has not yet acted on this mandate, not even partially.
That same Shareholders' Meeting authorised Directors to decide the issue in one or more tranches, for a total maximum nominal amount of € 80,000,000, of bonds convertible to ordinary shares, or valid warrants to subscribe to such shares, to offer in option to shareholders within a period of no more than five years from the date of resolution, in observance of applicable law and regulations concerning the issuing of bonds, and at the same time, deciding an increase of share capital for the amount that corresponds to the nominal value of the shares to be attributed in conversion.
To this date, the Board has not yet acted on this mandate not even partially.

In partial implementation of the authorization conferred on the Board of Directors by the Shareholders' Meetings held on 10 April 2002, (expired

on 10 April 2007), on 14 May 2003, 7 April 2004 and 27 October 2004, the Board decided some increases in the capital by payment (to date only partially performed and which, with regard to those decided on 7 April 2004 and 27 October 2004 are still valid) at the service of the stock option plans adopted by the Company at the same time as it granted options as part of those same plans.

The By-Laws do not authorize the Board to issue financial instruments of participation.

In ordinary session on 11 April 2008 the Shareholders' Meeting authorised the purchase of treasury shares, pursuant to CC articles 2357 and following, until approval of the financial statements at 31 December 2008, scheduled for 11 April 2009. In particular, the maximum number of shares that may be acquired, after accounting for the number of treasury shares already held in the Company's portfolio, is 20,000,000, which corresponds to a total potential payment of not more than € 120,000,000, at a minimum price not less than the nominal value of Recordati shares (€ 0,125) and a maximum price not greater than the average of official Borsa prices during the five sessions prior to the acquisition, increased by 5%. Acquisitions were made on regulated markets, in observance of art. 144bis, first paragraph, letter b), of the Consob Issuers' Regulations.
From 11 April 2007 to date, the Company has not acquired any treasury shares.
At the closing date of the Year, the Company held no. 11,472,355 treasury shares in portfolio, which represent 5,508% of the share capital.

L) CHANGE OF CONTROL CLAUSES

The Company and some of its subsidiaries are, in relation to their business operations, parties to some licensing agreements that include a clause, which is a normal provision in international agreements, authorising the Licensor to resolve the contracts in the event of change of direct or indirect control of the Licensee.
In addition, a bond issue by the Luxembourg subsidiary, Recordati S.A. Chemical and Pharmaceutical Company, privately placed with international institutional investors and guaranteed by the Company, includes a clause, as is normal in financial operations of this type, which authorises the creditors to obtain an immediate refund if the control of the Company changes.

M) INDEMNITY FOR DIRECTORS IN THE CASE OF RESIGNATION, DISMISSAL OR TERMINATION OF THE RELATION FOLLOWING A TAKEOVER BID

No agreements have been stipulated between the Company and the Directors that provide for payment of indemnities in the event of resignation, dismissal without just cause or interruption of the relation following a public takeover bid.

3. COMPLIANCE

The Company observes the CG Code, in accordance with the procedures contained in this report. Reasons are given where it has decided not to follow those principles or operating criteria.

Neither the Company nor its strategic subsidiaries are subject to foreign laws that influence the corporate governance structure of the Company itself.

4. MANAGEMENT AND COORDINATION

Although controlled by Fimei Finanziaria Industriale Mobiliare ed Immobiliare S.p.A., the Company is not subject to management and coordination by the same, pursuant to CC articles 2497 and following.
Fimei Finanziaria Industriale Mobiliare ed Immobiliare S.p.A. is a mere financial holding company with no operations of any kind; no procedures exist to furnish authorizations or instructions to the Company in its relations with the Parent Company.
The fully controlled Italian subsidiaries have acknowledged management and co-ordination by the Company and have fulfilled legal disclosure requirements in this respect.

5. BOARD OF DIRECTORS

5.1. COMPOSITION

The members of the Board of Directors at the closing date of the Year are indicated below. They were elected by a Shareholders' Meeting on 11 April 2009. The term of the Board will expire at the Shareholders' Meeting convened to approve the financial statements at 31 December 2010.
The personal and professional characteristics of each Director are documented in Attachment 1 to this Report.
The list of offices held by each Director in other companies listed on regulated markets (even outside of Italy), and in financial, banking, insurance or large scale companies, is documented in Attachment 2 to this Report.

Name	Office	In office from	List	Executive	Non-executive	Indep.	Indep. TUF	% BoD	Other offices
GIOVANNI RECORDATI	Chairman Man. Dir. and Gen. Manager	11.4.2008	M	X				100%	0
ALBERTO RECORDATI	Dep. Chairman	11.4.2008	M	X				100%	0
MARIO GARRAFFO	Director	11.4.2008	M		X	X	X	86%	2
FEDERICO NAZZARI	Director	11.4.2008	M	X			X	100%	0
CARLO PEDERSOLI	Director	11.4.2008	M		X	X	X	100%	1
ANDREA RECORDATI	Director	11.4.2008	M	X				100%	0
MARCO VITALE	Director	11.4.2008	M		X	X(*)		86%	10
WILLIAM GUNNARSSON	Director	11.4.2008	M		X	X	X	100%	0
WALTER WENNINGER	Director	11.4.2008	M		X	X	X	80%	4

M *= Director elected on the list voted by the majority.*
Indep. *= Director qualified as independent by the criteria established in the CG Code.*
Indep. TUF *= Director qualified as independent by the criteria established in TUF art. 148, paragraph 3.*
% BoD *= presence at Board meetings calculated as a percentage from the beginning of the year or from the date of entry into office.*
Other offices *= the total number of offices held in other companies listed on regulated markets (even outside of Italy), and in financial, banking, insurance or large scale companies.*

(*) The Board has qualified Prof. Marco Vitale as independent, even though he has been a Director of the Company for more than nine years during the past twelve and even though he provides professional services worth € 100,000.00 annually, considering that by his specific competence and professional commitment to constant control and stimulation of the Board, he has demonstrated to maintain his characteristics of independence and freedom of judgement in evaluating the operations carried out by management.

Committee Membership

Name	Office	Remuneration Committee	% RC	Internal Control Committee	% ICC
MARIO GARRAFFO	Director			M	86%
FEDERICO NAZZARI	Director	M	100%		
CARLO PEDERSOLI	Director			M	100%
MARCO VITALE	Director			P	100%
WILLIAM GUNNARSSON	Director	M	100%		
WALTER WENNINGER	Director	P	100%		

P = *Chairman.*
M = *Member.*
% RC = *presence at Remuneration Committee meetings calculated as a percentage from the beginning of the year or from the date of entry into office.*
% CCI = *presence at Internal Audit Committee meetings calculated as a percentage from the beginning of the year or from the date of entry into office.*

The Director indicated below stepped down from office during the Year:

Name	Office	In office from / to	List	Executive	Non executive	Indep.	Indep. TUF	% BoD	Other offices
ROMILDA BOLLATI DI ST. PIERRE	Director	6.4.2005 - 11.4.2008	M		X	X	X	100 %	0

List M = *Director elected on the list voted by the majority.*
Indep. = *Director qualified as independent by the criteria established in the CG Code.*
Indep. TUF = *Director qualified as independent by the criteria established in TUF art. 148, paragraph 3.*
% BoD = *presence at Board meetings calculated as a percentage from the beginning of the year or from the date of entry into office.*
Other offices = *the total number of offices held in other companies listed on regulated markets (even outside of Italy), and in financial, banking, insurance or large scale companies.*

Maximum number of offices held in other companies

The Board of Directors has not set any general criterion for the maximum number of positions a director may hold as director or statutory auditor in other companies that are considered compatible with performing duties as a director of the Company. It has done this because it feels that it is best to allow individual directors to assess this compatibility themselves.

5.2. ROLE OF THE BOARD OF DIRECTORS

During the Year the Board of Directors met seven times, with sessions that lasted an average of approximately two hours, on the following dates: 7 February 2008; 5 March 2008; 11 April 2008; 6 May 2008; 30 July 2008; 29 October 2008 and 17 December 2008. For the current year nine meetings are planned, and the Board has already met on 11 February 2009 and 3 March 2009.

In accordance with article 23 of the By-laws, the Board is the corporate body endowed with the broadest powers to handle ordinary and extraordinary management of the Company and it has the right to conclude all acts that it deems appropriate in order to conduct business and to achieve the corporate purposes, excluding only those reserved by the law exclusively for the Shareholders' Meeting. In accordance with CC. Art. 2365, paragraph 2, the Board of Directors is also authorized to decided on the following matters:

- mergers in the cases established by CC articles 2505 and 2505 *bis*;
- establishment or suppression of secondary offices;
- specification of the Directors who are entitled to represent the Company;
- reduction of share capital in the event of withdrawal of a shareholder;
- alignment of the By-Laws to provisions of the law and regulations;
- transfer of the registered office from one municipality to another in national territory.

The Board is also entitled to appoint and dismiss, following an obligatory opinion from the Board of Statutory Auditors, the Manager responsible for keeping the company books, pursuant to TUF art. 154-*bis*.

