

Kedrion Group - Annual Report 2008



Letter from Paolo Marcucci

During 2008 the Kedrion Group successfully continued with its expansion plan, reinforcing its leadership in the Italian market and increasing penetration into foreign markets, especially those in the European Union. Composed of nine companies based in the Europe, the United States, Mexico, and a presence in more than 40 countries, the Kedrion Group has profitability in line with that of the main worldwide players in the sector.

The 2008 fiscal year concluded with a 22% increase in revenues with respect to the previous fiscal year, equalling an overall total of 221 million euros (181 million in 2007) with an EBITDA margin, net of non-recurring items, that went from 51 million in 2007 (28.3% EBITDA margin) to 63 million in 2008 (28.6%).

The results from the European market are of particular interest, achieved mainly through the consolidation of the activities from the production plant in Hungary that recently became part of the Group, as well as the results from the segment relating to the collection and sale of plasma resulting from the acquisition of new collection centres in the United States and Europe and the expansion of our current centres. This has allowed the Kedrion Group's foreign sales to become 30% of its total sales.

This solid performance is associated with our constant commitment to continued improvement and the strengthening of our policy of excellence with regard to the production process, products and service, while also allowing us to utilize the vast amount of positive experience we have gained through collaborations with Institutions and Industry in order to make our contribution to self-sufficiency in the plasma-derived products sector more effective.

We intend to continue in our goal of strengthening our presence in international markets, to increase our production capacity and efficiency, to guarantee the continuous and increased supply of plasma and to create new products to meet the therapeutic indications proposed by the scientific world.

We will continue to make further investments in people, innovation and research because we are convinced that the spreading of knowledge and better organizational models help to characterize the market and to maintain an active development policy in the sector.

On a global level, ensuring that plasma-derived medicinal products are available in sufficient quantities to sustain the correct therapeutic treatment is an objective that has indisputable and invaluable social value.

This principle represents the foundation of our corporate culture.

Paolo Marcucci
President and CEO of Kedrion S.p.A.

Annual Report 2008 - Table of Contents

About Kedrion	6
Company Structure	6
Milestones	8
Organization Chart	10
Top Management	16
Key Data 2006-2008	19
Financial Indicators	20
Business Areas	25
Distribution of Revenue	26
Distribution of Sales by Business Area	27
Distribution of Sales by Geographic Area	28
Geographic Presence	29
Product Portfolio	31
Haemophilia and other Bleeding Conditions	34
Critical Care	36
Immunodeficiencies and Immune-mediated Conditions	38
Other Products	40
Research & Development	43
Global Excellence	49
Quality	50
Certifications	52
Social Responsibility	53
Strategy for the Future	55
Kedrion in the World	59
Financial Data	67

About Kedrion

Kedrion is a biopharmaceutical company specialising in the development, production, marketing and distribution of plasma-derived medicinal products.

Because of its expertise, the company plays a leading role in Italy, in Europe and worldwide.

The company's competitive edge relies on the quality of its products, its relentless commitment to research and development, its substantial industrial capacity, as well as its established position in the domestic and international markets.

In Italy, Kedrion partners with the National Health Service to achieve self-sufficiency in terms of plasma-derived medicinal products. Its expertise is also put to use in strategic partnerships with health institutions in other countries.



Company Structure

The Kedrion Group is composed of:

- Kedrion S.p.A. (Italy) the parent company, specializes in the research, development, production, sale and distribution of plasma-derived products.
- Human BioPlazma Kft (Hungary) active in the production and sale of plasma-derived products.
- KED Pharmaceuticals AG (Austria) specializes in the distribution of the Kedrion Group's products in the EU and Switzerland.
- Kedrion Swiss S.ar.l. (Switzerland) specializes in the sale of products in Switzerland.
- Kedrion Mexicana S.A. (Mexico) specializes in the distribution of the products in Mexico.
- Haemopharm Inc (US) has the specific task of plasma procurement for the Kedrion Group in foreign markets (US, Germany and Austria).
- Advanced Bioservices Llc (US) is directly involved in plasma collection in the United States and selling it in foreign markets.

- Plazmaferezis Center Medical Services Pbc (Hungary), owner of two plasma collection centres in Hungary.
- KED Plasma GmbH (Germany), manages three plasma collection centres in Germany.

Kedrion’s registered office is based in Castelvecchio Pascoli, near Lucca, in Tuscany.

