

INTERIM REPORT

FIRST NINE MONTHS
2007



*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.*

HIGHLIGHTS

FIRST NINE MONTHS 2007

- » REVENUE € 466.4 MILLION, UP 6.1%, INTERNATIONAL SALES GROW BY 11.9%
- » EBIT € 100.9 MILLION, UP 9.7%
- » NET INCOME € 64.0 MILLION, UP 14.5%
- » AGREEMENT TO ACQUIRE ORPHAN EUROPE
- » LAUNCH OF ZANIPRESS® (LERCANIDIPINE/ENALAPRIL FIXED COMBINATION) IN GERMANY, NEW CO-MARKETING AGREEMENTS
- » DIRECT MARKETING OF ZANIDIP® IN IRELAND AND OF LERCADIP® IN GREECE BY OWN SUBSIDIARIES

KEY CONSOLIDATED DATA

€ (thousands)	First Nine Months 2007	% of Revenue	First Nine Months 2006	% of Revenue	Change	Change %
Revenue	466,407	100.0	439,566	100.0	26,841	6.1
EBITDA ⁽¹⁾	120,640	25.9	109,693	25.0	10,947	10.0
Operating income	100,897	21.6	91,985	20.9	8,912	9.7
Net income	64,037	13.7	55,922	12.7	8,115	14.5
	30 September 2007		31 December 2006			
Net financial position ⁽²⁾	22,341		22,363		(22)	(0.1)
Shareholders' equity	367,846		366,802		1,044	0.3

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

⁽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).

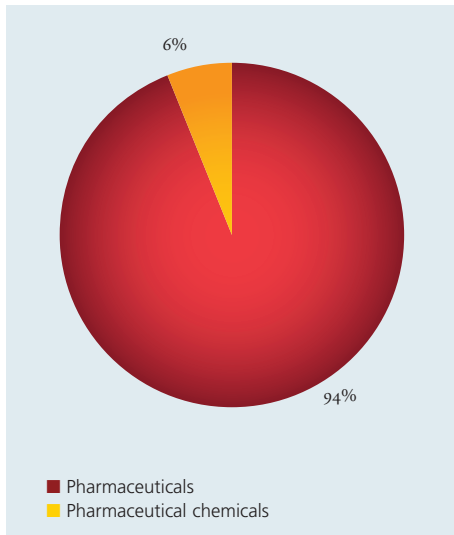
SALES GROWTH DRIVEN BY INTERNATIONAL REVENUES

In the first nine months 2007 consolidated revenue is € 466.4 million, an increase of 6.1% over the same period of the preceding year. Pharmaceutical sales are € 440.4 million, an increase of 7.4% over the first nine months of last year thanks to the consolidation of the newly acquired Portuguese business which records sales of € 32.6 million. On a like-for-like basis pharmaceutical sales are substantially stable (-0.5%) due to a negative price effect mainly in Italy resulting from price cuts imposed in the second half 2006, and to a reduction in volumes mainly in Spain due to the termination of the Ulcotenal® (pantoprazole) license. Pharmaceutical chemicals sales are € 26.0 million, down by 12.0% as compared to the same period of the preceding year.

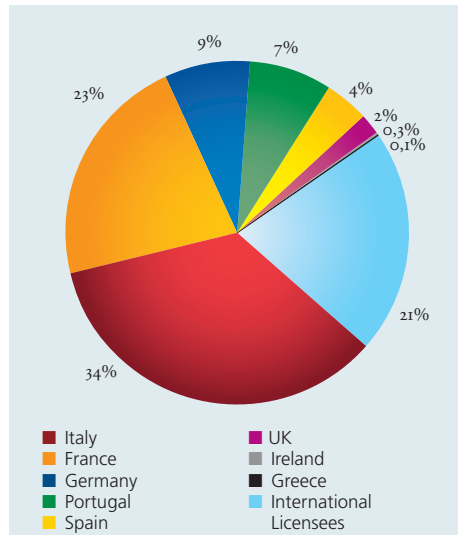
In the third quarter 2007 consolidated revenue is € 145.9 million, an increase of 13.6% over the same period of the preceding year. Pharmaceutical sales are € 139.1 million, an increase of 15.3% over the third quarter of last year, and include the consolidation of the newly acquired Portuguese business which records sales of € 9.3 million. On a like-for-like basis pharmaceutical sales grow by 7.5% in the quarter. Pharmaceutical chemicals sales are € 6.8 million, down by 12.6%.

International sales went from € 280.0 million to € 313.3 million, an increase of 11.9%, in the first nine months 2007 and now represent 67.2% of total revenue.