The Board is also competent in the following matters:

- examination and approval of strategic, industrial and financial plans of the Company and the Recordati Group, the corporate governance system and the structure of the Group;
- evaluation of whether the organisational, administrative and financial structures of the Company and its strategic subsidiaries, as defined below and as configured by the responsible organs, are adequate, with particular reference to the system of internal control and management of conflicts of interest;
- attribution and cancellation of mandates to CEOs and the Executive Committee, defining the extent, means and intervals (at least quarterly), with which the delegates must refer to the Board about the activities carried out in exercising their mandates;
- establishment, after examination of the proposals from the Remuneration Committee, and heard the opinion of the Board of Statutory Auditors, of the remuneration of CEOs and other Directors with special mandates, as well as the division, for the individual members, of the total allotment for compensation of the Board, if the Shareholders' Meeting has not already decided the matter;
- evaluation of business trends, especially in the light of information provided by the delegated bodies and periodic comparison of results with budget previsions;
- study and approval prior to strategic economic or financial operations of the Company and its subsidiaries, with particular attention to situations in which one or more Directors have an interest, whether personal or on behalf of third parties, and in general, to operations with related parties; establish guidelines to identify significant operations;
- conduct, once a year, an evaluation of the size and functionality of the Board of Directors and its committees and possibly indicate the type of professional figures whose presence on the Board would be useful;
- communication, in the corporate governance report, of the means of application of the CG Code and in particular, of the number of Board and Executive Committee meetings held during the year and the relative percentage of participation of each Director.

The Board took the following actions in relation to the above:

- it studied and approved the 2009 budget of the Group;
- it studied and approved the 2009-2011 Business Plan;
- it approved the most significant corporate provisions including update of the Organisational, management and control structures pursuant to Legislative Decree 231/01;
- it identified the subsidiaries with strategic characteristics, based principally on dimensional criteria (revenues) or evaluation of the special characteristics of the market on which the subsidiary operates (such as the orphan drugs market). The following companies are qualified as strategic subsidiaries: Laboratoires Bouchara Recordati s.a.s, Recordati Ireland ltd., Jaba - Recordati S.A., Merckle Recordati Gmbh, Innova Pharma S.p.A and Orphan Europe SARL;
- it issued a positive evaluation of the adequacy of organisational, administrative and accounting structures, with particular reference to the internal control system and management of conflicts of interest, on the basis of the information provided to the Board in specific reports and other documentation (such as organisational diagrams) presented by the manager responsible for internal control, the Internal Audit Committee, the Supervisory Authority pursuant to Legislative Decree no. 231/2001 and by the Chairman and CEO himself;
- when the Board was renewed it attributed mandates to the Chairman and CEO Eng. Giovanni Recordati, establishing the extent and means of exercising their poker, and also to the Director Dr. Federico Nazzari;
- as proposed by the Remuneration Committee and following

consultation with the Board of Statutory Auditors, it decided the distribution of the total allotment for the compensation due to the members of the Board decided by the shareholders. It also decided the compensation for directors assigned specific duties in accordance with the last paragraph of CC Art. 2389 and article 22 of the By-laws;
- it evaluated management trends, with particular attention to the information provided by the Chairman and CEO, at the same time it compared the results with the budget previsions;
- it studied and approved strategic operations of the Company and its subsidiaries in advance, when such operations were strategically significant in relation to the economic and financial welfare of the Company (with particular reference to participation in other undertakings and special drugs). In fact, the Board adopted a "Procedure for significant operations with related parties or when a Director has an interest in the operation", to substitute the "Guidelines for operations with related parties" adopted in 2003 in accordance with the previous code of conduct. Under this procedure, the following types of operations are considered to be strategic economic or financial operations of the Company, and therefore subject to the exclusive competence of the Board, excepting operations with or between other companies of the Recordati Group (unless atypical or unusual and/or to be concluded at other than standard conditions):

a) assumption of financial liability of more than Euro 50 million for any single operation;
b) transfer of real estate for amounts of more than Euro 25 million, where the industrial operations of the Company or its subsidiaries are conducted at the time of the transfer;
c) acquisition or transfer of industrial property rights of the Company or its subsidiaries for amounts of more than Euro 25 million for any single operation;
d) acquisition, transfer or any other provision in relation to holdings in other companies, likewise the acquisition or transfer of companies or company branches, for amounts of more than Euro 25 million for any single operation;
e) acquisition or transfer of special drugs or products in general, for amounts of more than Euro 25 million for any single operation;
f) granting of real or personal guarantees for amounts of more than Euro 25 million for any single operation;
g) investments and disinvestment, other than those specified at the letters above, for amounts of more than Euro 15 million for any single operation.

On the basis of the procedure as above, the Board is also responsible to study and approve particularly significant operations with related parties, and operations in which one or more Directors have an interest, whether personal or on behalf of third parties, as specified under section 13 of this Report.

The Board of Directors whose mandate expired on 11 April 2008 conducted a preliminary evaluation of the size, composition and functioning of the Board and its committees. This preliminary evaluation was conducted by asking each Director to compile a questionnaire prepared by the Legal Office of the Company. The Board discussed the results of the compilation of this questionnaire. The outcome of this preliminary evaluation was substantially positive.

The Board of Directors in office decided to postpone the self assessment of the Board itself until the 2009 financial year, because the current Board had only been in office for a short period, having taken up office in April 2008.

The Shareholders' Meeting has not authorized any general or advance exception to the ban on competition as at CC art. 2390.

5.3. DELEGATES

Chairman and Chief Executive Officer

In accordance with article 24 of the By-Laws, representation of the Company shall be attributed to the Chairman of the Board of Directors or, in the event of his absence or inability to attend for any reason, to the Vice-Chairman, with sole signing authority for implementation of all resolutions of the Board unless otherwise resolved. The Chairman or, in the event of his absence or impediment for any reason, the Vice-Chairman, shall represent the Company before the law, with the power to take legal action and institute judicial and administrative proceedings at all levels of jurisdiction, including with respect to revocation and cassation proceedings, and appointing lawyers and attorneys for lawsuits.
In accordance with article 25 of the By-Laws, the Board of Directors may delegate all or part of its powers and functions not only to the Chairman, but also to the Vice-Chairman and one or more executive directors and it may grant special mandates to individual Directors or managers of the Company, including the power of attorney, determining their functions and powers under the law. In accordance with article 26 of the By-Laws, the Board may also delegate all or part of its powers to an Executive Committee.

On 11 April 2008 the Board of Directors appointed Eng. Giovanni Recordati not only to the position of Chairman of the Board of Directors but also to that of Chief Executive Officer with the purpose of improving the efficiency of the management of the Company.
In his role as Chief Executive Officer, Eng. Giovanni Recordati has been authorised, within the limits permitted by Law, to exercise the broadest powers for the ordinary and extraordinary management of the Company, expressly including the power to appoint directors and his agents, persons with specific duties, experts and agents of the Company in general for specific actions or types of action, with the sole, exclusive and mandatory exclusion of the following operations reserved to the Board of Directors, except for operations performed with or between other companies of the Recordati Group:

a) assumption of financial liability of more than € 50 million for any single operation;
b) transfer of real estate for amounts of more than € 25 million, where the industrial operations of the Company or its subsidiaries are conducted at the time of the transfer;
c) the purchase or sale of intellectual property of the Company or its subsidiaries for amounts exceeding € 5 million for each transaction;
d) acquisition, transfer or any other provision in relation to holdings in other companies, likewise the acquisition or transfer of companies or company branches, for amounts of more than € 25 million for any single operation;
e) the purchase and sale of proprietary medicinal products and generic products, for amounts exceeding € 25 million each;
f) the grant of real or personal guarantees for amounts of more than € 25 million for any single operation;
g) investments and disinvestment, other than those specified at the letters above, for amounts of more than € 15 million for any single operation.

The Chairman and Chief Executive Officer also: (i) convenes the Board meetings and ensures that the members of the Board and the Board of Statutory Auditors are provided, with reasonable advance notice, excepting situations of necessity or urgency, with the documentation and information necessary to enable them to express an informed opinion about the matters submitted to their examination and approval, (ii) coordinates the activities of the Board and conducts the proceedings of Board meetings; (iii) continuously provides information about the frequent variations of the law and the regulations that govern the sector and their impact on the Company, in order to develop the awareness of all Directors in relation to the situation and dynamics of the Company.

On 11 April 2008, the Board of Directors conferred powers on the director Dr. Federico Nazzari, until the date of the approval of the annual report for the year ended 31.12.2008, necessary for performing the following activities both in the interest of the Parent Company and in the interest of subsidiaries:

a) supervision, development, co-ordination and management of activities and relations with institutions, such as, for example, external relations and public relations in general, participation in congresses and cultural and scientific activities and publications of a general and institutional nature;
b) management of relations with Farmindustria and the co-ordination, in general, of all activities with sector associations in which the Group is present;
c) management of relations with persons and institutions in the business, scientific, academic and political spheres;
d) management of relations with public administrations and central, peripheral and local government institutions with particular reference to those with responsibilities for health, the environment and economics;
e) assisting the Chairman and Chief Executive Office with other projects and special assignments as required;

These are activities of an institutional nature, which, as such, are not strictly management functions.

Executive Committee

No executive committee has been formed.

Reporting to the Board

The Chairman and Chief Executive Office reported to the Board in individual board meetings on the activities performed in exercising the powers conferred on him by the Board.

5.4. OTHER EXECUTIVE DIRECTORS

In addition to the Chairman and CEO, the other Directors that qualify as executives are Dr. Alberto Recordati, Mr. Andrea Recordati and Dr. Federico Nazzari. Dr. Alberto Recordati, Vice-Chairman of the Board of Directors, co-ordinates the activities of the Drug Discovery and Drug Development departments of the Company. Mr. Andrea Recordati holds the position of chief executive officer in some of the strategic subsidiaries. The Board has delegated Dr. Federico Nazzari to conduct activities of an institutional nature, (which as such are not strictly management functions).