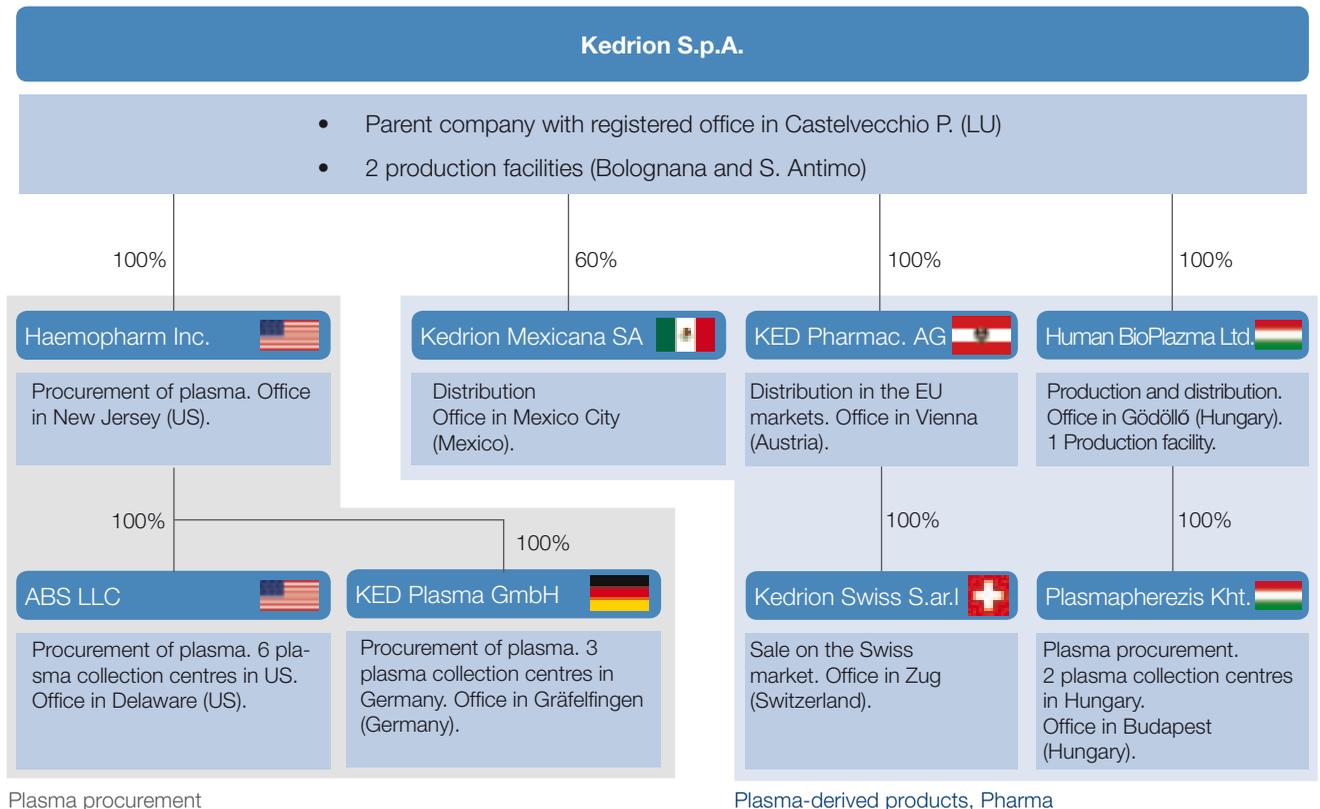
The Group has three authorized pharmaceutical manufacturing facilities:

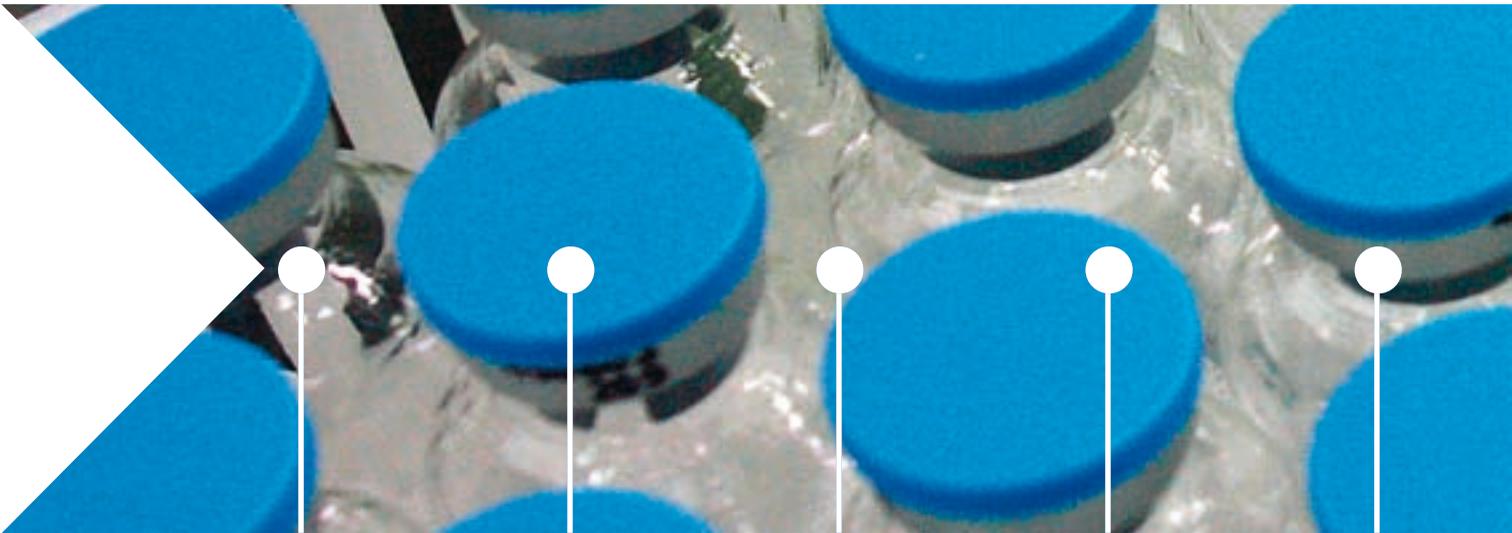
1. Bolognana, near Lucca (Italy);
2. S. Antimo, near Naples (Italy);
3. Gödöllő, near Budapest (Hungary).

The specific areas of expertise of each subsidiary enables Kedrion to offer its partners and healthcare institutions a complete, integrated approach to plasma-derived products.

Because of its vast expertise, Kedrion is able to **manage the entire plasma transformation cycle**, from collection to the distribution of plasma-derived products.

Structure of the Group





January 2008

- Direct management of the Human Bioplazma subsidiary (Hungary).

April 2008

- Kedrion starts the Mutual Recognition Procedure for UMAN BIG (Kedrion anti-hepatitis B immunoglobulin, intramuscular).

