

INTERIM REPORT
FIRST QUARTER
2008



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

This report is a free translation into English of the original version in Italian.
In case of doubt the Italian version shall prevail.

HIGHLIGHTS

FIRST QUARTER 2008

- » REVENUE € 171.9 MILLION, UP 5.2%,
INTERNATIONAL SALES GROW BY 9.3%
- » EBIT € 38.1 MILLION, UP 2.9%
- » NET INCOME € 25.3 MILLION, UP 7.4%
- » ACQUISITION OF FIC AND FIC MÉDICAL
- » MUTUAL RECOGNITION PROCESS FOR THE APPROVAL IN THE EU,
IN NORWAY AND IN ICELAND OF THE NEW LERCANIDIPINE/ENALAPRIL
FIXED COMBINATION COMPLETED

KEY CONSOLIDATED DATA

€ (thousands)	First Quarter 2008	% of Revenue	First Quarter 2007	% of Revenue	Change	Change %
Revenue	171,866	100.0	163,428	100.0	8,438	5.2
EBITDA ⁽¹⁾	44,451	25.9	43,682	26.7	769	1.8
Operating income	38,147	22.2	37,087	22.7	1,060	2.9
Net income	25,263	14.7	23,520	14.4	1,743	7.4

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

	31 March 2008	31 December 2007	Change	Change %
Net financial position ⁽²⁾	(74,128)	(97,159)	23,031	(23.7)
Shareholders' equity	412,783	390,611	22,172	5.7

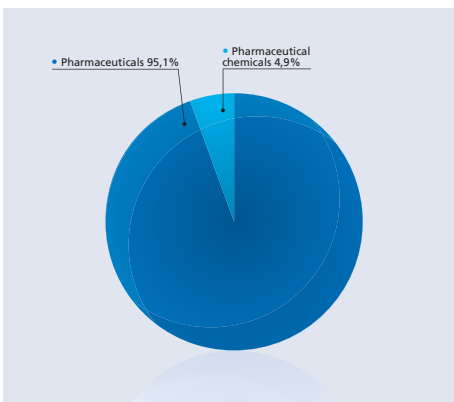
⁽²⁾ Short-term financial investments, cash and cash equivalents net of bank overdrafts and loans which include the measurement at fair value of hedging derivatives (fair value hedge).

SALES GROWTH DRIVEN BY BUSINESS EXPANSION

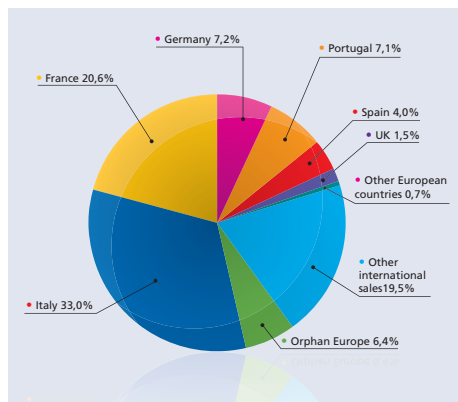
In the first quarter 2008 consolidated revenue is € 171.9 million, an increase of 5.2% over the same period of the preceding year. Pharmaceutical sales are € 163.4 million, an increase of 6.3% over the first quarter of last year thanks to the consolidation of Orphan Europe, the newly acquired group of companies which records sales of € 10.4 million. On a like-for-like basis pharmaceutical sales are slightly down (-0.5%) due to the 4.1% sales decrease in Italy mainly due to the price reduction of Peptazol® (pantoprazole) as a result of the progressive genericization of the proton pump inhibitor class of antiulcer drugs. Pharmaceutical chemicals sales are € 8.5 million, down by 12.9% as compared to the same period of the preceding year due to the decision to stop the production of some less profitable products as well as to the negative currency effect on dollar denominated sales.

International sales went from € 106.3 million to € 116.7 million, an increase of 9.3%, in the first quarter 2008 and now represent 67.6% of total revenue.

SALES BY BUSINESS:



PHARMACEUTICAL SALES:



SOURCES OF GROWTH

<i>(Change as % of revenue, first quarter 2008 over first quarter 2007)</i>	Volume Effect	Price Effect	Currency Effect	Total Change
Pharmaceuticals	9.9	(3.0)	(0.6)	6.3
Pharmaceutical chemicals	(5.8)	(1.7)	(5.4)	(12.9)
Total change	9.0	(2.9)	(0.9)	5.2

COMPOSITION OF SALES

€ (thousands)	First Quarter 2008	First Quarter 2007	Change	Change %
Italy	53,985	56,274	(2,289)	(4.1)
France	33,606	33,570	36	0.1
Germany	11,698	11,222	476	4.2
Portugal	11,680	12,062	(382)	(3.2)
Spain	6,462	5,608	854	15.2
United Kingdom	2,499	3,140	(641)	(20.4)
Other European countries	1,126	286	840	n.s.
Other international sales	31,909	31,525	384	1.2
Orphan Europe	10,414	-	10,414	n.s.
Total Pharmaceuticals	163,379	153,687	9,692	6.3
Pharmaceutical Chemicals	8,487	9,741	(1,254)	(12.9)
Total sales	171,866	163,428	8,438	5.2

Both years include sales as well as income from up-front payments, royalties and other income related to license agreements.

Zanidip® (lercanidipine), Recordati's proprietary calcium channel blocker is sold directly through our own marketing organizations in the main European markets. In the other markets it is marketed by licensees.