No particular initiatives have been undertaken to increase the directors' knowledge of the company and its dynamics, considering that they all already have a deep knowledge of Company and the Group, either because of many years spent in the Company or great experience acquired working in the sector. Nevertheless in the course of meetings of the Board of Directors, the Chairman and Chief Executive Officer gives necessary information on the affairs of the Company and the Group, which includes information on the frequent changes in legislation and regulations in the sector and their impact on the Company.

5.5. INDEPENDENT DIRECTORS

Five Directors, *Dr.* Mario Garraffo, *Avv.* Carlo Pedersoli, *Prof.* Marco Vitale, *Dr.* William R. Gunnarsson and *Dr.* Walter Wenninger qualfy as independent according to the CG Code, with the exception of the specifications made below.

On 11 April 2008, in its first meeting following the appointment of the new directors, the Board of Directors assessed the existence of the conditions governing independence in accordance with the CG Code and with Art. 148, paragraph 3 of the TUF, for each of the non executive directors. That assessment is repeated annually.

The Board made two exceptions to the criteria of independence contained in the CG Code in evaluating the independence of Prof. Vitale, qualifying him as an independent Director even though he has been a Director of the Company for more than nine years during the past twelve and even though he provides professional services worth € 100,000.00 annually, considering that by his specific competence and professional commitment to constant control and stimulation of the Board, he has demonstrated to have maintained his characteristics of independence and freedom of judgement in evaluating the operations carried out by management.

The Board of Statutory Auditors verified that the criteria and procedures of evaluation adopted by the Board to evaluate the independence of its members were implemented correctly.

The independent directors, at and before the beginning of meetings of the Board of Directors, verified each time the absence of any specific matters that might be significant in relation to their roles as independent Directors.

5.6. LEAD INDEPENDENT DIRECTOR

Considering the existence of the situation in which the same person holds the offices of Chairman and CEO, in compliance with the CG Code, the Board has designated independent Director Prof. Vitale to be the lead independent director, to guide the independent Directors, with particular reference to the independent Directors, in order to improve the activities and functioning of the Board. The lead independent director collaborates with the Chairman in order to ensure that the Directors receive complete and timely information, and is also authorised to convene special meetings of the independent Directors only, at his own discretion or at the request of other Directors.

6. CONFIDENTIALITY OF CORPORATE INFORMATION

Following amendments to TUF introduced by Law no. 62/2005 (EC Law 2004) on matters of market abuse, in 2006 the Board of Directors approved the proposal of the Chairman and CEO for "Internal regulations for handling confidential information" (to substitute an internal procedure for the management and external communication of information and confidential documents, adopted in 2001 in accordance with the Corporate Governance Code in force at the time). These regulations govern the internal management and external communication of information about Recordati S.p.A. and its subsidiaries, with particular reference to confidential and significant information (meaning information that could become confidential, but does not yet have the characteristics of specificity as defined at TUF art. 181), and the institution of a specific register of the persons who have access to the information as above, a "Register of persons who have access to confidential information", in accordance with Art. 115 *bis* of the TUF. In particular these regulations establish the obligations of confidentiality of all persons who have access to significant and confidential information; identify the persons responsible for evaluating the significance of the same information; establishes the rules for access to the same information by persons outside of the Company; establishes some principles and rules for the management of documents and correspondence containing significant or confidential information; establishes the methods of communicating confidential information, and other information about the Company.
In implementing these regulations, a procedure for "Management of the register persons who have access to confidential information" has been adopted, which establishes the method of keeping and updating the same.

The Company also keeps the register in question on behalf of the other companies of the group (Group Register), having been authorised to do so by the subsidiaries and the holding company.

In 2006 the Board also decided the adoption of an "internal dealing" procedure to discipline communications about transactions in Recordati S.p.A. shares or other related financial instruments issued by "significant persons", in order to implement the provisions at TUF art. 114, paragraph 7 (and the provisions of the regulations for application of the same).
Initially some executives holding management positions, insofar as they had regular access to confidential information, were considered (together with directors, statutory auditors, the general manager and the parent company FIMEI S.p.A.) "significant persons" for the purposes of this procedure, even if they did not hold the power to make management decisions which might affect the future development and prospects of the Company.

On 17 December 2008, the Board of Directors, having taken account of the organisational and decision-making structure of the Company and of the Group, and having considered in particular that every management decision that might affect the future development and prospects of the Group is always and in any event authorized either by the Board of Directors or by the Chairman and Chief Executive Officer, in virtue of the powers conferred upon them, decided to review the list of "significant persons", excluding all executives, with the sole exception of the Chief Financial Officer and General Manager of the Group.

7. INTERNAL COMMITTEES OF THE BOARD

The Board of Directors has formed a Remuneration Committee and an Internal Audit Committee from among its members both with consultative and proposal-making functions.

8. APPOINTMENTS COMMITTEE

The Board has not found it necessary to form an Appointments Committee because, until the present time and in the presence of a shareholder with legal control of the Company, no difficulties have been encountered in preparing proposals of candidates.

9. REMUNERATION COMMITTEE

The Board has formed an internal Remuneration Committee. During the year the Remuneration Committee met three times, with sessions on the following dates: 5 March 2008, 11 June 2008, 28 October 2008. During the current year the Committee met once, on 10 February 2009. The percentage of participation of the Committee members at the meetings is indicated in the table at paragraph 5.1 of this Report.

The Committee is composed of three Directors, two of which are non-executive and independent: Walter Wenninger, the Chairman, and William Gunnarsson, together with Federico Nazzari, an executive director. The Board appointed Federico Nazzari to the office of Committee Member, despite his status, because the institutional activities he conducts as delegated by the Board, in relation to their nature, are not considered strictly executive functions.

Directors must abstain from participating at Committee meetings, which formulate proposals for the Board that relate to their own remuneration.

At the invitation of the Committee Chairman, with reference to specific points on the agenda, some persons who are not Committee members have participated at times at Committee meetings, specifically the Chairman of the Board and CEO, Chief Officer of Human Resources of the Group, the Chief Financial Officer and General Manager of the Group. The Legal and Corporate Affaris Service has been present to draw up the minutes of the meetings.

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee has the following functions:
- to present proposals for the remuneration of Directors and Directors endowed with special mandates to the Board and to monitor application of the resolutions adopted by the Board;
- to periodically evaluate the criteria adopted in relation to the remuneration of Managers with strategic responsibilities, to monitor application of the same on the basis of information provided by the CEO and to provide the Board with general guidelines about these matters;
- to execute the functions assigned by the Board in relation to the administration of stock option plans to be offered to employees and/or Directors of the Company and of subsidiaries, for shares of the Company or options on the same, without any exception to the general competence of the Board itself to supervise this matter.

The activities of the committee in the meetings just mentioned were designed mainly to: formulate proposals for the grant of options for the Company stock option plans; assess the criteria adopted for the remuneration of executives with strategic responsibilities; to formulate proposals for amendments to the Group management by objectives system; assess the 2009 objectives for the Chairman and Chief Executive Officer.

Minutes of all meetings of the Remuneration Committee have been drawn up regularly.

The Committee had access to the information and Company offices that were necessary for the performance of its duties; it did not consider it necessary to make use of external consultants.
The committee did not incur any expenses in the exercise of its duties during the Year.

10. DIRECTORS' REMUNERATION

A significant part of the remuneration of the Chairman and CEO Recordati and of Director Andrea Recordati, both executive directors, depends on the economic results of the Company and the achievement of specific objectives, by means of an MBO (management by objectives) system. Both receive that remuneration not as directors, but as executives with strategic responsibilities.

Stock option plans are available to executive Directors (with the exception of Federico Nazzari as an executive director in the sense already stated) and to managers with strategic responsibilities. In addition, stock option plans are also available to Giovanni Recordati (who also holds the office of General Manager), Alberto Recordati and Andrea Recordati, not in relation to being Directors but rather in their roles as managers with strategic responsibilities.

Remuneration of non-executive Directors is not linked to the profits of the Company, but rather is determined by considering the presence or not in the Committees as above. Non-executive Directors do not have access to the stock option plans.

The following table summarizes the payments received by Directors, the General Manager and by managers with strategic responsibilities (cumulative data) during the Year:

Board of Directors	Description of Office			Remuneration			
Name and Surname	*Position occupied*	*Period in which the position was held*	*Expiry of term of office*	*Emoluments for the office*	*Non monetary benefits*	*Bonus and other incentives*	*Other remuneration*
GIOVANNI RECORDATI	Chairman, CEO, General Manager	2008	Approval 2010 Annual Report	130,000.00(*)	26,910.00		1,152,001.00(1)
ALBERTO RECORDATI	Deputy Chairman	2008	Approval 2010 Annual Report	80,000.00(**)			288,821.00(1)
DONNA ROMILDA BOLLATI DI ST. PIERRE	Director	1.1.2008/ 11.4.2008	Approval 2007 Annual Report	4,150.68			
MARIO GARRAFFO	Director	2008	Approval 2010 Annual Report	37,232.88			
WILLIAM GUNNARSSON	Director	from 11.4.2008	Approval 2010 Annual Report	28,931.51			
FEDERICO NAZZARI	Director	2008	Approval 2010 Annual Report	218,532.88(***)			
CARLO PEDERSOLI	Director	2008	Approval 2010 Annual Report	37,232.88			
ANDREA RECORDATI	Director	2008	Approval 2010 Annual Report	30,000.00			178,047.00(1)
MARCO VITALE	Director	2008	Approval 2010 Annual Repor	44,465.75			100,000.00(2)
WALTER WENNINGER	Director	from 11.4.2008	Approval 2010 Annual Report	36,164.38			
14 executives officers with strategic responsibilities							2,939,525.00 (1)

LEGEND
(1) *Income from employment contract.*
(2) *Advisory services.*
(*) *Inclusive of € 100,000.00 in remuneration for special assignments.*
(**) *Inclusive of € 50,000.00 in remuneration for special assignments.*
(***) *Inclusive of € 181,300.00 in remuneration for special assignments.*

11. INTERNAL AUDIT COMMITTEE

The Board has established an Internal Audit Committee, comprising the following non-executive and independent (within the meaning described above) directors: Marco Vitale, Mario Garraffo and Carlo Pedersoli.