June 2008

- Construction of Ked Plasma and Ked Mexicana.
- Kedrion withdraws its consideration for being quoted on the stock market un Star segment due to the international financial crisis.

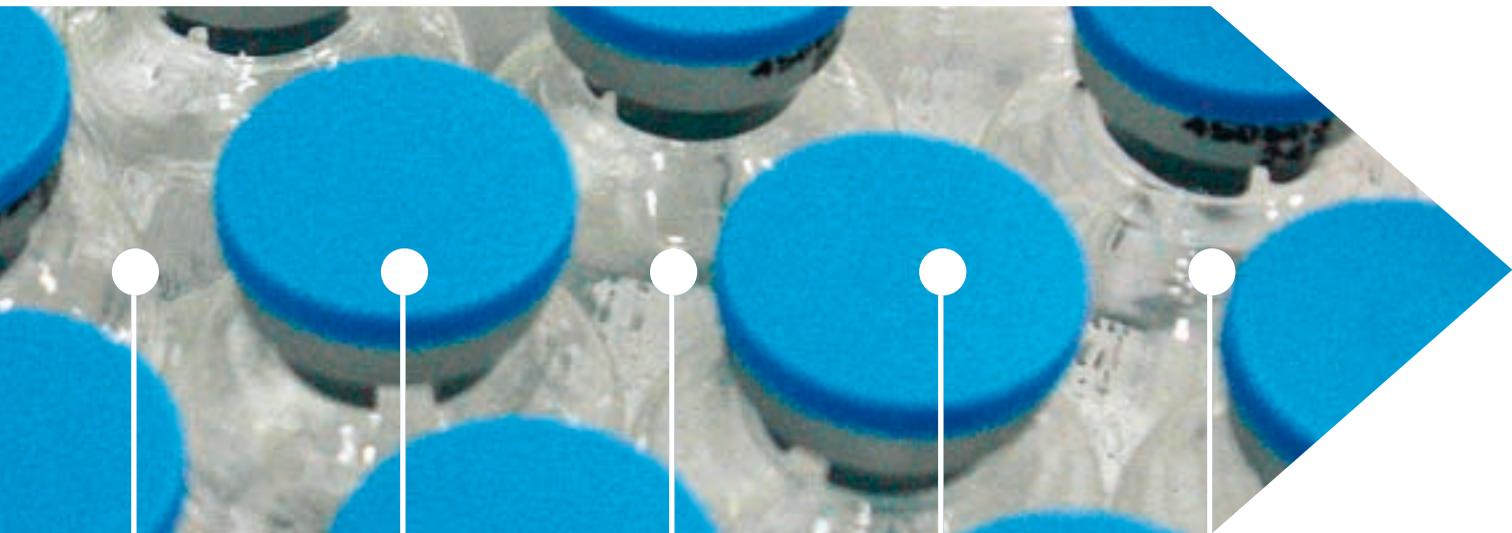
February 2008

- Kedrion signs its second technology transfer agreement in Russia for the creation of a fractionation centre in Moscow.

May 2008

- Kedrion concludes the authorization process of four new departments in the Bolognana production facility (Lucca):
 - new plasma storage and handling department;
 - new albumin production plant;
 - new area for the aseptic bottling and lyophilization of coagulation factors;
 - new department dedicated to the storage of raw materials and a new Quality Control Area.
- Establishment of Kedrion Swiss.

- Kedrion centre



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October 2008

- Kedrion finishes the Mutual Recognition Procedure for VENBIG (Kedrion's anti-hepatitis B immunoglobulin, intravenous) and begins national procedures in the European countries involved.
- Kedrion launches the New Organizational Model.
- Kedrion acquires the remaining 50% of ABS.

December 2008

- Kedrion finalizes an agreement with the Bavarian Red Cross ("BSD") for the purchase of plasma collection centres in Ingolstadt and Bayreuth.

September 2008

...on opens a new plasma collection
...in Debrecen, Hungary.

November 2008

- Kedrion opens the new plasmapheresis centre in Fürth, Germany.
- Kedrion begins clinical studies on fibrin glue.