LERCANIDIPINE SALES

€ (thousands)	First Quarter 2008	First Quarter 2007	Change	Change %
Italy	11,736	12,068	(332)	(2.8)
France	11,505	9,970	1,535	15.4
Spain	2,220	1,878	342	18.2
United Kingdom	2,169	3,015	(846)	(28.1)
Germany	1,742	1,200	542	45.2
Others*	1,828	815	1,013	n.s.
Direct Sales	31,200	28,946	2,254	7.8
Sales to Licensees	19,879	17,998	1,881	10.5
Total Sales	51,079	46,944	4,135	8.8

** Includes Bouchara Recordati's foreign sales of € 0.5 million in 2008 and € 0.5 million in 2007, sales in Ireland of € 0.6 million in 2008 and € 0.3 million in 2007, sales in Greece of € 0.5 million and sales in Portugal of € 0.3 million. Sales in Greece and Portugal started in April 2007 and September 2007 respectively.*

Direct sales in Italy of Zanedip® and Lercadip® are down by 2.8% as compared to last year's first quarter which was affected by the introduction of the pay-back system that involved a price increase leading to stock-ins by the distribution channels. Zanidip® in France continues to be a very successful product with sales increasing by 15.4%. In the United Kingdom sales of Zanidip® are € 2.2 million, down 28.1% due to the impact of parallel imports from other European companies and to a negative currency effect. On the Spanish market Zanidip® is growing by 18.2%. In Germany the combined sales of Corifeo® and Zanipress® (lercanidipine+enalapril) are € 1.7 million, an increase of 45.2% mainly due the launch of the new combination product. Lercanidipine is also sold directly to the market by our own marketing organizations in Ireland, with sales of € 0.6 million, in Greece where sales are of € 0.5 million and in Portugal where it was launched during the last quarter 2007 and records sales of € 0.3 million in the first quarter 2008.

Sales to licensees are € 19.9 million, up 10.5%, and include sales of the new fixed combination to our two licensees in Germany, Berlin Chemie and Meda.

Sales of pharmaceuticals in Italy (lercanidipine included) are down by 4.1% as compared to the first quarter of 2007, mainly due to a negative price effect worth € 3.1 million resulting 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. Of our main Italian products Entact® (escitalopram), an antidepressant under license from Lundbeck, and the line of OTC products are growing.

Pharmaceutical sales in France are in line with those of the same period of the preceding year. A fire in the warehouse of our main distributor in late March resulted in a delay in fulfilling orders which were subsequently delivered at the beginning of April.

Sales in Portugal recorded by our subsidiaries are down by 3.2% due exclusively to the reduction in revenue from the third party production activity following the sale of the pharmaceutical manufacturing business in Loures. Pharmaceutical product sales are up by 12.5%.

Sales in Germany are up by 4.2% also thanks to the launch of Zanipress®, our new fixed combination of lercanidipine and enalapril. In February our German subsidiary started selling Kentera®, an oxybutynin transdermal patch indicated for the symptomatic treatment of lower urinary tract disorders under license from Watson Pharmaceuticals. Sales in Spain are up by 15.2% with all the main products performing well.

In the United Kingdom sales are related almost exclusively to Zanidip® (lercanidipine). Kentera® is also being sold on this market as from February.

Sales in other European countries refer to those in Ireland and in Greece and are comprised mainly of lercanidipine.

Other international sales comprise the sales to and other revenues from our licensees for our original drugs as well as Bouchara Recordati's export sales. The increase in the first quarter is due to the growth of lercanidipine sales.

Orphan Europe's sales of its nine products for the treatment of rare diseases are € 10.4 million. All the main products are growing.

COMPANY DEVELOPMENT NEWS

During January an exclusive license agreement was signed with a subsidiary of Watson Pharmaceuticals, Inc.(NYSE: WPI) a U.S. pharmaceutical company, 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. Kentera® was approved through the centralized procedure by the EMEA in 2004 and is on the market in a number of countries with current annual sales of over € 7 million.

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. The acquisition of Kentera® reinforces Recordati's focus in the urology area where it is developing silodosin, indicated for the treatment of benign prostate hypertrophy, due for filing in Europe in the second half of 2008.

In February a semi-exclusive licensing agreement was entered into with Menarini, the leading Italian pharmaceutical group, for the marketing and sales of frovatriptan, a medicine belonging to the triptan group of drugs indicated for the acute treatment of migraine attacks with or without aura, in France and Greece. Frovatriptan is a selective 5HT_{1B/1D} receptor agonist. Pain relief is obtained through the activation of the serotonergic receptors reducing the excessive dilatation of intracranial vasculature, as well as the inhibition of the release of inflammatory neuropeptides and reduced signalling to the perivascular nervous terminals of the trigeminal nerve system.

Frovatriptan 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. The product is already approved in the licensed markets and is sold there by Menarini under a different brand.

Recordati intends to launch its own brand in these countries in the next few months.

Also in February the approval of Zan-Extra®, a fixed combination of lercanidipine and enalapril indicated for the treatment of hypertension, was obtained in Australia. The Therapeutic Goods Administration (TGA) notified licensee Solvay Biosciences of its decision to approve the registration of Zan-Extra® in its two dosage forms containing lercanidipine 10mg/enalapril 10mg and lercanidipine 10mg/enalapril 20mg. The launch in Australia of this new product originated by Recordati is planned to take place in May.

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 Commonwealth of Independent States (C.I.S.) countries were acquired. FIC Médical, headquartered in Paris, is present in Russia, Ukraine, Belarus, Kazakhstan and Georgia, and is planning to enter Armenia and Azerbaijan. The company's business is carried out by around 200 people, of which 150 are medical representatives. The price of the acquisition is € 12 million, of which € 9 million were paid upon signing the agreement while € 3 million are due over a period of three years contingent upon certain conditions. In 2007 Recordati's sales in the C.I.S. countries through the services of FIC Médical were € 13.7 million, and increased significantly over the preceding year. 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 its own presence in Russia and in the C.I.S. markets, driven, among others, by the enhancement of the product portfolio through the launch of its new original products.

Also in March the mutual recognition process for the approval throughout the European Union, in Norway and in Iceland, of its new antihypertensive specialty based on a fixed combination of lercanidipine and enalapril was completed. Germany acted as Reference Member State and the 28 Concerned Member States decided to recognize the approval granted in 2006 by the German medicines agency (BfArM) 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. Launches in all these countries, in which lercanidipine has already obtained the physicians' appreciation, will initiate gradually as from the second half of the year.