This Committee is responsible for analysing problems and defining important policies for the auditing of company activities, providing consultancy and making proposals to the Board of Directors with regard to the preparation, analysis and functioning of the internal control system.

During the Year, the Committee met seven times: 7 February 2008, 20 February 2008, 5 March 2008, 6 May 2008, 30 July 2008 29 October 2008 and 17 December 2008. In the current year, the Committee met on 11 February 2008. The percentage attendance of Committee members at meetings is shown in the table contained in paragraph 5.1 of this Report.

Two of the three members of the Committee have experience in accounting and financial matters.

The Chairman of the Board of Statutory Auditors has constantly participated in the Committee's work.

At the invitation of the Chairman of the Committee and with regard to individual items on the agenda, various non-members have participated in meetings, in particular the Chairman and Chief Executive Officer, the Group Finance Director and General Manager, the Internal Control Officer, the Supervisory Board set up pursuant to Legislative Decree 231/01 and representatives of the Audit Firm. The legal and coporate affairs service is always involved for the minuting of meetings.

DUTIES ASSIGNED TO THE INTERNAL AUDIT COMMITTEE

The Internal Audit Committee assists the Board of Directors in carrying out a number of tasks within the remit of the Board, namely:
- define the guidelines for the internal control system, so that the principal risks to which the Company and its subsidiaries are exposed are correctly identified and adequately measured, managed and monitored, and also determine criteria to assess whether such risks are compatible with a sound and proper management of the business;
- identify an Executive Director (generally one of the Chief Executive Officers) responsible for monitoring the functionality of the internal control system; - evaluate, at least once a year, the adequacy, efficiency and effectiveness of the internal control system;
- describe, in the Corporate Governance Report, the key components of the internal control system and express its evaluation of the overall adequacy of the system.

The Internal Audit Committee also:
- assesses, together with the manager appointed to prepare the corporate accounting documents and with the auditors, the correct use of accounting principles and their consistency in the preparation of the consolidated financial statements;
- at the request of the specially appointed Executive Director, expresses opinions on specific aspects concerning the identification of the principal business risks and concerning the design, construction and management of the internal control system;
- examines the work plan prepared by the Internal Control Officer and his periodic reports;
- evaluates the proposals submitted by the audit firm with a view to being awarded the contract, as well as the work plan prepared for the audit and the results set out in the report and in any management letter;
- reports to the Board on the activities undertaken and on the adequacy of the internal control system, at least once every six months, at the time of approval of the annual accounts and half-yearly report;
- makes proposals to the Board of Directors regarding changes to be made to the Organisational Model established pursuant to Legislative Decree 231/01 adopted by the Company;
- makes proposals to the Board of Directors regarding the appointment of members of the Supervisory Board set up pursuant to Legislative Decree 231/01 and regarding the allocation of the annual budget to that body;
- expresses an opinion on the appointment and dismissal of the internal control officer(s);
- expresses an opinion on the appointment of the manager appointed to prepare the corporate accounting documents;
- expresses an opinion on the procedures for the approval and performance of related party transactions conducted by the Company or by its subsidiaries, and expresses an opinion on individual related party transactions, where required by the procedure from time to time in force;
- performs any additional tasks that are assigned to it by the Board of Directors.

The monitoring of the effectiveness of the auditing process has been referred by the Board of Directors to the Board of Statutory Auditors, in so far as the latter is considered, by virtue of the powers granted to it by current legislation, is the most suitable body to carry out such supervisory activity.

The Committee's activities in the aforementioned meetings mainly concerned: an evaluation of the adequacy of the accounting principles; an examination of the reports of the Supervisory Board set up pursuant

to Legislative Decree 231/01 and of the Internal Control Officer; an examination of the work plan prepared by the Internal Control Officer; the submission of proposals to the Board regarding updates to the Model established pursuant to Legislative Decree 231/01; the submission of a proposal to the Board regarding the formalisation of the guidelines for the internal control system; the issuance of an opinion on the "procedure for significant transactions, with related parties or in which a Director holds an interest". The Committee also reported to the Board on the activities undertaken and on the adequacy of the internal control system, at the time of approval of the annual accounts and half-yearly report.

Meetings of the Internal Audit Committee were properly minuted.

The Committee had the opportunity to access company information and access the units necessary to perform its duties; it did not make use of external advisors.
The committee did not incur any expenses in the performance of its duties during the Year.

12. INTERNAL CONTROL SYSTEM

The Board has defined the guidelines for the internal control system, so that the principal risks to which the Company and its subsidiaries are exposed are correctly identified and adequately measured, managed and monitored, and has also determined the criteria to establish whether such risks are compatible with a sound and proper management of the business.

The key components of the Company's Internal Control System are the ethical principles and values embodied in the Company's Code of Ethics, the system of compliance procedures and models, the organisational structures, the current system of powers and delegations, the risk monitoring and reporting system and the information systems.

The Board has positively assessed the adequacy, efficiency and effectiveness of the internal control system, based on the information provided during meetings in the form of reports presented by the Internal Audit Committee (which made its assessments of the internal control system principally on the basis of those expressed by the Internal Control Officer in his reports) and by the Supervisory Board set up pursuant to Legislative Decree 231/01. The Board has also constantly approved the updates to the Organisational, Management and Control Model established pursuant to Legislative Decree 231/01.

12.1. EXECUTIVE DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL SYSTEM

The Board of Directors has identified the Chairman and Chief Executive Officer, Giovanni Recordati, as the Executive Director responsible for monitoring the functionality of the internal control system.

The Executive Director responsible for monitoring the functionality of the internal control system:
- has identified, with the help of the Internal Control Officer, the principal business risks, taking account of the characteristics of the activities undertaken by the Company and by its subsidiaries and has regularly informed the Board of those risks;
- has implemented the guidelines defined by the Board and, with the help of the Internal Control Officer and other competent units within the Company, has designed, constructed and managed the internal control system while constantly checking its overall adequacy, efficiency and effectiveness;
- has brought the system, again with the help of the Internal Control Officer and other competent units within the Company, into line with changes in operating conditions and in the legislative and regulatory framework;
- has proposed to the Board the appointment of the Internal Control Officer and has given an assessment of the suitability of the latter's remuneration.

12.2. INTERNAL CONTROL OFFICER

The Board has appointed Giovanni Minora, Head of Group Auditing, as Internal Control Officer, at the proposal of the Executive Director responsible for monitoring the functionality of the internal control system and having consulted with the Internal Audit Committee.

Note that the Group Auditing Unit, of which Dr. Minora is the Head, reports hierarchically to the Chairman and Chief Executive Officer and has no connection with any operational area.

The Board, having consulted with the Internal Audit Committee, has assessed the suitability of the remuneration paid to the Internal Control Officer as an employee of the Company (defined at the time of recruitment) according to the Company's policies.

The Officer's duties are as follows:

a) explain the proposed annual work programme to the Internal Audit Committee so that the Internal Audit Committee can make any suggestions;
b) help the Executive Director responsible for monitoring the functionality of the Internal Control System with the design, management and monitoring of the Internal Control System and with the identification of the various risk factors;
c) plan and carry out, in a manner consistent with the annual work plan, any direct and specific auditing tasks within Recordati S.p.A. and within all the subsidiaries, particularly in relation to companies having strategic importance, in order to identify any shortcomings in the Internal Control System in the various areas of risk;
d) check that the rules and procedures for auditing processes are observed and that all individuals involved act in accordance with the predetermined objectives;
e) carry out checks at his own initiative or at the request of the Board of Directors, the Internal Audit Committee, the Executive Director responsible for monitoring the functionality of the Internal Control System or the Board of Statutory Auditors;
f) report on the results of his auditing activities to the Executive Director responsible for monitoring the functionality of the Internal Control System;
g) prepare a half-yearly summary report on the activities undertaken during the period for the Internal Audit Committee and for the Board of Statutory Auditors;
h) where critical aspects emerge requiring urgent intervention, immediately inform the Executive Director responsible for monitoring the functionality of the Internal Control System, the Internal Audit Committee and the Board of Statutory Auditors in order to update them on the results of his actions.

In particular, during the Year, the Internal Control Officer:
- explained the annual work programme to the Internal Audit Committee;
- had direct access to all the necessary information to carry out his role;
- carried out direct and specific auditing tasks, in a manner consistent with the annual work plan;
- reported to the Executive Director responsible for monitoring the functionality of the Internal Control System on the results of the auditing activities undertaken during the Year;
- reported on his actions and on the results of the activities undertaken to the Internal Audit Committee and to the Board of Statutory Auditors of the Company.