January 2009

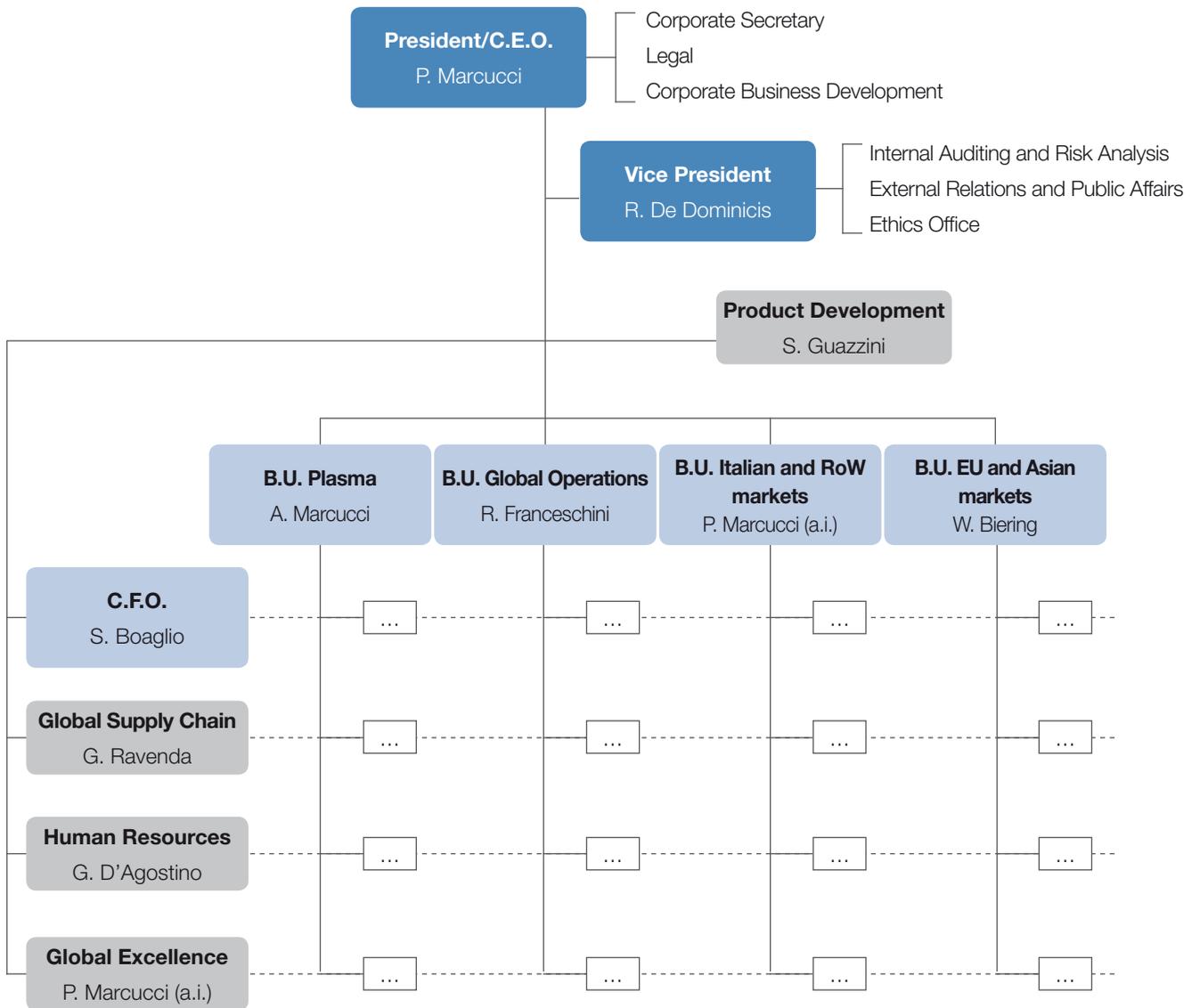
- Kedrion receives authorization for the Sant'Antimo facility, with regard to:
 - new bag filling machine in the inactivated plasma department;
 - new raw material/packaging material warehouse and new finished product storage cell;
 - production of experimental medicines, particularly: the production of small volume liquids.

Organization Chart

The upcoming years will involve changes and challenges; to meet these needs Kedrion has provided a new organizational structure designed to protect the entire value chain.

The new company structure provides an organization that targets the achievement of specific strategies:

- Maintaining of the leadership role in the Italian market and development in foreign markets.
- Growth in the direct collection capacity of plasma (vertical integration) to ensure a continuous and increasing supply.
- Continuous product and process innovation.
- Maximizing of the results that can be obtained through the integration of Human BioPlazma.
- Increase in production capacity in order to meet growing future needs.



Plasma B.U.

“Continuously protecting the upstream supply chain to ensure a steady and increasing supply of plasma”.

Andrea Marcucci
Director of the Plasma B.U.



A. Marcucci

Over these past few years the Kedrion Group has begun a series of initiatives designed to ensure almost total coverage of its plasma needs.

A specific Business Unit (Plasma B.U.) was created for this where Haemopharm (as well as its ABS and Ked Plasma subsidiaries) currently manages:

- 6 of its own centres in the United States (one in California, two in Tennessee, one in Virginia, one in Florida and one in Alabama), for a total of more than 210,000 litres collected in 2008. All centres have been authorised by both the European (EMEA) and American (FDA) regulatory agencies.
- 3 centres in Germany, all in Bavaria, two of which were acquired from the Bavarian Red Cross (BSD) and one that was recently opened and is now operational.
- Some long-term agreements with specialised operators in the plasma sector for the exclusive supplying of plasma collected in their centres, as well as contracts for the purchase and sale of plasma, both standard and hyperimmune grade, on the open market. These acquisitions are intended to meet the remaining plasma needs while the sale of plasma mainly relates either to contracts that are already in effect at recently acquired centres or to special types of plasma that cannot be used at the Group’s production facilities (i.e. for products not on the price list).

The investments made in the Group’s centres, both from a technological and a human resources standpoint, have allowed collection quality and efficiency to improve, confirming the Group’s objective for 2009 of an increase in the total volume collected.



Plasmaferesis Center Medical Service - Budapest

Markets B.U.

“Maintaining of the leadership role in the Italian market and development in foreign markets”.

Paolo Marcucci Director of Italy and RoW B.U. (a. i.)

Wolfgang Biering Director of EU and Asia B.U. - G. M. Ked Pharmaceuticals and Human BioPlazma



P. Marcucci

Kedron's leadership in Italy is based on a profound knowledge of the national market, the amplitude and quality of its product portfolio, on stable, trustworthy and consolidated relationships with the Regions, on a market presence secured by a qualified sales force, on a logistics and IT network that can provide excellent coverage for the entire country and on the image and reputation of the Kedron name, which is synonymous with quality, safety, reliability and technological excellence.