SALES BY BUSINESS:



PHARMACEUTICAL SALES:



SOURCES OF GROWTH

<i>(Change as % of revenue, first nine months 2007 over nine months 2006)</i>	Volume Effect	Price Effect	Currency Effect	Total Change
Pharmaceuticals	9.8	(2.2)	(0.2)	7.4
Pharmaceutical chemicals	(4.7)	(3.5)	(3.8)	(12.0)
Total change	8.9	(2.3)	(0.5)	6.1

COMPOSITION OF SALES

€ (thousands)	First Nine Months 2007	First Nine Months 2006	Change	Change %
Pharmaceuticals Italy	151,164	157,244	(6,080)	(3.9)
Pharmaceuticals France	100,518	98,900	1,618	1.6
Pharmaceuticals Germany	38,270	36,537	1,733	4.7
Pharmaceuticals Portugal	32,628	-	32,628	n.s.
Pharmaceuticals Spain	16,690	24,042	(7,352)	(30.6)
Pharmaceuticals United Kingdom	8,532	7,693	839	10.9
Pharmaceuticals Ireland	1,203	-	1,203	n.s.
Pharmaceuticals Greece	402	-	402	n.s.
International Licensees	90,971	85,575	5,396	6.3
Total Pharmaceuticals	440,378	409,991	30,387	7.4
Pharmaceutical Chemicals	26,029	29,575	(3,546)	(12.0)
TOTAL SALES	466,407	439,566	26,841	6.1

Includes other income related to license agreements

Zanidip® (lercanidipine), Recordati's proprietary calcium channel blocker is sold directly through our own marketing organizations in the five largest European markets and, as from this year, also in Ireland and Greece. In the other markets it is marketed by licensees.

LERCANIDIPINE SALES

€ (thousands)	First Nine Months 2007	First Nine Months 2006	Change	Change %
Italy	32,048	32,959	(911)	(2.8)
France	31,684	27,695	3,989	14.4
United Kingdom	8,336	7,693	643	8.4
Spain	5,705	6,218	(513)	(8.3)
Germany	4,597	2,275	2,322	102.1
Others*	3,282	1,112	2,170	195.1
Direct Sales	85,652	77,952	7,700	9.9
Sales to Licensees	53,491	55,582	(2,091)	(3.8)
Total Sales	139,143	133,534	5,609	4.2

**Includes Bouchara Recordati's foreign sales of € 1.7 million in 2007 and € 1.1 million in 2006, sales in Ireland of € 1.2 million starting 1 January 2007 and sales in Greece of € 0.4 million starting April 2007.*

Direct sales in Italy of Zanedip® and Lercadip® are down by 2.8% as compared to last year's first nine months due to price cuts imposed during 2006. Zanidip® in France continues to be a very successful product with sales increasing by 14.4%. In the United Kingdom sales of Zanidip® are € 8.3 million, up 8.4% over the first nine months 2006. On the Spanish market Zanidip® shows a temporary sales decrease compared to the first nine months of last year as a result of a change in commercial policy. In Germany, where Merckle Recordati sells Corifeo® as from May 2006 and launched Zanipress® (lercanidipine + enalapril) in April 2007, lercanidipine sales total € 4.6 million in the first nine months 2007. As from January lercanidipine is sold directly to the market in Ireland where it is being promoted by our own marketing organization and as from April also in Greece.

Sales to licensees are slightly down as a result of the repurchase of our selling rights in some countries where the product is now sold directly, and of price reductions in Germany. Lercanidipine is now being sold on 85 markets and to date the new 20mg formulation has been launched in 31 of these.

Sales of pharmaceuticals in Italy (lercanidipine included) are down by 3.9% as compared to the first nine months of 2006, mainly due to a negative price effect worth € 7.8 million resulting from the cost containment measures introduced in July and October of 2006. Of our main Italian products Entact® (escitalopram), an antidepressant under license from Lundbeck, remains substantially stable despite a negative price effect. On the other hand, sales of Peptazol® (pantoprazole) are affected by an overall weakness of the PPI market. Sales of two new products, Rextat® and Lovinacor® (lovastatin) are developing positively.

Pharmaceutical sales in France are up 1.6% over those of the first nine months of the preceding year. The delisting of Exomuc® and the Hexa line of products as from March 2006 was offset by the growth of all the other main products in the portfolio.

Sales in Portugal realized by our new subsidiaries are € 32.6 million with all major products performing well.

First nine months 2007 sales in Germany recorded by Merckle Recordati are € 38.3 million, up by 4.7% over the same period of the preceding year. In April Zanipress®, our new antihypertensive product which combines lercanidipine and enalapril, was launched in this market.

Sales in Spain are down by 30.6% due mainly to the loss of Ulcotenal® (pantoprazole) as from April 2006 following the termination of the Altana license.

In the United Kingdom, Recordati Pharmaceuticals generated sales of € 8.5 million related mainly to Zanidip® (lercanidipine). In January Tradorec XL®, a new formulation of tramadol, was launched.

Sales in Ireland are € 1.2 million and are related exclusively to Zanidip® which is marketed directly by our own sales organization as from January following the termination of the agreement with the previous licensee.

In April our subsidiary in Greece, Recordati Hellas, launched Lercadip® (lercanidipine) in both its 10 and 20mg dosage forms recording initial sales of € 0.4 million.

Sales to international licensees grow by 6.3% due to the development of Bouchara Recordati's export sales.

COMPANY DEVELOPMENT NEWS

At the end of September an agreement was signed for the acquisition of Orphan Europe, a European pharmaceutical group with headquarters in Paris dedicated to the development, registration, marketing and distribution of unique drugs for the treatment of rare and orphan diseases. Orphan Europe employs about 120 personnel, and has subsidiaries in nine European countries and in the United Arab Emirates as well as representative offices in seven countries. Sales for the full year 2006 were € 40 million with EBIT of € 7.6 million. The company's net financial position is positive. The price to be paid at the closing, which is expected to take place before the end of 2007, is € 135 million.