RECORD PROFITS

The income statement for the first quarter 2008 is included below.

P&L

€ (thousands)	First Quarter 2008	% of Revenue	First Quarter 2007	% of Revenue	Change	Change %
Revenue	171,866	100.0	163,428	100.0	8,438	5.2
Cost of sales	(55,737)	(32.4)	(54,418)	(33.3)	(1,319)	2.4
Gross profit	116,129	67.6	109,010	66.7	7,119	6.5
Selling expenses	(53,218)	(31.0)	(50,486)	(30.9)	(2,732)	5.4
R&D expenses	(13,379)	(7.8)	(12,968)	(7.9)	(411)	3.2
G&A expenses	(10,148)	(5.9)	(8,357)	(5.1)	(1,791)	21.4
Other income (expense), net	(1,237)	(0.7)	(112)	(0.1)	(1,125)	n.s.
Operating income	38,147	22.2	37,087	22.7	1,060	2.9
Financial income (expense), net	(2,256)	(1.3)	(308)	(0.2)	(1,948)	632.5
Pretax income	35,891	20.9	36,779	22.5	(888)	(2.4)
Provision for income taxes	(10,628)	(6.2)	(13,259)	(8.1)	2,631	(19.8)
Net income	25,263	14.7	23,520	14.4	1,743	7.4
Attributable to:						
Equity holders of the parent	25,262	14.7	23,520	14.4	1,742	7.4
Minority interests	1	0.0	0	0.0	1	n.s.

Gross profit is € 116.1 million with a margin on sales of 67.6%, an improvement on the first quarter 2007 as a result of a more favorable product mix.

Selling expenses in the first quarter increased by 5.4% as compared to the same period of the preceding year, but remained substantially unchanged as a percent of sales. R&D expenses at € 13.4 million increase by 3.2% due to the consolidation of Orphan Europe. G&A expenses increase by € 1.8 million, also due to the consolidation of Orphan Europe. Operating income, at 22.2% of sales, is € 38.1 million, an increase of 2.9% over the first quarter of the preceding year.

Net financial charges increase during the first quarter to € 2.3 million (€ 0.3 million in the first quarter 2007) due to the higher level of indebtedness following the acquisitions made in recent months. The effective tax rate during the period is 29.6%, a significant improvement over that for 2007 due to the decrease in the corporate tax rates of some European countries.

Net income at 14.7% of sales goes from € 23.5 million in the first quarter of 2007 to € 25.3 million, an increase of 7.4%.

GOOD CASH GENERATION

NET FINANCIAL POSITION

€ (thousands)	31 March 2008	31 December 2007	Change	Change %
Cash and short-term financial investments	115,149	89,382	25,767	28.8
Bank overdrafts and short-term loans	(102,529)	(98,796)	(3,733)	3.8
Loans – due within one year	(2,693)	(2,939)	246	(8.4)
Net liquid assets	9,927	(12,353)	22,280	n.s.
Loans – due after one year ⁽¹⁾	(84,055)	(84,806)	751	(0.9)
Net financial position	(74,128)	(97,159)	23,031	(23.7)

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

The net financial position improved by € 23.0 million thanks to the cash flow generated by operations which more than offset the cash outlay for the acquisition of the French companies FIC and FIC Médical.

Further details are provided in the Consolidated Financial Statements and in the Notes to the Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD
ENDED 31 MARCH 2008

INCOME STATEMENT

€ (thousands)	First Quarter 2008	First Quarter 2007
Revenue	171,866	163,428
Cost of sales	(55,737)	(54,418)
Gross profit	116,129	109,010
Selling expenses	(53,218)	(50,486)
R&D expenses	(13,379)	(12,968)
G&A expenses	(10,148)	(8,357)
Other income (expense), net	(1,237)	(112)
Operating income	38,147	37,087
Financial income (expense), net	(2,256)	(308)
Pretax income	35,891	36,779
Provision for income taxes	(10,628)	(13,259)
Net income	25,263	23,520
Attributable to:		
Equity holders of the parent	25,262	23,520
Minority interests	1	0
Earnings per share		
Basic	€ 0.129	€ 0.118
Diluted	€ 0.126	€ 0.114
<i>Earnings per share (EPS) are based on average shares outstanding during each year, 196,372,301 in 2008 and 199,759,765 in 2007, net of average treasury stock which amounted to 11,472,355 in 2008 and 6,654,891 in 2007. Diluted earnings per share is calculated taking into account new shares authorized but not yet issued.</i>		

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

ASSETS

€ (thousands)	31 March 2008	31 December 2007
Non-current assets		
Property, plant and equipment	66,652	68,006
Intangible assets	97,174	90,521
Goodwill	255,752	243,942
Other investments	3,115	3,115
Other non-current assets	1,522	1,460
Deferred tax assets	20,651	21,044
Total non-current assets	444,866	428,088
Current assets		
Inventories	79,882	74,737
Trade receivables	134,764	134,454
Other receivables	16,687	24,784
Other current assets	7,993	3,247
Short-term financial investments, cash and cash equivalents	115,149	89,382
Total current assets	354,475	326,604
Total assets	799,341	754,692