The Internal Control Officer had access to an operating budget which was used to carry out the audits and checks performed in the Year.

12.3. ORGANISATIONAL MODEL established pursuant to Legislative Decree 231/2001.

The Company has adopted and effectivel implemented a model which represents an organisational and operational tool aimed at preventing the Company's employees and colleagues from committing the crimes specified in Legislative Decree 231/01.

The duties of monitoring the adequacy, updating and effectiveness of the Model have been transferred by the Company to a Supervisory Board having collective form, comprising two external members and one Company employee.

The organization, management and control model is constantly updated and monitored with particular attention paid to preventing crimes and to risk assessment, following the new regulatory changes.
The Model consists of a general part and a specific part, arranged into different sections. The general part includes, *inter alia*, the Code of Ethics, the Disciplinary System and the By-Laws of the Supervisory Board. The specific part includes, *inter alia*, a "map" of the areas where the risk of crime is more marked and a significant number of "protocols" through which measures are put in place to prevent the commission of offences in the areas identified in the map. A similar model has been adopted for the subsidiary Innova Pharma S.p.A.
A presentation of the Model adopted by the Company is available on the Company's website at http://www.recordati.it/rec_it/cg/compliance/

For subsidiary companies having strategic importance and based abroad, it is currently being assessed whether to adopt measures having a similar purpose to that of the Organisational Model established pursuant to Legislative Decree 231/01 adopted by the Company.

12.4. AUDIT FIRM

Deloitte & Touche S.p.A. is the Audit Firm appointed to audit the Company. The appointment was formally made by the Shareholders' Meeting on 6 April 2005 and extended for the years 2008-2009-2010 by the Shareholders' Meeting on 11 April 2007.

12.5. MANAGER APPOINTED TO PREPARE CORPORATE ACCOUNTING DOCUMENTS

On 3 May 2007, the Board of Directors, having noted the favourable opinion of the Board of Statutory Auditors and of the Internal Audit Committee, appointed Fritz Squindo, Chief Financial Officer (and now also Genral Manager), as the Manager appointed to prepare the corporate accounting documents.

During that meeting, it was confirmed that he satisfied the requirements of respectability and professionalism laid down in the applicable legislation and in the Company's By-Laws, which stipulate, in art. 26, that the Manager appointed to prepare the corporate accounting documents must not only satisfy the requirements of respectability laid down by law for those performing administrative and managerial duties but also the requirements of professionalism characterised by specific competence in administrative and accounting matters. This competence, to be verified by the Board of Directors, must be acquired through working experience in a position of adequate responsibility over a suitable period of time.
The manager appointed to prepare the corporate accounting documents is given duties and powers to perform that assignment, which include the provisions of the operational guidelines for that manager approved by the Board of Directors on 3 May 2007.

13. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

The Board has established a procedure for the approval and execution of related party transactions performed by the Issuer, or by its subsidiaries, and has defined the criteria for identifying the transactions that require the approval of the Board after consulting with the Internal Audit Committee and/or after seeking the assistance of independent experts.

In particular, based on the aforementioned procedure, the following related party transactions carried out by the Company, including through its subsidiaries, are referred to the Company's Board for prior examination having sought the opinion of the Internal Audit Committee:

A) related party transactions which, by virtue of their object, consideration, conditions or timeframe, may have an effect on the protection of the Company's assets or on the completeness and correctness of information, including accounting data, relating to the Company and/or to the subsidiaries, for which there exists an obligation of public disclosure in accordance with the terms and conditions identified by Consob regulations (art. 71-*bis* of the Issuers Regulations).

B)
- the purchase or sale of intellectual property of the Company or its subsidiaries for amounts exceeding EUR 5 million for each transaction;
- the purchase, sale or other act of disposal of shareholdings in other companies, and the purchase and sale of businesses and branches, for amounts exceeding EUR 5 million each;
- the purchase and sale of proprietary medicinal products and generic products, for amounts exceeding EUR 5 million each;
- the granting of loans or guarantees for amounts exceeding EUR 5 million for each transaction;
- transactions involving the provision of works or services, partnership agreements to carry out or develop company activities for amounts exceeding EUR 5 million each;
- transactions of any kind for an amount exceeding EUR 1 million if the related party falls into certain categories, including principally the entity which controls the Company, those to whom powers and responsibilities are granted with regard to the performance of duties involving the administration, management and control of the Company, and the Company's managers with strategic responsibilities as well as the "close family members" of the individuals indicated above;
- with the exception of intragroup transactions which are not atypical or unusual or to be carried out under non-standard conditions.

C) transactions of any kind, including intragroup transactions, which are atypical or unusual and/or to be carried out under non-standard conditions.

The following transactions simply need to be reported to the Board by the Chairman and Chief Executive Officer:
- related party transactions that fall within the types described above, for amounts lower than those indicated above, but which remain significant;
- intragroup transactions which are particularly significant in terms of their amount or type.

In the case of related party transactions falling within the exclusive remit of the Board, the Chairman and Chief Executive Officer will ensure that supporting documents are made available in a timely manner to members of the Board and of the Internal Audit Committee for their assessment.

Where the nature, value or other characteristics of a related party transaction falling within the exclusive remit of the Board so require, in order to prevent the transaction from being carried out under different conditions from those which would probably have been negotiated between unrelated parties, the Board is assisted by independent experts,

who express an opinion on the financial conditions and/or legitimacy and/or technical aspects of the transaction, as applicable. The experts chosen must have proven and recognised professionalism and expertise and must be independent from the Company, its subsidiaries and Directors and must have no conflict of interests in relation to the transaction.

Transactions in which a Director holds an interest either on his own behalf or on behalf of third parties, even potential or indirect, are in any event reserved to the approval of the Board of Directors. In these cases that Director must promptly inform the Board and the Board of Statutory Auditors respectively of his interest in a timely and thorough manner - specifying the nature, terms, origin and extent of that interest - and must stay away from the meeting during the respective negotiations unless the Board considers his participation in the discussion and resolution to be necessary, depending on the specific circumstances, including, *inter alia*, the need to maintain the required quorums. A similar disclosure obligation exists for any Auditor who holds an interest, including a potential or indirect interest, in relation to the aforesaid matters or transactions.

14. APPOINTMENT OF AUDITORS

The appointment of Auditors is governed by art. 27 of the By-Laws, transcribed below:

"Art. 27) The Shareholders' Meeting shall appoint the Board of Statutory Auditors, comprising three statutory auditors and two alternate auditors, who may be re-elected, and shall determine their remuneration. Their powers, duties and term of office shall be as established by law.
Auditors shall satisfy the requirements laid down in current laws and regulations. As regards requirements of professionalism, the matters and sectors of activity strictly connected with that of the company are the research, production and sale of chemical and pharmaceutical products.
The minority shareholders shall elect one Statutory Auditor and one Alternate Auditor.
Unless otherwise provided for in laws or regulations, the Board of Statutory Auditors shall be appointed according to the procedures set out in the following paragraphs on the basis of lists submitted by Shareholders in which candidate are listed by means of a progressive number.
The list must specify whether each candidate is nominated for the position of Statutory Auditor or for the position of Alternate Auditor.
Only Shareholders individually or jointly possessing a total number of shares with voting rights representing at least 2.5% of capital stock with voting rights or representing a lesser percentage as established or provided by binding legal or regulatory provisions which shall be specified in the notice of meeting shall have the right to present lists.
Each shareholder, including shareholders who have signed a shareholders' agreement pursuant to art. 122 of Legislative Decree no. 58/1998, the holding entity, subsidiaries, and jointly controlled entities are not permitted to submit or help to submit more than one list or vote for different lists, including through an intermediary or trust company. Each candidate may only be present on one list failing which he will be ineligible. Votes cast in violation of the above prohibition shall not be attributed to any list.
Submitted lists shall be deposited at the Company's registered office at least fifteen days before the date scheduled for the Shareholders' Meeting at first call without prejudice to any further forms of disclosure required by any rules or regulations from time to time in force.
The following documents shall be submitted together with each list by the deadline specified above:
a) information on the identity of the shareholders who have submitted the lists, indicating the total percentage of capital stock held and certification attesting to the ownership of the said capital stock;
b) a declaration by shareholders other than those who hold, including jointly, a controlling interest or relative majority, attesting to the absence of any forms of association with such shareholders, as provided by applicable regulations;
c) a thorough report of the personal characteristics of candidates and a declaration from the said candidates attesting that they possess the requirements established by law, together with their acceptance of the candidature.
Lists not satisfying the requirements specified above shall be considered as not having been submitted.
Auditors shall be elected as follows:
1. from the list which obtained the highest number of votes at the Shareholders' Meeting, two statutory auditors and one alternate auditor shall be elected, based on the progressive order with which they are listed in the sections of the list;
2. from the second list which obtained the highest number of votes at the Shareholders' Meeting and which, in accordance with regulations in force, has no connection, not even indirectly, with the shareholders who submitted and voted for the list which obtained the highest number of votes, one statutory auditor, who shall chair the Board of Statutory Auditors, and one alternate auditor shall be elected, based on the progressive order with which they are listed in the list.
In the event of a tie between lists for the appointment of the Auditors indicated in point 2 of the foregoing paragraph, the list submitted by shareholders owning the largest shareholding or, alternatively, the list submitted by the largest number of shareholders shall prevail.
Should a single list or no list be submitted, all candidates for the posts of Statutory and Alternate Auditors named on the list or respectively those voted for by the shareholders' meeting shall be elected provided that they obtain the respective majority of the votes cast in the Shareholders' Meeting.
Should they no longer satisfy the requirements laid down by law and in the by-laws, the auditor shall leave office.
Should it become necessary to replace a statutory auditor, the alternate auditor belonging to the same list as the outgoing auditor shall take the latter's place or, failing this, should the minority auditor leave office, he shall be replaced by the next candidate on the list from which the outgoing auditor was elector, or, alternatively, by the first candidate on the minority list that obtained the second highest number of votes.
It is understood that the board of statutory auditors shall continue to be chaired by the minority auditor.
The procedure outlined below shall be followed when the shareholders' meeting is required to appoint statutory and/or alternate auditors to complete the board: if it is necessary to replace auditors elected on the basis of the majority list, the replacements shall be appointed by relative majority vote without list voting; if, however, it is necessary to replace auditors elected on the basis of the minority list, the shareholders' meeting shall replace them by a relative majority vote by choosing them from the candidates on the list from which the outgoing auditor was elected or on the list that obtained the second highest number of votes.
Should the application of the above procedures not result in the replacement of the auditors designated by minority shareholders for whatever reason, the shareholders' meeting shall hold a relative majority vote, following the presentation of candidatures by shareholders that, individually or together with others, possess shareholdings with voting rights that represent at least the percentage indicated above in relation to the procedure for the presentation of lists. However, votes registered by shareholders who hold the relative majority of voting rights that may be exercised in the meeting as identified in disclosures made in accordance with applicable regulations, whether directly, indirectly, or jointly with other shareholders who have signed a shareholders' agreement as indicated in article 122 of Italian Legislative Decree No. 58/1998, shall not be considered in establishing the outcome of said vote.
Members of the Board of Statutory Auditors may participate in meetings remotely by means of audio-visual connection, video conferencing or telephone link-up systems.
In the above case:
- the following must always be established:
a) the identity of all members attending at each connection point shall be verified;