The Kedron Group began a systemic international development policy a few years back, which has allowed its exports to increase from 14% in 2005 to 30% in 2008, and was at 40% for the first quarter of 2009. This strategy was implemented through:

- The establishing of **KED Pharmaceuticals**, as a distribution platform for the European Community countries as well as Switzerland, with activity predominantly in Austria, Germany and Greece.
- The addition of the Hungarian company **Human BioPlazma** to the Group, with sales in Hungary and in ASIA.
- The reinforcing of Kedron's presence in certain **Eastern European** countries (non EU countries, mainly the Balkans), in **Latin America**, where a special company was recently created for the direct distribution in Mexico, as well as some **Middle Eastern** countries (the main markets are Iran and Turkey) and **Africa**.
- The medium-term strategy for entering the **North American market**, first with the sale of albumin and then with the launch of next generation immunoglobulins, is currently being developed.
- The development of new markets, especially in emerging countries or where the use of plasma-derived products is still not widespread, through **Technology Transfer** projects or rather the assistance and development of **Contract Manufacturing** projects for national plasma.



W. Biering (centre of the photo) and the staff of Ked Pharmaceuticals - Vienna

Global Operations B.U.

“Constant expansion of the production capacity with more EU facilities perfectly integrated to optimize the production quality and quantity”.

Rodolfo Franceschini

Director of Global Operations B.U.



R. Franceschini

The Global Operations B.U. plays a key role in Kedrion’s growth and internationalization strategy, ensuring know-how, production capacity, a range of products with certified quality as well as upstream and downstream integrated logistics services. The B.U. manages and coordinates an industrial fractionation process that equals more than 1.2 million litres of plasma, with more capacity available for the purification and filling of plasma protein. The industrial activity is mainly carried out in the Bolognana and Sant’Antimo facilities in Italy and secondarily in the Gödöllő facility in Hungary, which became part of the Group on January 1, 2008. The production facilities meet very high quality standards and allow the company to compete on an international level. The Business Unit will soon be busy with a series of very important projects:

- To reach a target fractionation capacity of 2 million litres of plasma, through quantitative-qualitative growth and integration of its production sites and the maintaining of long-term agreements with other industrial partners.
- To continue with cultural, organizational and process renovation through the sharing of objectives and responsibilities with management.

In particular:

Hungary

- A new industrial production line by 2011, similar to the Bolognana model (Technology Transfer), to increase fractionation capacity by 300-400,000 litres of plasma. This investment will allow the company to have even more intermediate product available to send to Bolognana, to increase the finished product output capacities. New quality control and logistics buildings will also be built at Gödöllő.
- Subsequent increase of the Hungarian production site to amplify the purification, filling and output capacities of finished product.

Italy

- New system for the production of 10% next generation immunoglobulins using a new chromatographic process, which will also be a cultural and organizational challenge to increase Kedrion’s competitiveness and further increase production capacity.
- New sterile area equipped with three new lyophilizers that can increase the production capacity of lyophilized products by 50%.

- Significant increase in the logistics area to provide upstream and downstream storage and packaging for the greater amount of products due to the increased production capacity.

FDA

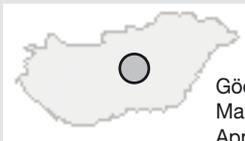
- By 2010, request for an audit to obtain the BLA (Biological License Application) for the first product to be put on the United States market - albumin.
- That is followed by obtaining FDA authorizations to introduce the next generation immunoglobulins to the U.S. market.

Technology Transfer

- Continuous commitment to the transfer of technological expertise inside and outside the Group's facilities to encourage business relations and partnerships with industrial and institutional players on an international level.

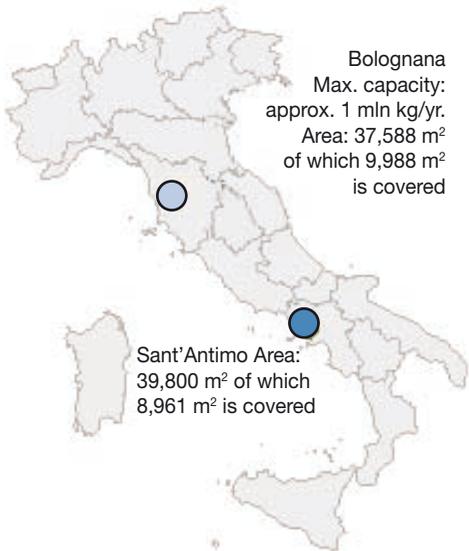
Authorized pharmaceutical manufacturing facilities

The Group has three authorized pharmaceutical manufacturing facilities:



Gödöllő, Hungary
Max current capacity:
Approx. 200,000

The acquisition of Human BioPlazma Kft added approximately 200,000 kg of annual fractionation capacity with a possible increase up to 550,000 kg within the next few years.



Bolognana
Max. capacity:
approx. 1 mln kg/yr.
Area: 37,588 m²
of which 9,988 m²
is covered

Sant'Antimo Area:
39,800 m² of which
8,961 m² is covered

The Bolognana facility is Kedrion's main manufacturing plant and has obtained regulatory approval from the respective authorities in Italy, EU, Brazil, Iran, Mexico, the Persian Gulf states and Saudi Arabia. The facility was completely renovated and expanded in 2001, obtaining the highest quality standard in the industry (max. fractionation capacity: approx. 1 million kg per year).

The Sant'Antimo plant is the Kedrion Group's main centre for the production of hyperimmune immunoglobulins and inactivated plasma. The facility has obtained regulatory approval from the respective authorities in Italy, the EU, Brazil and Mexico.

Top Management

Paolo Marcucci

President and CEO

Degreed in Business Economics from the Università degli Studi in Pisa, he obtained his Masters in Business Administration in 2006 from the Grand Ecole Edhec di Lille in Nice, France. He has been the Group's Chief Executive Officer since 2006. He is also a member of the Global Board of Directors for PPTA, a member of the Board of Directors for the Banca del Monte di Lucca and is part of the Confindustria Council of Lucca as well as Farindustria (National Association of the Pharmaceutical Industry).