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

EQUITY AND LIABILITIES

€ (thousands)	31 March 2008	31 December 2007
Shareholders' equity		
Share capital	25,981	25,981
Additional paid-in capital	78,952	78,952
Treasury stock	(59,103)	(59,103)
Hedging reserve (<i>cash flow hedge</i>)	(775)	(113)
Translation reserve	(5,957)	(3,384)
Other reserves	25,703	25,529
Retained earnings	322,711	237,876
Net income for the year	25,262	84,865
Group shareholders' equity	412,774	390,603
Minority interest	9	8
Shareholders' equity	412,783	390,611
Non-current liabilities		
Loans – due after one year	75,792	77,250
Staff leaving indemnities	20,391	20,431
Deferred tax liabilities	9,600	9,601
Other non-current liabilities	1,374	0
Total non-current liabilities	107,157	107,282
Current liabilities		
Trade payables	85,138	80,343
Other payables	52,473	40,868
Tax liabilities	16,944	15,762
Other current liabilities	576	346
Provisions	10,010	10,076
Fair value of hedging derivatives (<i>cash flow hedge</i>)	775	113
Fair value of hedging derivatives (<i>fair value hedge</i>)	8,263	7,556
Loans – due within one year	2,693	2,939
Bank overdrafts and short-term loans	102,529	98,796
Total current liabilities	279,401	256,799
Total equity and liabilities	799,341	754,692

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2008

€ (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:										
- Retained earnings							74,031	(74,031)		
Net income for the period								23,520		23,520
Changes in fair value of hedging derivatives				206						206
Effect of application of IAS/IFRS						305				305
Other changes							(13)			(13)
Translation Adjustment					(492)					(492)
Balance at 31 March 2007	25,802	73,165	(30,653)	(875)	(156)	25,231	274,294	23,520	0	390,328
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:										
- Retained earnings							84,865	(84,865)		
Net income for the period								25,262	1	25,263
Changes in fair value of hedging derivatives				(662)						(662)
Effect of application of IAS/IFRS						174				174
Other changes							(30)			(30)
Translation Adjustment					(2,573)					(2,573)
Balance at 31 March 2008	25,981	78,952	(59,103)	(775)	(5,957)	25,703	322,711	25,262	9	412,783

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

€ (thousands)	First Quarter 2008	First Quarter 2007
Operating activities		
Cash flow		
Net Income	25,263	23,520
Depreciation of property, plant and equipment	3,090	3,430
Amortization of intangible assets	3,214	3,165
Total cash flow	31,567	30,115
(Increase)/decrease in deferred tax assets	393	364
Staff leaving indemnities:		
Provision	322	438
Payment	(428)	(905)
Increase/(decrease) in other non-current liabilities	1,458	(5,273)
	33,312	24,739
Changes in working capital		
Trade and other receivables	8,432	(6,985)
Inventories	(5,145)	(3,108)
Other current assets	(4,725)	(5,002)
Trade and other payables	15,806	6,499
Tax liabilities	400	8,943
Other current liabilities	230	49
Provisions	(66)	(3,426)
Changes in working capital	14,932	(3,030)
Net cash from operating activities	48,244	21,709
Investing activities		
Net (investments)/disposals in property, plant and equipment	(1,377)	(1,113)
Net (investments)/disposals in intangible assets	(9,867)	(505)
Net (increase)/decrease in equity investments	(15,404)**	-
Net (increase)/decrease in other equity investments	0	116
Net (increase)/decrease in other non-current receivables	77	84
Net cash used in investing activities	(26,571)	(1,418)
Financing activities		
New bank loans raised	0	5
Net financial position of acquired companies	4,071	0
Effect of application of IAS/IFRS	174	305
Other changes in equity	(30)	(13)
Re-payment of loans	(1,281)	(9,691)
Change in translation reserve	(2,573)	(492)
Net cash from/(used in) financing activities	361	(9,886)
Changes in short-term financial position	22,034	10,405
Short-term financial position at beginning of year *	(9,414)	130,455
Short-term financial position at end of period *	12,620	140,860
* Includes cash and cash equivalents net of bank overdrafts and short-term loans		
** Acquisition of FIC and FIC Médical: Working capital 710, Cash and cash equivalents (4,071), Property, plant, equipment and intangible assets (498), Goodwill (11,810), Deferred tax liabilities 41, Other non-current assets (126), Staff leaving indemnities 66, Medium and long-term loans 284.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008

1. GENERAL

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

The consolidation perimeter has changed and at 31 March 2008 includes the French companies FIC S.A.S. and FIC Médical S.A.R.L., acquired by Bouchara Recordati S.A.S. at the beginning of March. The recognition of the newly acquired companies in the accounts, the main effect of which is disclosed in the comments to each balance sheet account, is not yet definite and could be subject to change as allowed by IFRS 3. The balance sheets of the new companies are consolidated with effect 31 March 2008 while their income statements will be consolidated as from 1 April 2008. The income statements of the Orphan Europe group of companies acquired at the end of 2007 are consolidated as of 1 January 2008 while their balance sheets were consolidated as of 31 December 2007. Also in this case the recognition of these companies in the accounts is not yet definite and could be subject to change as allowed by IFRS 3.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) and in particular as per IAS 34 requirements for interim reporting. The same accounting policies applied in the preparation of the consolidated financial statements at 31 March 2007 and at 31 December 2007 were used in the preparation of the financial statements for the period ended 31 March 2008.

3. REVENUE

Net revenue for the first quarter 2008 is € 171.9 million (€ 163.4 million in the same period of the preceding year) and can be broken down as follows:

€ (thousands)	First Quarter 2008	First Quarter 2007	Change 2008/2007
Net sales	169,346	161,423	7,923
Royalties	1,455	297	1,158
Up-front payments	250	920	(670)
Other revenue	815	788	27
Total revenue	171,866	163,428	8,438

4. OPERATING EXPENSES

Overall operating expenses in the first quarter 2008 are € 133.7 million, compared to € 126.3 million in the same period of the preceding year and are analyzed by function. Staff costs in the first quarter 2008 are € 46.6 million and include a cost for stock options of € 0.2 million.

Total depreciation and amortization charges are € 6.3 million, a decrease of € 0.3 million compared to the first quarter 2007.

Other expenses include the payback of € 1.1 million to the Italian national healthcare system in substitution for the 5% price reduction on selected products as allowed by AIFA (the Italian Medicines Agency).