b) each member attending shall be permitted to express a personal opinion verbally, to view, receive or send any documentation and to participate simultaneously in the discussion of the points at issue and pass resolutions;
- meetings of the Board of Statutory Auditors shall be considered to be held at the place where both the Chairman and Secretary are located.
The Company's financial records shall be audited by the Audit Firm on the basis of applicable regulations".

Note, in particular, that, in accordance with the recommendations of the CG Code, Art. 27 of the By-Laws, as transcribed above, stipulates that lists of candidates for the position of auditor must be deposited at the Company's registered office, available for consultation by any person so requesting, at least fifteen days before the scheduled date of the Shareholders' Meeting at first call. It is also underlined that the right to submit lists is only held by shareholders who, individually or together with other shareholders submitting lists, hold voting shares representing at least 2.5% of the voting capital in the Ordinary Meeting, or representing any lower percentage established by mandatory laws or regulations. Currently, the percentage specified in the By-Laws of 2% continues to apply, pursuant to arts. 144-quater and 144-septies of the Regulations adopted by CONSOB resolution no. 11971 of 14.4.1999 and CONSOB resolution no. 16779 of 27.01.2009. The minority lists shall elect one Statutory Auditor and one Alternate Auditor. As regards the appointment mechanism adopted for choosing the candidates on the various lists submitted, note that, again according to the above transcribed art. 27 of the By-Laws, two statutory auditors and one alternate auditor are elected from the list which obtained the highest number of votes in the Shareholders' Meeting, based on the progressive order with which they are listed in the sections of the list; from the second list which obtained the highest number of votes after the first list and which has no connection, not even indirectly, with the shareholders who submitted or voted for the list which obtained the highest number of votes, one statutory auditor, who will chair the Board of Statutory Auditors, and one alternate auditor are elected, based on the progressive order with which they are listed in the list.

15. AUDITORS

The composition of the Board of Statutory Auditors in office on the closing date of the Year is shown below. The Board was appointed by the Ordinary Shareholders' Meeting of 11 April 2008 and its term of office will expire at the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2010.
The personal and professional characteristics of each auditor are contained in appendix 1 of this Report.

Name	Office	In office since	List	Indep. according to CG Code	% attendance at board meetings	Other positions
MARCO NAVA	Chairman	11.4.2008	M	YES	100%	27
MARCO RIGOTTI	Statutory Auditor	11.4.2008	M	YES	100%	4
ACHILLE SEVERGNINI	Statutory Auditor	11.4.2008	M	YES	80%	11
MARCO ANTONIO VIGANO'	Alternate auditor	11.4.2008	M	YES		21
VALERIO PIACENTINI	Alternate auditor	11.4.2008	M	YES		

M list = *Auditor elected from the list voted for by the majority*
Indep = *Auditor qualified as independent on the basis of the criteria set down in the CG Code*
% Board meetings = *attendance of meetings of the Board of Statutory Auditors' calculated in percentage terms from the start of the year or from recruitment to the post.*
Other positions = *total number of positions held in the companies referred to in Book V, Title V, Chapters V, VI and VII of the Civil Code (see Appendix 3 to this Report).*

The Board of Statutory Auditors reported below no longer exists having completed its mandate during the Year:

Name	Office	In office from/to	List	Indep. according to CG Code	% attendance at board meetings	Other positions
ALESSANDRO MANUSARDI	Chairman	6.4.2005/ 11.4.2008	M	NO	100%	8
ORESTE SEVERGNINI	Statutory Auditor	6.4.2005/ 11.04.2008	M	NO	100%	45
EMILIO AGUZZI DE VILLENEUVE	Statutory Auditor	6.4.2005/ 11.04.2008	M	NO	100%	33
CARLO SEVERGNINI	Alternate auditor	6.4.2005/ 11.04.2008	M	NO		56
ANGELO GASTALDI	Alternate auditor	6.4.2005/ 11.04.2008	M	NO		29

M list = *Auditor elected from the list voted for by the majority*
Indep = *Auditor qualified as independent on the basis of the criteria set down in the CG Code*
% Board meetings = *attendance of meetings of the Board of Statutory Auditors' calculated in percentage terms from the start of the year or from recruitment to the post.*
Other positions = *total number of positions held in the companies referred to in Book V, Title V, Chapters V, VI and VII of the Civil Code.*

During the Year, the Board of Statutory Auditors met seven times. In particular, the meetings took place on the following dates: 7 February 2008, 5 March 2008, 24 April 2008, 11 June 2008, 30 July 2008, 28 October 2008, 18 December 2008. As regards the current year, the Board of Statutory Auditors met on 11 February 2008. The percentage attendance of Auditors in these meetings is shown in the table above.

The Board of Statutory Auditors conducted an internal verification of its independence after its appointment. It was found from the outcome of that verification that all the Statutory Auditors in office possessed the requirements for independence according to Art. 148 of the TUF and also with regard to the criteria contained in the CG Code. That assessment is repeated annually.

In the procedure prepared by the Company governing significant transactions, with related parties or in which a Director holds an interest, it was specified that, as is the case for the Directors, any auditor who holds a personal or third party interest in a specific transaction of the Company must inform the other Auditors and the Board in a timely and thorough manner about the nature, terms, origin and extent of his interest.

The Board of Statutory Auditors has checked the independence of the audit firm Deloitte & Touche S.p.A., checking both compliance with legislative provisions and the nature and extent of services other than financial auditing provided to a number of subsidiaries by the same audit firm and by the entities belonging to the latter's network. As far as the Company is concerned, no services other than financial auditing were provided by the audit firm.

The Board of Statutory Auditors, in the performance of its activities, liaised with the Head of the Group Auditing Unit and with the Internal Audit Committee through the constant presence in Committee meetings, in which the Head of the Group Auditing Unit also usually participates.

16. RELATIONS WITH SHAREHOLDERS

The Company has created a specific section on its website called "Shareholder information", which is easily identifiable and accessible and which contains important information about the Company for its shareholders so that they can exercise their rights in an informed manner.

As part of the Company's organisational structure, Marianne Tatschke has been identified as investor relations manager. In addition, the tasks of the Legal and Corporate Service also include the task of looking after relations with shareholders in general.

17. SHAREHOLDERS' MEETINGS

On the basis of art. 10 of the By-Laws, Shareholders wishing to attend the Shareholders' Meeting must ensure that notifications from the intermediaries who hold their accounts are received at the registered office at least two working days before the scheduled date of the meeting.
The text of that article is given below for greater clarity:

"Article 10) - In order to participate in the meeting, notification from brokers who hold shareholders' accounts must be received at least two non-holidays before the date of the meeting."
The Board believes that there are no conditions that require the adoption of particular initiatives regarding attendance of Meetings and the exercise of voting rights by shareholders such as, for example, postal voting.

The Board does not perceive any current need, taking into account the holding of previous meetings, to draw up any regulations governing Shareholders' Meetings and believes that the powers granted to the Chairman of the Shareholders' Meeting by law and in the By-Laws are sufficient to ensure that Shareholders' Meetings can be held in an orderly and functional manner and to guarantee that each shareholder has the opportunity to discuss the items placed on the agenda.

The Board of Directors, through the Chairman and Chief Executive Officer, reported, in the Shareholders' Meeting held on 11 April 2008, on activities undertaken and those planned, and responded to questions posed by a number of shareholders. The bundle containing a copy of the draft financial statements and consolidated financial statements, with the accompanying reports and the Directors' reports on the proposals concerning items placed on the agenda was handed out at the entrance and also sent to shareholders who had taken part in recent meetings in order to ensure adequate disclosure of the necessary information so that they could take the decisions for which they are responsible with full knowledge of the facts.