Rodolfo De Dominicis

Vice President

He has a degree in Aeronautical Engineering from the Università di Napoli, and a Masters in A.P.R. from the University of California (Berkeley). He has held numerous academic positions at different universities, both in Italy and abroad, is the author of many publications and collaborates with numerous scientific magazines. He joined the company in 2001 and is currently in charge of Internal Auditing and Risk Analysis, Internal Communication and Foreign Relations, and the Ethics Office.

Andrea Marcucci

Director of the Plasma Business Unit

Degreed in Political Science from the Università di Bologna, he is currently a senator in the Italian parliament. As CEO of Kedrion in 2001, his primary responsibility was to coordinate the company's expansion abroad as well as the export activities. He was a parliamentarian in the Italian Lower House of Parliament from 1992 to 1994. On May 17, 2006 he gave up his position as C.E.O. of Kedrion because of incompatibility with the job, in the mean time becoming the Undersecretary of Cultural Heritage for the Italian government, a position which he held until February 2008. In October 2008 he became the Director of the Plasma Business Unit and C.E.O. of the Hemopharm Inc. subsidiary with registered office in USA.

Rodolfo Franceschini

Director of Global Operations Business Unit

Degreed in Chemistry, he joined Kedrion in 2000. He has held the position of Director of the Global Operations BU since October 2008. He had various titles from 2000 to 2007, including Technical Director and Director of the Bolognana Facility, Technical Director of Kedrion's Castelvechio Pascoli Facility, Corporate Technical Director and Industrial Director of Kedrion. He worked as Technical Director and Operations Manager for Nycomed Amersham Sorin S.r.l. from 1999 to 2000. From 1993 to 1998 Franceschini held various positions in the Sorin Group's radiopharmaceuticals sector, including Production Director, Director of Research and Development, Production Director, Technical Director of the radiopharmaceuticals unit, Technical Director and Operations Manager.

Wolfgang Biering

Director of the EU and Asia Business Unit

General Manager Ked Pharmaceuticals and Human BioPlazma

He has a degree in Chemistry from the University of Saarbruecken, and received a Masters in Business Administration in 1976. He began his professional career with Rhone Poulenc and from 1979 to 1998 occupied various positions with

Immuno AG of Vienna, where he was Director of Sales and Marketing, CEO, President and a member of the executive board. From 1998 to 2002 he worked for Octapharma AG where he was General Manager, Production Manager, Regulatory Affairs Manager and Director of International Sales. Since 2002 he has been CEO of EPBS GmbH and Puls and President of Ked Pharmaceuticals. Since January 1, 2008 he has been General Manager of Human BioPlazma and has been the Director of the EU and Asia BU since October 2008.

Simone Boaglio

Chief Financial Officer

Degreed in Business Economics from the Università degli Studi in Florence, he began his career with Kedrion in 2001 as Finance and Strategic Control Manager. From 2003 to 2007 he was the Financial Controller and in March 2007 became the company's Chief Financial Officer. He previously worked as a consultant at Deloitte & Touche, Centrosviluppo S.r.l. and at Ceccarelli PIMS & Associati S.r.l..

Stefano Guazzini

Product Development Manager

Degreed in Biological Sciences, he has been the Product Development Manager since October 2008. He was the company's Director of Scientific and Business Development from 2002 to 2008. He began working with the company in 1998 in the production and distribution of plasma-derived products owned by the Marcucci family and held the position of Marketing Director. Since 1973 he has held numerous positions at Immuno S.p.A., among which was Medical Scientific Assistant Manager from 1973 to 1978, Diagnostics Line Manager from 1978 to 1981, Medical Scientific Director from 1981 to 1991 and Co-General Manager from 1991 to 1997.

Giuseppe Ravenda

Global Supply Chain Director

With a degree in Business Economics from the "L. Bocconi" University of Milan, he joined Kedrion in 2002. He began his professional career in 1990 as a Logistics Consultant for I.O.A. S. r. l.. From 1992 to 1998 he was employed at Bolton Alimentari Italia S.p.A. and held the position of Senior Buyer. He worked as Purchasing Manager for Sicor S.p.A. from 1998 to 1999. He held this same role at Knoll Ravizza Farmaceutici S.p.A., BASF AG Healthcare division, from 1999 to 2001 and then became Supply Chain Manager for Abbott Laboratories S.p.A. in 2001.

Giuseppe D'Agostino

Director of Human Resources

Degreed in Business Economics from the Università degli Studi in Florence, he lived in Turin where he began his working career with Fiat Auto S.p.A in 1979. He transferred to Fiat's Florence facility in 1983 where he became part of the Personnel and Organization Department, initially holding the position of Manager of Union Relations and then as Manager of Personnel Training and Development. From 1989 to 1995 he was an officer with the Associazione Industriali di Firenze (Florence Manufacturer's Association) in the field of Industrial Work and Relations. He then held the position of Personnel Manager first at a multinational German company in the Chemical sector (Degussa Group), then at Molteni Farmaceutici S.p.A in Florence. He has been the Human Resources Director at Kedrion since 2004. He also serves as a member of the standing committee for Federchimica and Farmindustria.