Orphan Europe currently markets ten products which target mostly chronic and life-threatening diseases and has other high potential drugs in development. Orphan Europe is one of very few European specialists in the neonatal, paediatric and metabolic disorders fields. It has a unique distribution network from a centralized unit in Paris which serves patients throughout the EU and in many other countries worldwide. Over 50 well trained orphan drug specialists operate out of 17 different countries, in collaboration with a scientific and product support central team and with healthcare professionals and patient groups to improve knowledge and awareness of rare diseases. Furthermore, the group includes the Orphan Europe Academy which provides healthcare professionals with the opportunity to share and increase knowledge, develop new ideas, and strengthen scientific collaboration in the area of rare diseases. The orphan drug market is a niche market with significant growth potential. Only a few of the total estimated 6,000 to 8,000 rare diseases are currently treated pharmacologically. The identification and awareness of rare diseases is constantly increasing and the 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.

The acquisition of Orphan Europe fits well with Recordati's growth strategy based on expansion and the strengthening of its product portfolio and pipeline. The development of Stanate® and Infasurf®, two new neonatology products obtained under license, will surely benefit from the expertise which Orphan Europe is able to provide. Furthermore, Orphan Europe represents a unique opportunity to strengthen our R&D capabilities and to establish even closer relationships with academic researchers and eminent scientists.

Zanipress®, our new antihypertensive product which associates lercanidipine and enalapril in a fixed combination, was launched in Germany in April by our subsidiary Merckle Recordati. This product was also launched by Meda, an international pharmaceutical company with which a non-exclusive co-marketing agreement was signed in February, as Zaneril®. In July the agreement with Meda was extended to the Spanish market as well. Furthermore, at the end of September the license agreement with Berlin Chemie (Menarini group) for the marketing of Carmen® (lercanidipine) in Germany was extended to the new combination product which will be launched in October as Carment ACE®.

In January Recordati Ireland Ltd. initiated commercial operations in the Irish pharmaceutical market where Zanidip® (lercanidipine) is now promoted directly by this subsidiary following the termination of the agreement with the previous licensee. Furthermore, in April our subsidiary Recordati Hellas initiated sales of Lercadip® (lercanidipine) in Greece in both its 10 and 20mg dosage forms.

In September the double-blind portion of the phase III study of silodosin, licensed from Kissei, was successfully completed. Silodosin is a new selective alpha blocker for the treatment of symptoms associated with benign hypertrophy of the prostate, a condition affecting millions of male patients across the world. Such symptoms, which involve micturition disorders, can have a significant negative impact on the patient's quality of life. The trial was conducted in 11 European countries with 1128 patients (977 randomized) enrolled in 70 clinical centres. The study was designed to show superiority of silodosin over placebo and non-inferiority to tamsulosin following a treatment period of 12 weeks. Silodosin 8mg dosed once daily was found to be significantly superior to placebo in all parameters, with scores that were always equal to or better than those of tamsulosin. There were no safety issues. The overall discontinuation rate due to adverse events was low and similar in all groups. The drug is already on the market in Japan and has completed phase III studies in the US. Recordati is completing the long-term portion of the phase III study and plans to file for approval in Europe, and in other countries of the licensed territory, during the last quarter of 2008.

At the end of May Jaba Recordati transferred its industrial lease agreement for the production site in Loures, Portugal, and the associated pharmaceutical manufacturing business to Clintex Produtos Farmacêuticos for an amount of € 1.8 million which includes the value of existing inventories.

PROFITABILITY IMPROVES

The income statement for the first nine months and third quarter 2007 is included below.

P & L

€ (thousands)	Third Quarter 2007	% of Revenue	First Nine Months 2007	% of Revenue	First Nine Months 2006	% of Revenue	Change	Change %
Revenue	145,909	100.0	466,407	100.0	439,566	100.0	26,841	6.1
Cost of sales	(47,094)	(32.3)	(150,452)	(32.3)	(144,823)	(32.9)	(5,629)	3.9
Gross profit	98,815	67.7	315,955	67.7	294,743	67.1	21,212	7.2
Selling expenses	(47,089)	(32.3)	(150,955)	(32.4)	(147,463)	(33.5)	(3,492)	2.4
R&D expenses	(11,856)	(8.1)	(36,867)	(7.9)	(34,140)	(7.8)	(2,727)	8.0
G&A expenses	(7,422)	(5.1)	(24,667)	(5.3)	(20,256)	(4.6)	(4,411)	21.8
Other income (expense), net	(1,179)	(0.8)	(2,569)	(0.6)	(899)	(0.2)	(1,670)	185.8
Operating income	31,269	21.4	100,897	21.6	91,985	20.9	8,912	9.7
Financial income (expense), net	(2,229)	(1.5)	(3,127)	(0.7)	(1,805)	(0.4)	(1,322)	73.2
Pretax income	29,040	19.9	97,770	21.0	90,180	20.5	7,590	8.4
Provision for income taxes	(9,938)	(6.8)	(33,733)	(7.2)	(34,258)	(7.8)	525	(1.5)
Net income	19,102	13.1	64,037	13.7	55,922	12.7	8,115	14.5

Gross profit is € 316.0 million with a margin on sales of 67.7%, an improvement on the first nine months 2006 as a result of a more favorable product mix.