During the Year, there were no changes in the market capitalisation of the Company's shares or in the composition of its corporate structure sufficient to require consideration of a proposal to the Shareholders' Meeting for changes to the By-Laws concerning the percentages established for the exercise of the actions and prerogatives provided for the protection of minorities.

18. CHANGES OCCURRING SINCE THE END OF THE YEAR

No changes in the structure of the corporate governance of the company have occurred since the end of the Year.

APPENDIX 1

CURRICULA VITAE OF THE MEMBERS OF THE BOARD OF DIRECTORS

GIOVANNI RECORDATI

Giovanni Recordati holds a degree in chemical engineering from the Politecnico di Milano and a master's degree in Management Sciences from Imperial College London.
He joined Recordati in 1974 as a researcher. In 1980, he was appointed as central production manager and, in 1984, as deputy general manager for operations and research. In 1990, he was appointed chief executive officer with responsibility for managing the operational activities of the group's Italian and foreign companies. He has been a member of the Board of Directors since 1977. Presently he is Chairman, Chief Executive Officer and general manager of Recordati S.p.A. as well as holding positions in other group positions.

ALBERTO RECORDATI

Alberto Recordati graduated from University of London King's College in 1977 and, in 1984, successfully completed a research PhD within the biochemistry department of Charing Cross Hospital Medical School.
He joined Recordati in 1984 as a researcher in the biochemistry laboratories. In 1987, he was appointed head of the planning and product development office. From 1990 to 1992, he worked for the US subsidiary Pharmetrix Corp as research project coordinator. In 1992 he was appointed industrial manager for biochemicals with responsibility for biochemical/microbiological research and for the Cascina dè Pecchi biochemical/fermentation production site. In 1995, he became head of the chemical research and technologies division. In 1999, he was appointed director in charge of the fine chemicals sector and in 2004 Deputy Chairman of Recordati S.p.A.

ANDREA RECORDATI

Andrea Recordati gained a Bachelor of Arts in medieval and modern history from the University of London Royal Holloway and Bedford New College. Between September 1995 and March 1998, he took part in the United Kingdom SmithKline Beecham Management Access Program, starting off as Assistant Product Manager in Consumer Healthcare and then, for one year, occupying the role of medical representative in Essex before becoming Project Manager responsible for the development and implementation of an innovative SmithKline Beecham marketing initiative.
He joined Recordati in 1998 as Project Leader for a project aimed at improving Sales Force productivity and better use of marketing investments. In April 1998, he joined the Board of Directors of the Company.
In 1999, he was given responsibility for Pharmaceutical Business Development.
In March 2002, the Lercanidipine Business Unit was set up and he was appointed head of that unit. Since November 2002, he has been responsible for setting up the subsidiary Recordati Ireland and its industrial plant and, subsequently, for setting up the UK subsidiary. In September 2006, he was appointed director of the German subsidiary Merckle Recordati GmbH. In August 2007, the Northern and Central Europe Branches Division was set up and he was appointed head of that division.

CARLO PEDERSOLI

Carlo Pedersoli was admitted to the Milan bar in 1980.
A partner in the Pedersoli e Associati law firm, he is a civil lawyer who deals predominantly in company and commercial law for national and international clients operating both in the financial/banking sector and in the industrial sector. He has spoken at conferences on company and commercial law, analysing the topic of financial statements, validity of shareholders' resolutions and responsibility of auditors.
As well as sitting on the Board of Directors of the company Nextam Partners SGR S.p.A., he currently sits on the Board of Directors and is a member of the Internal Audit Committee of Recordati S.p.A.. He was also Chairman of the company Sistemi Tecnologici Holding S.p.A., the holding company of Sistemi Tecnologici S.p.A. and in turn the holding company of Sirti S.p.A..

MARCO VITALE

Marco Vitale, business economist, has carried out intense professional and educational work at the Universities of Pavia, Bocconi and Libera Università Carlo Cattaneo (of which he was one of the founders and vice-president) and at the Istao and Istud (foundation for business and management culture) management schools of which he is the chairman. Formerly a partner in Arthur Andersen, he is the founding member and chairman of Vitale Novello & Co. S.r.l. (senior management consultancy

firm) in which he is a consultant and director of major companies. He was chairman from 1984 to 2003 of A.I.F.I., national association of merchant banks. He is deputy chairman of Banca Popolare di Milano and chairman of Bipiemme Gestioni SGR. He is chairman of Rino Snaidero Scientific Foundation, chairman of the scientific committee of AIdAF (Italian Association of Family Businesses) and member of the management committee of the Olivetti Foundation.
He has held significant public offices. He has written numerous books including: *La lunga marcia verso il capitalismo democratico* (published by Il Sole-24 Ore); *Liberare l'economia: le privatizzazioni come terapia alla crisi italiana* (published by Marsilio); *Le Encicliche sociali, il rapporto fra la Chiesa e l'economia* (published by Il Sole-24 ore); *Sviluppo e Spirito d'Impresa* (published by Il Veltro); *America. Punto e a capo* (Scheiwiller); *Il Mito Alfa* (Egea editore, Bocconi). He is a contributor for major newspapers and magazines. He is an energetic polemic and renowned speaker.

FEDERICO NAZZARI

Federico Nazzari has been involved in various roles in the pharmaceutical sector for 38 years. For almost twenty years, he worked for multinationals and for the remainder has worked in various roles in Italian companies.
In 1969, he started his professional career at Upjohn S.p.A. where he remained until 1979. After a spell of three years (1979-1982) at Farmindustria as head of the Technical/Scientific Area, he returned to the same company (1982-1988) to supplement his professional experience in various positions until taking on the role of Deputy General Manager. In 1988, he moved to Maggioni Winthrop as Chief Executive Officer. In 1991, he was recruited by the Istituto Luso Farmaco d'Italia S.p.A. where he was appointed Chairman and Chief Executive Officer until 2000. In the same period he also became Chairman of Lusochimica (company associated with Istituto Luso Farmaco d'Italia S.p.A. and manufacturer of active substances for the pharmaceutical industry). Between 2000 and 2007, he worked for Bracco as Group Vice President General Affairs. In February 2007, he joined the Board of Directors of Recordati S.p.A. with delegated authority for institutional relations.
Over these years, he has taken an interest in the problems of the entire pharmaceutical sector, becoming a member of the Board of Farmindustria, the Italian pharmaceutical industry association of which he was elected Chairman in June 1995 and re-elected for a further two years in 1997 and subsequently in April 2003 for a third term. He is a member of the Technical / Health Committee of Confindustria, of the Board of Governors and Board of Federchimica, national federation of chemical industries and of the Management Committees of Assobiotec and Aschimfarma.

MARIO GARRAFFO

Mario Garraffo graduated in 1960 with a degree in Economics and Commerce from the Università Bocconi di Milano.
Between 1960 and 1970, he was Controller and Development Director of La Centrale Finanziaria Generale, a holding company principally involved in the area of public services (communications and energy). From 1970 to 1980, he was Investment Director at the IFI group; from 1980 to 1985 he was Chief Executive Officer of IFIL - Finanziaria di Partecipazioni and from 1985 to 1993 Chairman of IFINT (now NEXOR). In 1993, he was asked by Lazard to start up the group's business in Italy. He was appointed Chief Executive Officer until the acquisition by Lazard Italy of the investment bank Vitale, Borghesi & Co. in 1998.
In 1998, he was appointed Chief Executive Officer of UNIM, a post which he held until 2000 and as Chairman of General Electric Italia from 2000 to 2004. Since 2004 he has been a Senior Advisor for General Electric Europe.
He is an independent director, member of the Internal Audit Committee of the Recordati S.p.A.. He has been a Trustee of the Johns Hopkins University of Baltimore and a Trustee of the Johns Hopkins School for Advanced International Studies (SAIS) in Bologna.
From 1995 to 2006 he was President of the Università Bocconi Alumni Association and member of the Board of Directors of the Donna Javotte Bocconi Foundation (founding entity of the Università Bocconi).

WILLIAM GUNNARSSON

William Gunnarsson graduated from the Royal Swedish Naval Academy in 1967 and was awarded a degree in economics from the University of Göteborg in 1973.
He started his career in the pharmaceuticals sector at Bristol-Myers, initially as Sales Manager and then as Marketing Manager and Regional Manager for Denmark and Norway. In 1983 he became General Manager of the Pharmaceuticals Division of Bristol-Myers in Scandinavia. In 1988 he was appointed Chairman of Nobel Pharma, Inc., Japan.
In 1990 he founded Orphan Europe in France, a company specialising in the production and distribution of pharmaceuticals for rare diseases. In April 2008 he was appointed to the Board of Directors of Recordati S.p.A..

WALTER WENNINGER

After being awarded a research doctorate in veterinary medicine and a Master in Business Administration at the University of Munich, Walter Wenninger joined the Pharmaceuticals Division of Bayer Pharma AG, Germany, occupying various management positions in Germany, Europe and the United States of America.
He was Chairman of the Board of Directors of Bayer Corp. in the United States of America and a member of the Board of Management of Bayer Ag from 1994 to 2000 with responsibility for health care and life science.
He has been a member of the Board of Trustees of the German Cancer Research Centre of Heidelberg and of the German Cardiac Research Foundation of Frankfurt.
He currently occupies various positions on the boards of directors of European biopharmaceutical firms and he is a member of the executive committee of the Robert-Koch-Foundation in Germany.