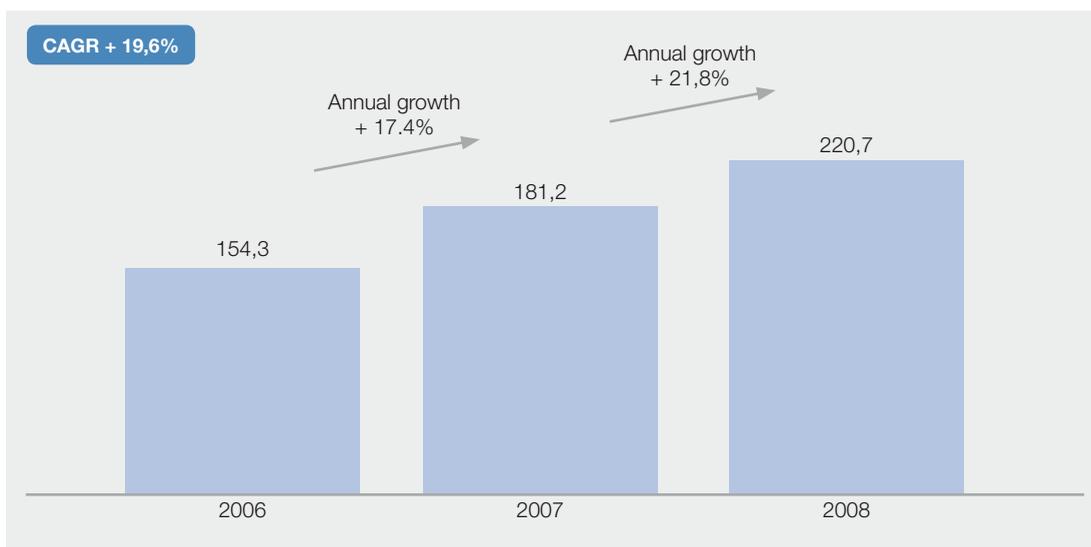
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PHARMACEUTICALS

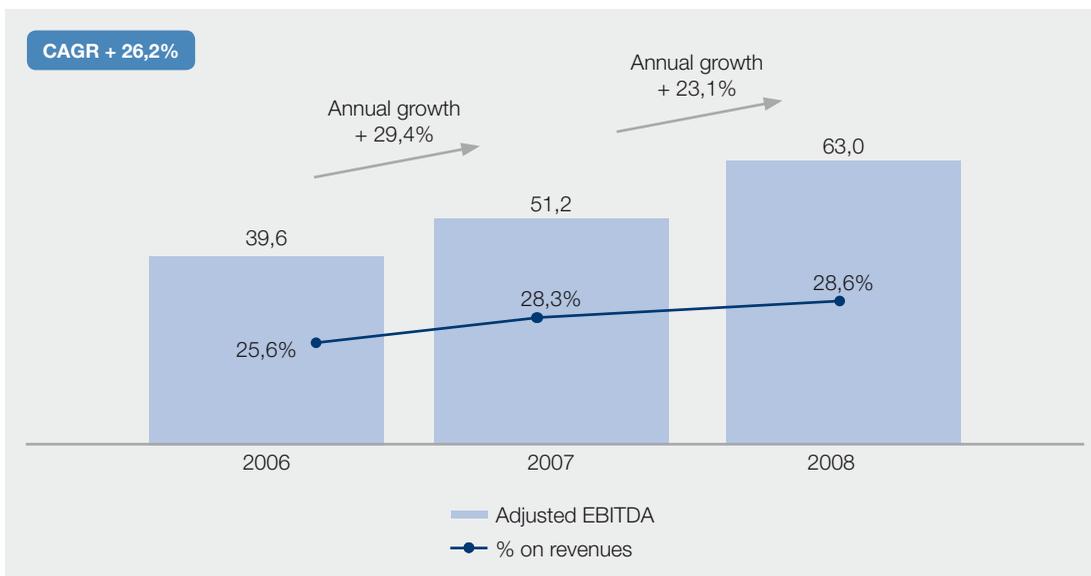
Annual Report 2008 - Key Data* 2006-2008

Financial Indicators

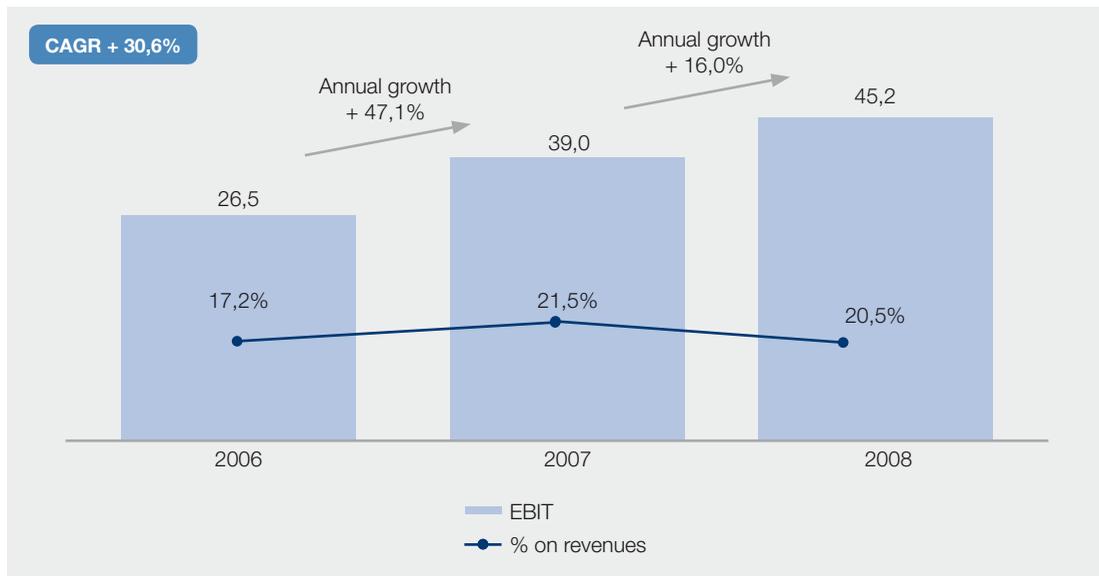
Revenues (€ mln)