5. FINANCIAL INCOME AND EXPENSE

In the first quarter 2008 and in the same period of 2007 financial items record a net expense of € 2.3 million and € 0.3 million respectively which are comprised as follows:

€ (thousands)	First Quarter 2008	First Quarter 2007	Change 2008/2007
Exchange gains/(losses)	(518)	(28)	(490)
Interest expense on loans	(1,159)	(1,289)	130
Net interest on short-term financial position	(383)	1,207	(1,590)
Interest cost in respect of defined benefit plans	(196)	(198)	2
Change in fair value of hedging derivatives	(707)	(763)	56
Change in fair value of hedged item	707	763	(56)
Total financial income (expense), net	(2,256)	(308)	(1,948)

Net interest on the short-term financial position includes a higher proportion of interest expense due to the increase in the level of short-term indebtedness to fund the recent acquisitions.

The change in fair value of hedging derivatives refers to the measurement of the crosscurrency 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. PROPERTY, PLANT AND EQUIPMENT

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

€ (thousands)	Land & buildings	Plant & machinery	Other equipment	Advances/ construction in progress	Total
Cost					
Balance at 31.12.07	59,531	164,092	36,821	3,626	264,070
Additions	85	265	218	840	1,408
Disposals	0	(12)	(76)	0	(88)
Changes in reporting entities	44	0	571	0	615
Other changes	223	204	103	(565)	(35)
Balance at 31.03.08	59,883	164,549	37,637	3,901	265,970
Accumulated depreciation					
Balance at 31.12.07	29,681	134,112	32,271	0	196,064
Additions	535	2,058	497	0	3,090
Disposals	0	(13)	(52)	0	(65)
Changes in reporting entities	2	0	254	0	256
Other changes	(1)	0	(26)	0	(27)
Balance at 31.03.08	30,217	136,157	32,944	0	199,318
Carrying amount at					
31 March 2008	29,666	28,392	4,693	3,901	66,652
31 December 2007	29,850	29,980	4,550	3,626	68,006

7. INTANGIBLE ASSETS

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

€ (thousands)	Patent rights and marketing authorizations	Distribution, license, trademark and similar rights	Other	Advance payments	Total
Cost					
Balance at 31.12.07	74,101	78,481	14,682	7,343	174,607
Additions	59	10,229	22	227	10,537
Disposals	(136)	0	(6)	(143)	(285)
Other changes	164	(491)	(114)	(134)	(575)
Balance at 31.03.08	74,188	88,219	14,584	7,293	184,284
Accumulated amortization					
Balance at 31.12.07	36,325	34,233	13,528	0	84,086
Additions	1,242	1,734	238	0	3,214
Disposals	(104)	0	(2)	0	(106)
Other changes	92	(73)	(103)	0	(84)
Balance at 31.03.08	37,555	35,894	13,661	0	87,110
Carrying amount at					
31 March 2008	36,633	52,325	923	7,293	97,174
31 December 2007	37,776	44,248	1,154	7,343	90,521

The additions during the period include € 10.0 million for the acquisition of the marketing rights to Kentera®, a bi-weekly oxybutynin transdermal patch indicated for the symptomatic treatment of urge incontinence and/or increased urinary frequency, as per the agreement signed in January between Recordati Ireland Ltd. and a subsidiary of Watson Pharmaceuticals Inc..

8. GOODWILL

Goodwill at 31 March 2008 is € 255.8 million, an increase of € 11.8 million as compared to the end of 2007 due to the acquisition of the French companies FIC S.A.S. and FIC Médical S.A.R.L.. The excess of the cost of these acquisitions after recognition of the net fair value of the identifiable assets, liabilities and contingent liabilities, as well as that applicable to the Orphan Europe group of companies in the amount of € 114.6 million recognized in the 2007 accounts, and could still be subject to change as allowed by IFRS 3.

In compliance with IFRS 3 goodwill is no longer amortized. Instead, it shall be tested, at least annually, for impairment. No loss in the value of goodwill on the balance sheet has arisen since last tested.

€ (thousands)	Goodwill
Cost	
Balance at 31.12.07	281,606
Changes in reporting entities	11,810
Balance at 31.03.08	293,416
Accumulated amortization	
Balance at 31.12.07	37,664
Changes	0
Balance at 30.09.07	37,664
Carrying amount at	
31 March 2008	255,752
31 December 2007	243,942

9. DEFERRED TAX ASSETS AND LIABILITIES

At 31 March 2008 deferred tax assets decrease by € 0.4 million as compared to those at 31 December 2007 while deferred tax liabilities remain substantially unchanged.

10. SHAREHOLDERS' EQUITY

Shareholders' Equity at 31 March 2008 is € 412.8 million, an increase of € 22.2 million compared that at 31 December 2007 for the following reasons:

- net income for the first quarter 2008 (increase of € 25.3 million)
- cost of stock option plans set-off directly in equity (increase of € 0.2 million)
- change in the fair value of hedging derivatives (decrease of € 0.7 million)
- translation adjustments (decrease of € 2.6 million)

All consolidated companies are 100% owned except for the Italian subsidiary of Orphan Europe which is 99% owned, giving rise to a minority interest of € 9.0 thousand.

The Company has four stock option plans in place 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 March 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 at 31.03.2008
Date of grant:						
14 May 2003	3.6775	125,000	-	0	0	125,000
7 April 2004	3.5750	493,000	-	0	(37,000)	456,500
27 October 2004	4.0550	761,000	-	0	(40,500)	720,500
6 April 2006	6.4975	2,315,000	-	0	(160,000)	2,155,000
Total		3,694,000	-	0	(237,500)	3,456,500

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

At 31 March 2008, 11,472,355 shares are held as treasury stock, unchanged as compared to those at 31 December 2007. The overall purchase cost of the shares held in treasury stock is € 59.1 million.