Selling expenses in the first nine months increased slightly (+2.4%) as compared to the same period of the preceding year, but decreased as a percent of sales from 33.5% to 32.4%. R&D expenses at € 36.9 million increase by 8.0% due to the clinical development of pipeline products. G&A expenses are above those of the same period of the preceding year due mainly to a different classification of the management cost of some subsidiaries which was previously recognized in selling expenses. Other expenses include the payback of € 2.6 million to the Italian national healthcare system in substitution for the 5% price reduction on selected products for the period 1 March 2007 – 29 February 2008 as allowed by AIFA (the Italian Medicines Agency). The amount is based on the 2006 sales of these products and is spread over the applicable period.

Operating income, at 21.6% of sales, is € 100.9 million, an increase of 9.7% over the first nine months of the preceding year. The operating margin improvement is due to the increase in gross margin and the reduction in selling expenses.

Net financial charges during the first nine months are € 3.1 million (€ 1.8 million in the first nine months 2006) a significant increase over the same period of the preceding year due to the strong reduction in the value of investment funds as a result of the recent financial markets' crisis. All investments in funds were disposed of during August and currently liquidity is held in short-term bank deposits. The effective tax rate during the period was 34.5%, a significant improvement over that for 2006.

Net income at 13.7% of sales goes from € 55.9 million in the first half of 2006 to € 64.0 million, an increase of 14.5%.

STEADY CASH GENERATION

NET FINANCIAL POSITION

€ (thousands)	30 September 2007	31 December 2006	Change	Change %
Cash and short-term financial investments	114,903	145,029	(30,126)	(20.8)
Bank overdrafts	(4,058)	(14,574)	10,516	(72.2)
Loans – due within one year	(3,354)	(20,446)	17,092	(83.6)
Net liquid assets	107,491	110,009	(2,518)	(2.3)
Loans – due after one year ⁽¹⁾	(85,150)	(87,646)	2,496	(2.8)
Net financial position	22,341	22,363	(22)	(0.1)

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

In the second quarter dividends were paid for an amount of € 37.0 million and in the third quarter own shares were repurchased for cash outlay of € 29.9 million. € 5.1 million were invested during the period in new property, plant and equipment and € 2.4 million in intangible assets. Net working capital for operations increased by € 5.6 million due to the reduction of current liabilities. 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 30 SEPTEMBER 2007

INCOME STATEMENT

€ (thousands)	First Nine Months 2007	First Nine Months 2006
Revenue	466,407	439,566
Cost of sales	(150,452)	(144,823)
Gross profit	315,955	294,743
Selling expenses	(150,955)	(147,463)
R&D expenses	(36,867)	(34,140)
G&A expenses	(24,667)	(20,256)
Other income (expense), net	(2,569)	(899)
Operating income	100,897	91,985
Financial income (expense), net	(3,127)	(1,805)
Pretax income	97,770	90,180
Provision for income taxes	(33,733)	(34,258)
Minority interest	0	0
Net income	64,037	55,922
Earnings per share		
Basic	€ 0.321	€ 0.279
Diluted	€ 0.313	€ 0.271

Earnings per share (EPS) are based on average shares outstanding during each year, 199,428,481 in 2007 and 200,195,116 in 2006, net of average treasury stock which amounted to 7,452,602 in 2007 and 5,405,059 in 2006. Diluted earnings per share is calculated taking into account new shares authorized but not yet issued

RECORDATI S.P.A. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2007

ASSETS

€ (thousands)	30 September 2007	31 December 2006
Non-current assets		
Property, plant and equipment	66,436	71,916
Intangible assets	85,272	92,490
Goodwill	130,228	129,771
Other investments	511	696
Other non-current assets	1,110	1,268
Deferred tax assets	20,504	18,798
Total non-current assets	304,061	314,939
Current assets		
Inventories	78,227	74,670
Trade receivables	115,721	123,418
Other receivables	8,665	11,002
Other current assets	4,089	1,789
Short-term financial investments, cash and cash equivalents	114,903	145,029
Total current assets	321,605	355,908
Total assets	625,666	670,847