CURRICULA VITAE OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS

STATUTORY AUDITORS

MARCO NAVA

Marco Nava graduated in Economics and Commerce and in Jurisprudence at the *Università Cattolica del Sacro Cuore* of Milan. He started his career as an accountant in 1988. He has been registered as an auditor since the first publication of the register (1995).
He performs his principal activity as an accountant with his own offices in a partnership of accountants and lawyers.
He is a statutory auditor and external auditor for companies operating in various sectors.

ACHILLE SEVERGNINI

Achille Severgnini was born in Milan on 4 January 1972 and graduated in economics and commerce at the free Istituto *Universitario Carlo Cattaneo* of Castellanza in 1992.
He registered with the Milan *Ordine dei Dottori Commercialisti* (association of chartered accountants) in 2002 and has worked in Milan since then.

MARCO RIGOTTI

Marco Rigotti was born in Milan on 16 June 1967. He graduated in Corporate Economics at the Bocconi University of Milan in 1992, and registered with the *Albo dei Dottori Commercialisti* (association of chartered accountants) of Milan in 1993 and in the register of auditors in 1999.
He left the Consob in 1998 where he performed studies into insider trading and share price manipulation. He practices as an accountant in Milan and performs research at the A. Sraffa Department of Legal Studies at the Bocconi University where he is a lecturer in commercial law and financial reporting.
He is the author of numerous academic publications on company law and financial markets.

ALTERNATE AUDITORS

MARCO ANTONIO VIGANO'
Marco Antonio Viganò graduated in Corporate Economics, specialising in freelance professionals, at the Bocconi University of Milan in 1984. He passed state examinations and qualified to practice as an accountant in 1986 when he registered with the *Albo dei Dottori Commercialisti* (association of chartered accountants) of Milan.
He has been registered as an auditor since the first publication of the register (1995). An expert in commercial and tax law, he practices as an accountant and advises companies, groups and organisations operating in a variety of economic sectors.
He has been a lecturer at the *Scuola di Formazione del Praticantato* for accounting students and accountant and auditor for the *Università Cattolica del Sacro Cuore* of Milano.

VALERIO PIACENTINI
Valerio Piacentini graduated in corporate economics at the Bocconi University of Milan in 1991.
He registered with the *Albo dei Dottori Commercialisti* (association of chartered accountants) of Milan in 1993 and in the register of auditors in 1999. He practices as an accountant in Milan and performs research at the A. Sraffa Department of Legal Studies at the Bocconi University where he is a lecturer in commercial law.
He is the author of numerous academic publications on company law and financial markets.

APPENDIX 2

LIST OF POSITIONS HELD BY DIRECTORS IN OTHER COMPANIES LISTED ON REGULATED MARKETS (INCLUDING FOREIGN MARKETS) IN FINANCIAL COMPANIES, BANKS, INSURANCE COMPANIES OR LARGE-SIZED COMPANIES.

Carlo Pedersoli
- Director NEXTAM PARTNER SGR S.p.A.

Mario Garraffo
- Chairman METIS SpA
- Director GE REIM SGR SpA.

Prof. Marco Vitale
- Director ETICA SGR S.p.A.
- Deputy Chairman BANCA POPOLARE DI MILANO S.p.A.
- Member of the Supervisory Board DEUTZ AG. (Cologne)
- Director SAME DEUTZ FAHR S.p.A.
- Chairman SAME DEUTZ FAHR ITALIA S.p.A.
- Director ERMENEGILDO ZEGNA HOLDITALIA S.p.A.
- Chairman VINCENZO ZUCCHI S.p.A.
- Director Snaidero SpA
- Director LUVE
- Director SMEG

Walter Wenninger
- Paion AG, Aachen, Germany, Chairman of the Supervisory Board.
- Noxxon Pharma AG, Berlin, Germany, Chairman of the Supervisory Board.
- Santaris Pharma, Horsholm, Denmark, non-exec. Director of the Board.
- Axiogenesis AG, Cologne, Germany, Vice-Chairman of the Supervisory Board.

None of the companies listed above form part of the Group led by the Company.

APPENDIX 3

LIST OF POSITIONS HELD BY AUDITORS IN OTHER CORPORATIONS

STATUTORY AUDITORS

Marco Nava
- C.D.S. San Nicolò Srl
- Giuseppe & Fratelli Bonaiti SpA
- Emiflex SpA
- Vibro-mac Srl
- Dott. G. Cavenaghi SpA
- Junionfin SpA
- Pompetravaini SpA
- Fimei SpA
- J Colors SpA
- Promunidi Srl
- Cavenaghi SpA
- Recofarma Srl
- Nava Viganò Revisori Associati Srl
- Twister Communications SpA
- C.A.D. Battaglino Srl
- Fondazione Sifo Srl
- Tazat Srl
- Prodotti naturali SpA
- Innova Pharma SpA
- QE Qualità Europa Srl
- Marionnaud Parfumeries Italia SpA
- Colombo Elio SpA in liquidazione
- Le Profumerie Srl
- Generale de Santé Italia SpA
- Generale de Santé Toscana Srl
- Tec.me Tecnologie Meccaniche Srl in liq.
- Digital Revenew Srl

Marco Rigotti
- EUROFLY SpA
- GREY & GREY Srl in liq.
- TAS SpA
- BANCA SINTESI SpA

Achille Severgnini
- UBI Banca International SA
- Finsev SpA
- Giuliani SpA
- Bancamul SpA
- Colombo Immobiliare '81 SpA
- Stella Blu SpA
- Imm.re Valcas SpA
- Il Loft SpA
- Diafin SpA
- Fazzini SpA
- Imolva SpA

ALTERNATE AUDITORS

Marco Antonio Viganò
- Emiflex SpA
- Fratelli Re SpA
- Junionfin SpA
- Pompetravaini SpA
- Giannazza Angelo SpA
- Max Moda SpA
- Codital Srl
- Xilografia Nuova Srl
- R.B.R. Valvole SpA
- Recofarma Srl
- Coeclerici coal and fuels SpA
- Nava Viganò Revisori Associati Srl
- QE Qualità Europa Srl
- Marionnaud Parfumeries Italia SpA
- Chem Investment Consultino Srl
- Colombo Elio SpA in liquidazione
- Le Profumerie Srl
- Generale de Santé Italia SpA
- Masseria Giancamisa soc. agr. Srl
- SF Foundry Service SpA
- PM Engineering Srl

Valerio Piacentini
- Itelco Clima Srl
- Itelco Industry Srl
- Itelco Marketing Srl
- Ventaclub Srl
- Faital SpA
- I Viaggi del Ventaglio SpA
- I.V.V. Holding SpA
- Lift Technologies Holding SpA
- Ventaglio Real Estate (ex ivv Resorts) Srl
- Advisory Srl in liquidazione
- Piarigo Srl in liquidazione

This booklet is a summary of the 2008 Report of Board of Directors of Recordati SpA, which has been publicly filed in accordance with Italian law.

All mentions and descriptions of Recordati products are intended solely to inform shareholders of the general nature of the Company's activities and are not intended to indicate the advisability of administering any product in any particular instance.

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BOARD OF DIRECTORS
(elected by the Shareholders' Meeting of April 11, 2008)

Giovanni Recordati
Chairman and Chief Executive Officer

Alberto Recordati
Vice Chairman

Mario Garraffo
Former Senior Advisor
GE Europe

William R. Gunnarsson
Former Chairman and Chief Executive Officer
Orphan Europe

Federico Nazzari
Former President of Farmindustria (Italian pharmaceutical industry association)

Carlo Pedersoli
Partner
Pedersoli e Associati Law Firm

Andrea Recordati
Vice President
Western European Subsidiaries

Marco Vitale
Economist and Business Consultant

Walter Wenninger
Former Member of the Board of Managment
Bayer AG

AUDIT COMMITTEE

Marco Vitale
President

Mario Garraffo
Carlo Pedersoli

REMUNERATION COMMITTEE

Walter Wenninger
President

William R. Gunnarsson
Federico Nazzari

STATUTORY AUDITORS

Marco Nava
President

Marco Rigotti
Achille G. Severgnini
Auditors

Marco Antonio Viganò
Valerio Piacentini
Alternate auditors

AUDITORS

Deloitte & Touche S.p.A.

MANAGEMENT

Giovanni Recordati
Chairman and Chief Executive Officer

Alberto Recordati
Vice Chairman

Walter Bevilacqua
Corporate Development

Luciano Bonacorsi
Human Resources

Celestino Di Rollo
Pharmaceuticals, Italy

Duccio Favara
Licensing

Daria Ghidoni
Legal Affairs

Safuan Gritti
Corporate Pharmaceutical Operations

Amedeo Leonardi
Drug Discovery

Diego Provvedini
Drug Development

Andrea Recordati
Western European Subsidiaries

Arnaldo Restelli
Southern European Subsidiaries

Paolo Romagnoli
Pharmaceutical Chemicals

Fritz Squindo
Chief Financial Officer
General Manager for the Coordination of Group Operations

Marianne Tatschke
Investor Relations and Communications

Franco Tomasini
Logistics and Manufacturing

RECORDATI

Industria Chimica e Farmaceutica S.p.A.

HEADQUARTERS
Via Matteo Civitali,1 - 20148 Milano, Italiy
Ph. +39 02 48 787.1 - Fax +39 02 40 073 747
www.recordati.it