11. LOANS

Overall, medium and long-term loans decrease by € 1.7 million compared to those at 31 December 2007, including the measurement at fair value of the guaranteed senior notes issued and privately placed in 2004 and the FIC S.A.S. consolidation effect for an amount of € 0.3 million. € 1.3 million were reimbursed during the period and no new loans were raised.

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 starting from 2004;
- 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 March 2008 generated a liability of € 8.3 million, an amount equivalent to the decrease in the fair value of the underlying debt. This amount is recognized in the balance sheet as a 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 March 2008 is between 3.09% 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 € 0.8 million fair value of the cash flow hedge is recognized directly in equity and stated as a current liability (see Note 16).

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

Medium and long-term loans at variable interest rates for a total of € 0.3 million are hedged with interest rate swaps (which qualify as a cash flow hedge) in order to entirely eliminate any interest rate fluctuation risk. The fair value of the cash flow hedge is recognized directly in equity and stated as a current liability (see Note 16). The derivative instruments and the hedged items are linked and the Group does not intend to terminate or modify them independently from each other.

12. STAFF LEAVING INDEMNITIES

The staff leaving indemnity fund at 31 March 2008 is of € 20.4 million, in line with that at 31 December 2007.

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

These include € 1.4 million due for the acquisition of FIC and FIC Médical to be paid in two installments, one in 2010 and the other in 2011, net of € 0.1 million arising from the calculation of the present value of the amount as required by IAS/IFRS.

14. CURRENT ASSETS

Inventories increase by € 5.1 million over those stated at 31 December 2007. Trade receivables as well as average days sales outstanding are in line with those at 31 December 2007. The balance of trade receivables at 31 March 2008 of € 134.8 million is stated net of a € 6.6 million bad debt provision which reflects the collection risk connected with certain customers and geographic areas. Other receivables decrease by € 8.1 million compared to those at 31 December 2007 mainly due to the reduction of tax credits (€ 5.5 million) and staff receivables (€ 1.6 million).

Other current assets are mainly prepaid expenses. The significant increase of € 4.7 million compared to the balance at 31 December 2007 is to be attributed mainly to the acceptance by the Italian companies of the extension of the pay-back option that AIFA (the Italian Medicines Agency) granted pharmaceutical companies as an alternative to the suspension of the 5% price reduction imposed on 27 September 2006 on selected reimbursable specialties. The suspension applies to the period 1 March 2008 to 31 December 2008 in exchange for the payment of 5% of sales realized in 2007. The € 4.2 million amount to be paid back is to be spread over the application period and the prepaid amount at 31 March 2008 is € 3.8 million.

15. CURRENT LIABILITIES

Trade payables, which include invoices to be received, increase by € 4.8 million as compared with those at 31 December 2007. The increase in other payables results from the € 10.0 million due for the acquisition of the marketing rights to Kentera®, the € 3.6 million due for the acquisition of FIC and FIC Médical and the amount due to AIFA (the Italian Medicines Agency) following the renewal of the agreement which provides for the pay-back of a total amount of € 4.2 million to be paid in three equal installments the first of which was paid in February, while the second and third will be paid in June and September respectively. During the first quarter 2008 the third and final installment due for the acquisition of Merckle Recordati for an amount of € 5.8 million was paid.

Tax liabilities increase by € 1.2 million mainly due to the € 0.8 million consolidation effect of FIC and FIC Médical. The provision for income tax for the period accounts for the reduction in tax credits (see note 14).

Tax and other provisions are not significantly changed.

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

The measurement at fair value of the interest rate swaps covering the cash flows related to medium and long-term loans gave rise to a € 0.8 million liability at 31 March 2008. This amount represents the unrealized benefit of paying the current expected future rates instead of the rates agreed. This amount refers almost entirely to the interest rate swap defining a collar which limits the fluctuation of the interest rates payable on the guaranteed senior notes issued by Recordati S.A. Chemical & Pharmaceutical Company.

17. SEGMENT REPORTING

The Group is involved exclusively in the pharmaceutical business. The pharmaceutical chemicals operations are part of the pharmaceutical business as they are prevalently dedicated to the production of active ingredients for this business. The following table presents net revenues by geographic area:

€ (thousands)	First Quarter 2008	First Quarter 2007	Change 2008/2007
Europe	154,264	143,931	10,333
<i>of which Italy</i>	55,691	57,121	(1,430)
Australasia	8,289	8,422	(133)
America	4,953	6,066	(1,113)
Africa	4,360	5,009	(649)
Total revenue	171,866	163,428	8,438

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

18. LITIGATION AND CONTINGENT LIABILITIES

The parent company and some subsidiaries are party to certain legal actions. Management is of the opinion that such legal actions will not 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 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, the obligations can be deemed finalized since the Company has already made available to the legal authorities its new compliance programs, which have been further reinforced to prevent illicit behaviour by its employees, and has made available all profits and indemnified the Ministry of Health for the damages that might have arisen out of the wrongs of its employees. The investigation is now closed and Recordati filed an application for a plea bargaining, without admission of responsibility. Such application was allowed by the Prosecutor and the preliminary hearing will be held in due course. A similar application was filed in connection with the investigation in Bari and - until today - the prosecutor awaits an expert's opinion on Recordati's compliance programs to allow such an application.

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. At this time appeals may still be filed by both the administration and by the company. The company is considering appealing the decision also taking into account the positive opinions expressed by the consultants entrusted with the company's legal representation that the grounds set forth in the appeal filed with the Provincial Tax Commission were well-founded. The Company, however, on grounds of prudence has set up a provision to cover the potential liability for additional taxes, penalties and interest.

19. INTERCOMPANY TRANSACTIONS AND RELATED ISSUES

Intragroup sales and services recorded during the first quarter are € 41.9 million and relate mainly to sales of pharmaceutical products. Intragroup interest income accrued during the period is € 2.4 million.