RECORDATI S.P.A. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2007

EQUITY AND LIABILITIES

€ (thousands)	30 September 2007	31 December 2006
Shareholders' equity		
Share capital	25,926	25,802
Additional paid-in capital	77,092	73,165
Treasury stock	(60,200)	(30,653)
Hedging reserve (<i>cash flow hedge</i>)	(267)	(1,081)
Translation reserve	(1,756)	336
Other reserves	25,274	24,926
Retained earnings	237,740	200,276
Net income for the year	64,037	74,031
Group shareholders' equity	367,846	366,802
Minority interest	0	0
Shareholders' equity	367,846	366,802
Non-current liabilities		
Loans – due after one year	77,787	83,697
Staff leaving indemnities	22,093	22,587
Deferred tax liabilities	9,982	9,402
Other non-current liabilities	0	5,645
Total non-current liabilities	109,862	121,331
Current liabilities		
Trade payables	64,106	71,537
Other payables	33,496	32,159
Tax liabilities	22,607	22,076
Other current liabilities	385	413
Provisions	12,322	16,479
Fair value of hedging derivatives (<i>cash flow hedge</i>)	267	1,081
Fair value of hedging derivatives (<i>fair value hedge</i>)	7,363	3,949
Loans – due within one year	3,354	20,446
Bank overdrafts	4,058	14,574
Total current liabilities	147,958	182,714
Total equity and liabilities	625,666	670,847

RECORDATI S.P.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

€ (thousands)	Share capital	Additional paid-in capital	Treasury stock	Hedging reserve	Translation reserve	Other reserves	Retained earnings	Net income for the year	Total
Balance at 31 December 2005	25,631	67,664	(20,410)	(3,158)	1,824	23,485	162,718*	64,543	322,297
Allocation of 2005 net income:									
- Dividends								(27,534)	(27,534)
- Retained earnings							37,009	(37,009)	
Issue of share capital	146	4,692							4,838
Net income for the period								55,922	55,922
Share buy-back			(10,243)						(10,243)
Changes in fair value of hedging derivatives				1,503					1,503
Effect of application of IAS/IFRS						573	414		987
Translation Adjustment					(1,047)				(1,047)
Balance at 30 September 2006	25,777	72,356	(30,653)	(1,655)	777	24,058	200,141*	55,922	346,723
Balance at 31 December 2006	25,802	73,165	(30,653)	(1,081)	336	24,926	200,276	74,031	366,802
Allocation of 2006 net income:									
- Dividends								(36,956)	(36,956)
- Retained earnings							37,075	(37,075)	
Issue of share capital	124	3,927							4,051
Net income for the period								64,037	64,037
Sale of treasury stock			(29,547)					(8)	(29,555)
Changes in fair value of hedging derivatives				814					814
Effect of application of IAS/IFRS						348	410		758
Other changes							(13)		(13)
Translation Adjustment					(2,092)				(2,092)
Balance at 30 September 2007	25,926	77,092	(60,200)	(267)	(1,756)	25,274	237,740	64,037	367,846

* Restated following the adoption of IAS/IFRS by the parent company.

RECORDATI S.P.A. AND SUBSIDIARIES
 CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD
 ENDED 30 SEPTEMBER 2007

€ (thousands)	First Nine Months 2007	First Nine Months 2006
Operating activities		
Cash flow		
Net Income	64,037	55,922
Depreciation of property, plant and equipment	10,159	9,085
Amortization of intangible assets	9,584	8,623
Total cash flow	83,780	73,630
(Increase)/decrease in deferred tax assets	(1,706)	(4,386)
Staff leaving indemnities:		
Provision	1,412	2,261
Payment	(1,906)	(1,821)
Increase/(decrease) in other non-current liabilities	(5,065)	(5,381)
	76,515	64,303
Changes in working capital		
Trade and other receivables	10,034	17,298
Inventories	(3,557)	(1,647)
Other current assets	(2,300)	(1)
Trade and other payables	(6,094)	(29,224)
Tax liabilities	531	18,920
Other current liabilities	(28)	114
Provisions	(4,157)	5,558
Changes in working capital	(5,571)	11,018
Net cash from operating activities	70,944	75,321
Investing activities		
Net (investments)/disposals in property, plant and equipment	(4,679)	(5,060)
Net (investments)/disposals in intangible assets	(2,366)	(12,013)
Net (increase)/decrease in equity investments	(457)**	0
Net (increase)/decrease in other equity investments	185	0
Net (increase)/decrease in other non-current receivables	158	71
Net cash used in investing activities	(7,159)	(17,002)
Financing activities		
New bank loans raised	8	0
Issue of share capital	124	146
Additional paid-in capital	3,927	4,692
Changes in treasury stock	(29,555)	(10,243)
Effect of application of IAS/IFRS	758	987
Other changes in equity	(13)	0
Transfer of current portion of medium and long-term debt to current liabilities	(2,504)	(19,590)
Changes in current portion of medium and long-term debt	(17,092)	(2,029)
Dividends paid	(36,956)	(27,534)
Proceeds on sale of pharmaceutical chemicals plant	0	12,634
Change in translation reserve	(2,092)	(1,047)
Net cash from/(used in) financing activities	(83,395)	(41,984)
Changes in short-term financial position	(19,610)	16,335
Short-term financial position at beginning of year *	130,455	156,765
Short-term financial position at end of period *	110,845	173,100
* Includes cash and cash equivalents net of bank overdrafts		
** Acquisition of Jaba companies, price adjustment recognized as Goodwill		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2007

1. GENERAL

The consolidated financial statements at 30 September 2007 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 not changed as compared to that at 31 December 2006 which included the balance sheets of the Portuguese companies acquired at the end of the year. As from 1 January 2007 the income statements of the Portuguese companies were consolidated for the first time. The newly acquired companies are recognized in the accounts in accordance with IFRS 3 and their effect is not yet considered 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 30 September 2006 and at 31 December 2006 were used in the preparation of the financial statements for the period ended 30 September 2007.