During the period, Recordati Ireland Ltd. declared a dividend of € 29.0 million, Bouchara Recordati S.A.S. declared a dividend of € 10.0 million, Laboratoires Bouchara Recordati S.A.S. declared a dividend of € 12.6 million, Merckle Recordati GmbH declared a dividend of € 4.0 million, the Swiss company Recordati S.A declared a dividend of CHF 0.3 million, Orphan Europe Holding S.A. declared a dividend of € 3.6 million, Orphan Europe Operations S.A.S. declared a dividend of € 4.6 million and Orphan Europe S.A.R.L. declared a dividend of € 2.4 million.

At 31 March 2008, intercompany accounts amount to € 477.3 million, the most significant of which are:

- profit participating bond of € 135 million issued by Recordati S.A. Chemical & Pharmaceutical Company in favor of Recordati S.p.A.;
- loans of € 81.0 million granted by Recordati S.A. Chemical & Pharmaceutical Company to Recordati Orphan Drugs S.A.S.;
- loans of € 80.6 million granted by Recordati S.A. Chemical & Pharmaceutical Company to Recordati S.p.A.;
- loans of € 28.0 million granted by the parent Recordati S.p.A. to the subsidiary Recordati España S.L.;
- receivables by Recordati S.p.A. from its subsidiaries for the supply of goods and services totaling € 27.7 million;
- loans of € 19.7 million granted by the parent Recordati S.p.A. to Bouchara Recordati S.A.S.;
- receivables by Recordati S.A. Chemical and Pharmaceutical Company from Recordati Ireland Ltd. in respect of dividends declared of € 19.0 million;
- loans of € 8.8 million from the parent Recordati S.p.A. to Jaba Recordati S.A.;
- loans of € 5.6 million from Laboratoires Bouchara Recordati S.A.S. to the parent Recordati S.p.A.;
- receivables by Orphan Europe Holding S.A. from its subsidiary Orphan Europe Operations S.A.S. in respect of dividends declared of € 4.5 million;
- loans of € 4.0 million from Recordati S.A. Chemical & Pharmaceutical Company to Merckle Recordati GmbH;
- receivables by Recordati España S.L. from its subsidiary Merckle Recordati GmbH in respect of dividends declared of € 4.0 million;

- receivables by Recordati Orphan Drugs S.A.S. from its subsidiary Orphan Europe Holding S.A. in respect of dividends declared of € 3.6 million;
- receivables by Orphan Europe Operations S.A.S. from its subsidiary Orphan Europe S.A.R.L. in respect of dividends declared of € 2.4 million;

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.

Tax assets include an estimated net tax due amount of € 2.3 million receivable from the controlling company Fimei S.p.A. as a consequence of participation in a tax consolidation grouping under tax laws in Italy.

20. SUBSEQUENT EVENTS

In April Orphan Europe (a Recordati group company) submitted an Original New Drug Application (NDA) for Carbaglu® (carglumic acid) to the U.S. FDA. The NDA provides for the safe and effective use of Carbaglu® in the treatment of hyperammonaemia due to an autosomal genetic disorder resulting in the deficiency of the liver enzyme N-acetylglutamate synthase (NAGS deficiency).

Also in April two financing agreements were finalized 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.

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

ATTACHMENT 1.

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI S.P.A. <i>Development, production, marketing and sales of pharmaceuticals and pharmaceutical chemicals</i>	Italy	25,980,582.00	Euro	Line-by-line
RECOFARMA S.R.L. <i>Dormant, holds pharmaceutical marketing rights</i>	Italy	1,258,400.00	Euro	Line-by-line
INNOVA PHARMA S.P.A. <i>Marketing and sales of pharmaceuticals</i>	Italy	1,920,000.00	Euro	Line-by-line
RECORDATI ESPAÑA S.L. <i>Development, production, marketing and sales of pharmaceuticals</i>	Spain	94,000,000.00	Euro	Line-by-line
RECORDATI S.A. Chemical and Pharmaceutical Company <i>Holding company</i>	Luxembourg	9,962,619.00	Euro	Line-by-line
BOUCHARA RECORDATI S.A.S. <i>Development, production, marketing and sales of pharmaceuticals</i>	France	4,600,000.00	Euro	Line-by-line
RECORDATI PORTUGUESA LDA <i>Marketing and sales of pharmaceuticals</i>	Portugal	24,940.00	Euro	Line-by-line
FARMARECORD LTDA <i>Dormant, holds pharmaceutical marketing rights in Brazil</i>	Brazil	166.00	BRL	Line-by-line
RECORDATI CORPORATION <i>Sales Agent for pharmaceutical chemicals</i>	U.S.A.	11,979,138.00	USD	Line-by-line
RECORDATI IRELAND LTD <i>Development, production, marketing and sales of pharmaceuticals</i>	Ireland	200,000.00	Euro	Line-by-line
RECORDATI S.A. <i>Dormant, holds pharmaceutical marketing rights</i>	Switzerland	6,000,000.00	CHF	Line-by-line
LABORATOIRES BOUCHARA RECORDATI S.A.S. <i>Development, production, marketing and sales of pharmaceuticals</i>	France	14,000,000.00	Euro	Line-by-line
MERCKLE RECORDATI GmbH <i>Marketing and sales of pharmaceuticals</i>	Germany	268,939.53	Euro	Line-by-line
RECORDATI PHARMACEUTICALS LTD <i>Marketing and sales of pharmaceuticals</i>	United Kingdom	15,000,000.00	GBP	Line-by-line

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
RECORDATI HELLAS PHARMACEUTICALS S.A. <i>Marketing and sales of pharmaceuticals</i>	Greece	6,000,000.00	Euro	Line-by-line
JABA FARMACÊUTICA S.A. <i>Development, production, marketing and sales of pharmaceuticals</i>	Portugal	7,600,000.00	Euro	Line-by-line
JABAFARMA PRODUTOS FARMACÊUTICOS S.A. <i>Development, production, marketing and sales of pharmaceuticals</i>	Portugal	50,000.00	Euro	Line-by-line
BONAFARMA PRODUTOS FARMACÊUTICOS S.A. <i>Development, production, marketing and sales of pharmaceuticals</i>	Portugal	50,000.00	Euro	Line-by-line
RECORDATI ORPHAN DRUGS S.A.S.* <i>Holding company</i>	France	57,000,000.00	Euro	Line-by-line
ORPHAN EUROPE HOLDING S.A.** <i>Holding company</i>	France	1,701,260.00	Euro	Line-by-line
ORPHAN EUROPE OPERATIONS S.A.S.** <i>Marketing and sales of pharmaceuticals</i>	France	5,112,000.00	Euro	Line-by-line
ORPHAN EUROPE SWITZERLAND GmbH** <i>Marketing and sales of pharmaceuticals</i>	Switzerland	20,000.00	CHF	Line-by-line
ORPHAN EUROPE MIDDLE EAST FZ LLC** <i>Marketing and sales of pharmaceuticals</i>	United Arab Emirates	100,000.00	AED	Line-by-line
ORPHAN EUROPE NORDIC A.B.** <i>Marketing and sales of pharmaceuticals</i>	Sweden	100,000.00	SEK	Line-by-line
ORPHAN EUROPE PORTUGAL LDA** <i>Marketing and sales of pharmaceuticals</i>	Portugal	5,000.00	Euro	Line-by-line
ORPHAN EUROPE S.A.R.L.** <i>Marketing and sales of pharmaceuticals</i>	France	320,000.00	Euro	Line-by-line
ORPHAN EUROPE UNITED KINGDOM LTD** <i>Marketing and sales of pharmaceuticals</i>	United Kingdom	50,000.00	GBP	Line-by-line
ORPHAN EUROPE GERMANY GmbH** <i>Marketing and sales of pharmaceuticals</i>	Germany	25,564.69	Euro	Line-by-line
ORPHAN EUROPE SPAIN S.L.** <i>Marketing and sales of pharmaceuticals</i>	Spain	37,563.27	Euro	Line-by-line
ORPHAN EUROPE ITALY S.R.L.** <i>Marketing and sales of pharmaceuticals</i>	Italy	40,000.00	Euro	Line-by-line
ORPHAN EUROPE BENELUX BVBA** <i>Marketing and sales of pharmaceuticals</i>	Belgium	18,600.00	Euro	Line-by-line
FIC S.A.S.*** <i>Marketing and sales of pharmaceuticals</i>	France	100,000.00	Euro	Line-by-line
FIC MEDICAL S.A.R.L.*** <i>Marketing and sales of pharmaceuticals</i>	France	9,999.89	Euro	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 – only Balance Sheet consolidated				

PERCENTAGE OF OWNERSHIP

	Recordati S.p.A. (parent)	Recordati S.A. (Luxembourg)	Bouchara Recordati S.a.s.	Recordati España S.L.
RECOFARMA S.R.L.	100.00%			
INNOVA PHARMA S.P.A.	100.00%			
RECORDATI ESPAÑA S.L.	90.70%	9.30%		
RECORDATI S.A. Chemical and Pharmaceutical Company	100.00%			
BOUCHARA RECORDATI S.A.S.	99.94%	0.06%		
RECORDATI PORTUGUESA LDA	98.00%	2.00%		
FARMARECORD LTDA		100.00%		
RECORDATI CORPORATION		100.00%		
RECORDATI IRELAND LTD		100.00%		
RECORDATI S.A.		100.00%		
LABORATOIRES BOUCHARA RECORDATI S.A.S.			100.00%	
MERCKLE RECORDATI GmbH				100.00%
RECORDATI PHARMACEUTICALS LTD	3.33%	96.67%		
RECORDATI HELLAS PHARMACEUTICALS S.A.	1.58%	98.42%		
JABA RECORDATI S.A.				100.00%
JABAFARMA PRODUTOS FARMACÉUTIC OOS S.A.				100.00%
BONAFARMA PRODUTOS FARMACÉUTICOS S.A.				100.00%
RECORDATI ORPHAN DRUGS S.A.S.*		100.00%		
ORPHAN EUROPE HOLDING S.A.**				
ORPHAN EUROPE OPERATIONS S.A.S.**				
ORPHAN EUROPE SWITZERLAND GmbH**				
ORPHAN EUROPE MIDDLE EAST FZ LLC**				
ORPHAN EUROPE NORDIC A.B.**				
ORPHAN EUROPE PORTUGAL LDA**				
ORPHAN EUROPE S.A.R.L.**				
ORPHAN EUROPE UNITED KINGDOM LTD**				
ORPHAN EUROPE GERMANY GmbH**				
ORPHAN EUROPE SPAIN S.L.**				
ORPHAN EUROPE ITALY S.R.L.**				
ORPHAN EUROPE BENELUX BVBA**				
FIC S.A.S. ***			100.00%	
FIC MEDICAL S.A.R.L. ***				

* Established during 2007

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

*** Acquired during 2008 – only Balance Sheet consolidated

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
					100.00%
					100.00%
					100.00%
					100.00%
					100.00%
					100.00%
					100.00%
					100.00%
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100.00%					100.00%
	100.00%				100.00%
		100.00%			100.00%
		100.00%			100.00%
		100.00%			100.00%
		100.00%			100.00%
			100.00%		100.00%
			100.00%		100.00%
			100.00%		100.00%
			99.00%		99.00%
		99.46%	0.54%		100.00%
					100.00%
				100.00%	100.00%

DECLARATION BY THE MANAGER RESPONSIBLE FOR PREPARING
THE COMPANY'S FINANCIAL REPORTS

The manager responsible for preparing the company's financial reports Fritz Squindo declares, pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance, that the accounting information contained in the consolidated financial statements for the period ended 31 March 2008 corresponds to the document results, books and accounting records.

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

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