3. REVENUE

Net revenue for the first nine months 2007 is € 466.4 million (€ 439.6 million in the same period of the preceding year) and can be broken down as follows:

€ (thousands)	First Nine Months 2007	First Nine Months 2006	Change 2007/2006
Net sales	460,548	435,325	25,223
Royalties	1,971	1,111	860
Up-front payments	2,270	872	1,398
Other revenue	1,618	2,258	(640)
Total revenue	466,407	439,566	26,841

4. OPERATING EXPENSES

Overall operating expenses in the first nine months 2007 are € 365.5 million, compared to € 347.6 million in the same period of the preceding year and are analyzed by function. Staff costs in the first nine months 2007 are € 122.6 million and include a cost for stock options of € 0.8 million. Total depreciation and amortization charges are € 19.7 million, an increase of € 2.0 million over the first nine months 2006.

Other expenses include the payback of € 2.6 million to the Italian national healthcare system in substitution for the 5% price reduction on selected products for the period 1 March 2007 – 29 February 2008 as allowed by AIFA (the Italian Medicines Agency). The amount is based on the 2006 sales of these products and is spread over the applicable period on a straight line basis (see Note 14). Costs of € 1.0 million related to the reorganization of the marketing and sales function were also booked to other operating expenses.

Other operating income includes proceeds of € 1.1 million from the transfer by Jaba Recordati to Clintex Produtos Farmacêuticos of its industrial lease agreement for the production site in Loures, Portugal, and the associated pharmaceutical manufacturing business.

5. FINANCIAL INCOME AND EXPENSE

In the first nine months 2007 and in the same period of 2006 financial items record a net expense of € 3.1 million and € 1.8 million respectively which are comprised as follows:

€ (thousands)	First Nine Months 2007	First Nine Months 2006	Change 2007/2006
Exchange gains/(losses)	(259)	(249)	(10)
Interest expense on loans	(3,856)	(4,097)	241
Net interest on short-term financial position	1,583	3,159	(1,576)
Interest cost in respect of defined benefit plans	(595)	(618)	23
Change in fair value of hedging derivatives	(3,415)	(4,161)	746
Change in fair value of hedged item	3,415	4,161	(746)
Total financial income (expense), net	(3,127)	(1,805)	(1,322)

Net interest on the short-term financial position is significantly lower as compared to the same period of the preceding year due to the strong reduction in the value of investment funds as a result of the recent financial markets' crisis. All investments in funds were disposed of during August and currently liquidity is held in short-term bank deposits.

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. 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 31.12.06	56,741	161,456	33,788	1,960	253,945
Additions	137	956	600	3,418	5,111
Disposals	(35)	(147)	(272)	(32)	(486)
Changes in reporting entities	0	0	0	0	0
Other changes	434	417	206	(1,343)	(286)
Balance at 30.09.07	57,277	162,682	34,322	4,003	258,284
Accumulated depreciation					
Balance at 31.12.06	27,616	125,119	29,294	0	182,029
Additions	1,588	6,953	1,618	0	10,159
Disposals	(3)	(87)	(244)	0	(334)
Changes in reporting entities	0	0	0	0	0
Other changes	0	0	(6)	0	(6)
Balance at 30.09.07	29,201	131,985	30,662	0	191,848
Carrying amount at					
30 September 2007	28,076	30,697	3,660	4,003	66,436
31 December 2006	29,125	36,337	4,494	1,960	71,916

The additions of € 5.1 million refer to investments in the Milan headquarters and in the production facilities at the Campoverde di Aprilia plant.

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 31.12.06	67,713	76,077	14,228	3,983	162,001
Additions	0	1,972	84	305	2,361
Disposals	0	(65)	0	0	(65)
Changes in reporting entities	0	0	0	0	0
Other changes	0	128	(10)	(112)	6
Balance at 30.09.07	67,713	78,112	14,302	4,176	164,303
Accumulated amortization					
Balance at 31.12.06	29,733	27,692	12,086	0	69,511
Additions	3,521	5,183	880	0	9,584
Disposals	0	(21)	0	0	(21)
Changes in reporting entities	0	0	0	0	0
Other changes	0	(38)	(5)	0	(43)
Balance at 30.09.07	33,254	32,816	12,961	0	79,031
Carrying amount at					
30 September 2007	34,459	45,296	1,341	4,176	85,272
31 December 2006	37,980	48,385	2,142	3,983	92,490

The additions during the period of € 2.4 million refer mainly to milestones due as per licensing agreements, in particular by Recordati Ireland Ltd. (€ 1.0 million).

8. GOODWILL

Goodwill at 30 September 2007 is € 130.2 million, an increase of € 0.5 million as compared to the end of 2006 due to an adjustment of the acquisition price of the Jaba companies in Portugal. The excess of the cost of the acquisitions in Portugal after recognition of the net fair value of the identifiable assets, liabilities and contingent liabilities is now of € 35.7 million 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 31.12.06	167,435
Changes in reporting entities	457
Balance at 30.09.07	167,892
Accumulated amortization	
Balance at 31.12.06	37,664
Changes	0
Balance at 30.09.07	37,664
Carrying amount at	
30 September 2007	130,228
31 December 2006	129,771

9. DEFERRED TAX ASSETS AND LIABILITIES

At 30 September 2007 deferred tax assets increase by € 1.7 million as compared to those at 31 December 2006 mainly due to temporary differences resulting from the elimination of unrealized margins on intercompany sales. Deferred tax liabilities increase by € 0.6 million

10. SHAREHOLDERS' EQUITY

Shareholders' Equity at 30 September 2007 is € 367.8 million, an increase of € 1.0 million compared that at 31 December 2006 for the following reasons:

- net income for the first nine months 2007 (increase of € 64.0 million)
- issue of 994,800 new ordinary shares following the exercise of stock options by staff members (increase of € 4.1 million)
- change in the fair value of hedging derivatives (increase of € 0.8 million)
- cost of stock option plans set-off directly in equity (increase of € 0.8 million)
- use of treasury stock for the servicing of stock option plans (increase of € 0.3 million)
- buy-back of 5,060,464 own shares (decrease of € 29.9 million)
- translation adjustments (decrease of € 2.1 million)
- payment of 2006 dividends (decrease of € 37.0 million).

The Company has six 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 30 September 2007 are analyzed in the following table

	Strike price (€)	Options outstanding at 1.1.2007	Options granted during 2007	Options exercised during 2007	Options cancelled or expired	Options outstanding at 30.09.2007
Date of grant:						
13 November 2001	5.2700	271,000	-	(57,000)	0	214,000
30 October 2002	5.1800	445,000	-	(258,800)	0	186,200
14 May 2003	3.6775	483,000	-	(309,000)	(42,000)	132,000
7 April 2004	3.5750	936,000	-	(326,500)	(84,000)	525,500
27 October 2004	4.0550	1,229,500	-	(100,500)	(84,000)	1,045,000
6 April 2006	6.4975	2,610,000	-	0	(235,000)	2,375,000
Total		5,974,500	-	(1,051,800)	(445,000)	4,477,700

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 30 September 2007, 11,658,355 shares are held as treasury stock as compared to 6,654,891 at 31 December 2006. The difference is due to the purchase of 5,060,464 shares during the third quarter 2007 and the sale of 57,000 shares for the servicing of stock option plans in favor of group employees. The overall purchase cost of the shares held in treasury stock is € 60.2 million.

11. LOANS

Overall, medium and long-term loans decrease by € 23.0 million compared to those at 31 December 2006, including the measurement at fair value of the guaranteed senior notes issued and privately placed in 2004. € 19.6 million were reimbursed during the period and no significant 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;
- 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 30 September 2007 generated a liability of € 7.4 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 30 September 2007 is between 2.85% 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 € 0.3 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 € 0.9 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 30 September 2007 is of € 22.1 million, slightly below that at 31 December 2006

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

The installment due in 2008 for the acquisition of Merckle Recordati, which at 31 December 2006 was stated under this heading, is stated under current liabilities at 30 September 2007.

14. CURRENT ASSETS

Inventories increase by € 3.6 million over those stated at 31 December 2006 in line with business volumes. Trade receivables decrease by € 7.7 million and average days sales outstanding are 74, in line with those at 31 December 2006. The balance of trade receivables at 30 September 2007 of € 115.7 million is stated net of a € 6.0 million bad debt provision which reflects the collection risk connected with certain customers and geographic areas. Other receivables decrease by € 2.3 million compared to those at 31 December 2007.

Other current assets are mainly prepaid expenses. The significant increase of € 2.3 million compared to the balance at 31 December 2006 is to be attributed mainly to the pay-back due by the Italian companies to the national healthcare system in exchange for a suspension of the 5% price cut on selected reimbursable specialties. AIFA (the Italian Medicines Agency) offered pharmaceutical companies the option of suspending the 5% price reduction applied on 1 October 2006 for the period 1 March 2007 to 29 February 2008 in exchange for the payment of 5% of sales realized in 2006. The € 4.5 million amount to be paid back is to be spread over the application period and the prepaid amount at 30 September 2007 is € 1.9 million (see Note 4).

15. CURRENT LIABILITIES

Trade payables, which include invoices to be received, are € 64.1 million, down by € 7.4 million as compared with those at 31 December 2006. Other payables increase by € 1.3 million. The pay-back agreed with AIFA (the Italian Medicines Agency) (see Note 14) for a total amount of € 4.5 million to be paid in three equal installments, in February, June and September has been completed.

Also included under current liabilities is the third installment of the residual liability related to the acquisition of Merckle Recordati due early in 2008 for an amount of € 5.8 million which includes a present value adjustment as required by IAS/IFRS.

Tax liabilities are € 22.6 million and include mainly the provision for income tax for the period.

Tax and other provisions decreased mainly due to the payment of personnel leaving indemnities (€ 4.2 million) following the restructuring of some commercial organizations and the payment of € 1.8 million of the amount provided for to cover the risks related to the presumed liability of Recordati pursuant to decree-law 231/2001.

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 € 0.3 million liability at 30 September 2007. 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. Following the restructuring of the pharmaceutical chemicals operations in 2005 these are now 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 Nine Months 2007	First Nine Months 2006*	Change 2007/2006
Europe	413,740	386,745	26,995
<i>of which Italy</i>	<i>153,145</i>	<i>159,532</i>	<i>(6,387)</i>
Australasia	23,583	24,916	(1,333)
America	15,811	17,114	(1,303)
Africa	13,273	10,791	2,482
Total revenue	466,407	439,566	26,841
<i>* Restated for comparison purposes</i>			

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. This sentence confirms the Company's position that the conversion operation was perfectly legal as well as very advantageous for the savings shareholders, which was supported 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 enquiries are now closed and the preliminary hearing to lodge the petition to close the proceeding as per the aforementioned article 63 of legislative decree 231/2001 has been fixed. The petition relating to the Bari proceedings has already been formalized and the Company is awaiting for the Attorney's Office to fix the next hearing so as to close the proceeding. It is

likely that the proceedings will be definitely concluded within 2007. To comply with the request for compensatory damages and pecuniary penalties connected with these proceedings, an amount of € 2.9 million has been provided for, which is presumed to be sufficient to cover the expected liabilities.

On 29 September 2006 the Company received a notice of tax assessment from the Internal Revenue Service stating that the additional taxes for the fiscal year 2003 would amount to: 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 substantial point of view, and is supported in its position by professional opinion. In February 2007 the Company filed an appeal with the competent Provincial Tax Commission. The Company however, has taken a prudent stance and decided to provide an amount of € 3.8 million to cover the potential liability which may arise from the litigation.

19. INTERCOMPANY TRANSACTIONS AND RELATED ISSUES

Intragroup sales and services recorded during the first nine months 2007 are € 118.9 million and relate mainly to sales of pharmaceutical products. Intragroup interest income accrued during the period is € 6.6 million.

During the period, Recordati Ireland Ltd. declared a dividend of € 20.0 million, Recordati S.A. Chemical and Pharmaceutical Company declared a dividend of € 21.0 million, Bouchara Recordati S.a.s. declared a dividend of € 11.0 million, Laboratoires Bouchara Recordati S.a.s. declared a dividend of € 6.0 million, Merckle Recordati GmbH declared a dividend of € 3.0 million and the Swiss company Recordati S.A declared a dividend of CHF 0.2 million.

At 30 September 2007, intercompany accounts amount to € 256.6 million, the most significant of which are:

- loans from Recordati S.A. Chemical & Pharmaceutical Company to Recordati S.p.A. of € 80.6 million;
- loans from the parent Recordati S.p.A. to the subsidiary Recordati España S.L. of € 74.1 million;
- receivables by Recordati S.p.A. from its subsidiaries for the supply of goods and services totaling € 16.0 million;
- loans from the parent Recordati S.p.A. to Jaba Recordati S.A. of € 9.4 million;
- receivables by Recordati S.p.A. from Bouchara Recordati S.a.s. in respect of dividends declared of € 11.0 million;
- receivables by Recordati S.A. Chemical and Pharmaceutical Company from Recordati Ireland Ltd. of € 10.0 million in respect of half the amount of dividends declared;
- loans from Recordati S.A. Chemical & Pharmaceutical Company to Merckle Recordati GmbH of € 4.0 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 liabilities include an estimated net tax due amount of € 5.1 million payable to the controlling company Fimei S.p.A. as a consequence of participation in a tax consolidation grouping under tax laws in Italy.

RECORDATI S.P.A. AND SUBSIDIARIES
 SUBSIDIARIES INCLUDED IN THE CONSOLIDATED ACCOUNTS
 AT 30 SEPTEMBER 2007

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	25,926,182.00	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	42,000,000.00	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>Dormant</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

Consolidated Companies	Head Office	Share Capital	Currency	Consolidation Method
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
RECORDATI HELLAS PHARMACEUTICALS S.A. <i>Marketing and sales of pharmaceuticals</i>	Greece	2,000,000.00	Euro	Line-by-line
JABA RECORDATI S.A.* <i>Development, production, marketing and sales of pharmaceuticals</i>	Portugal	1,600,000.00	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
* Acquired during 2006 – Balance Sheet consolidated in 2006, P&L consolidated as from 1 January 2007				

	PERCENTAGE OF OWNERSHIP				Total
	Recordati S.p.A. (parent)	Recordati S.A. (Luxembourg)	Bouchara Recordati S.a.s.	Recordati España S.L.	
RECOFARMA S.R.L.	100.00%				100.00%
INNOVA PHARMA S.P.A.	100.00%				100.00%
RECORDATI ESPAÑA S.L.	90.70%	9.30%			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.	4.75%	95.25%			100.00%
JABA RECORDATI S.A.*				100.00%	100.00%
JABAFARMA PRODUTOS FARMACÉUTICOS S.A.*				100.00%	100.00%
BONAFARMA PRODUTOS FARMACÉUTICOS S.A.*				100.00%	100.00%
<i>* Acquired during 2006 – Balance Sheet consolidated in 2006, P&L consolidated as from 1 January 2007</i>					

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 30 September 2007 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.

RECORDATI

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