Adjusted EBITDA (€ mln) and adjusted EBITDA margin (%)

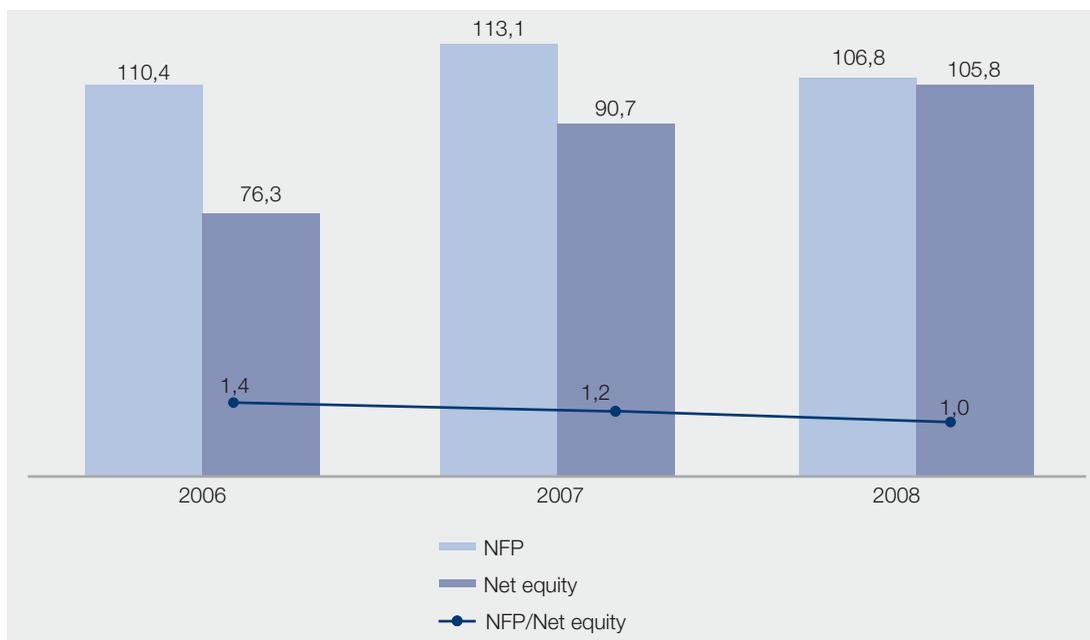


* Data reported in this section is provided in conformance with the IFRS international accounting standards.

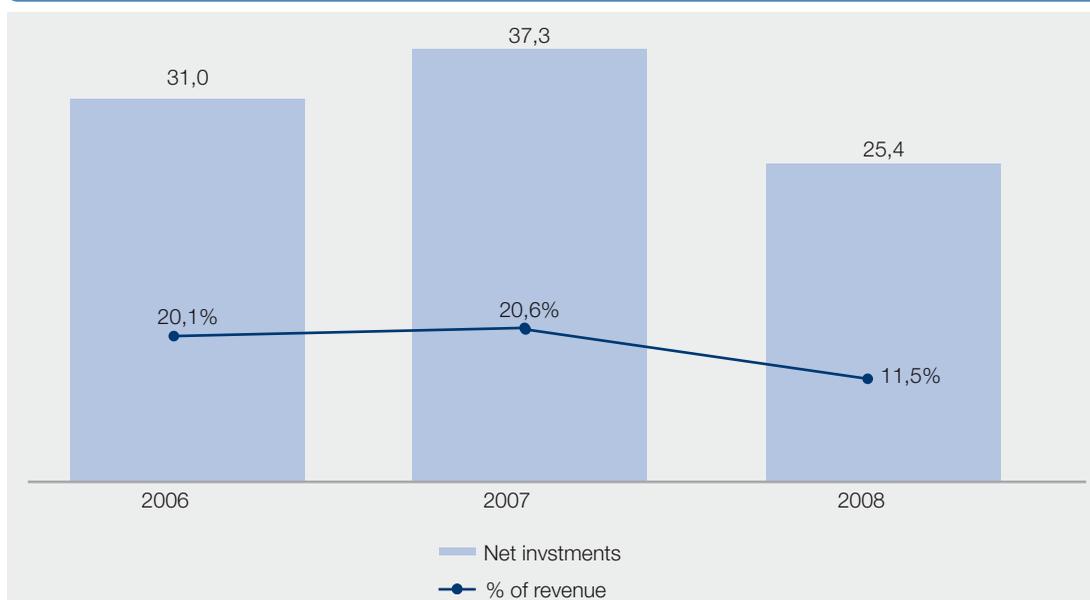

EBIT (€ mln) and EBIT margin (%)


- Increase in total sales (+22%) due to the positive trends in volumes and the market prices of plasma-derived products, the addition of Human BioPlazma and the strong growth seen in the Plasma B.U. due to the acquisition of new centres and new openings.
- Large increase in the cost of the raw material, whose impact was partly offset by continuously making the production process more efficient which, along with an increase in price of some of the main products, has allowed the gross profit to improve.
- EBITDA margin, adjusted for non-recurring items, equal to 28.6% compared with 28.3% for 2007 (23.1% growth).
- Slight reduction in EBIT (from 21.5% to 20.5%) due to the weight of the Plasma B.U., which however had a lower margin than plasma-derived products, and due to an increase in the costs for legal and administrative services sustained for the IPO (non-recurring items), which was later withdrawn.

Net Financial Position (NFP) and Net Equity (€ mln)



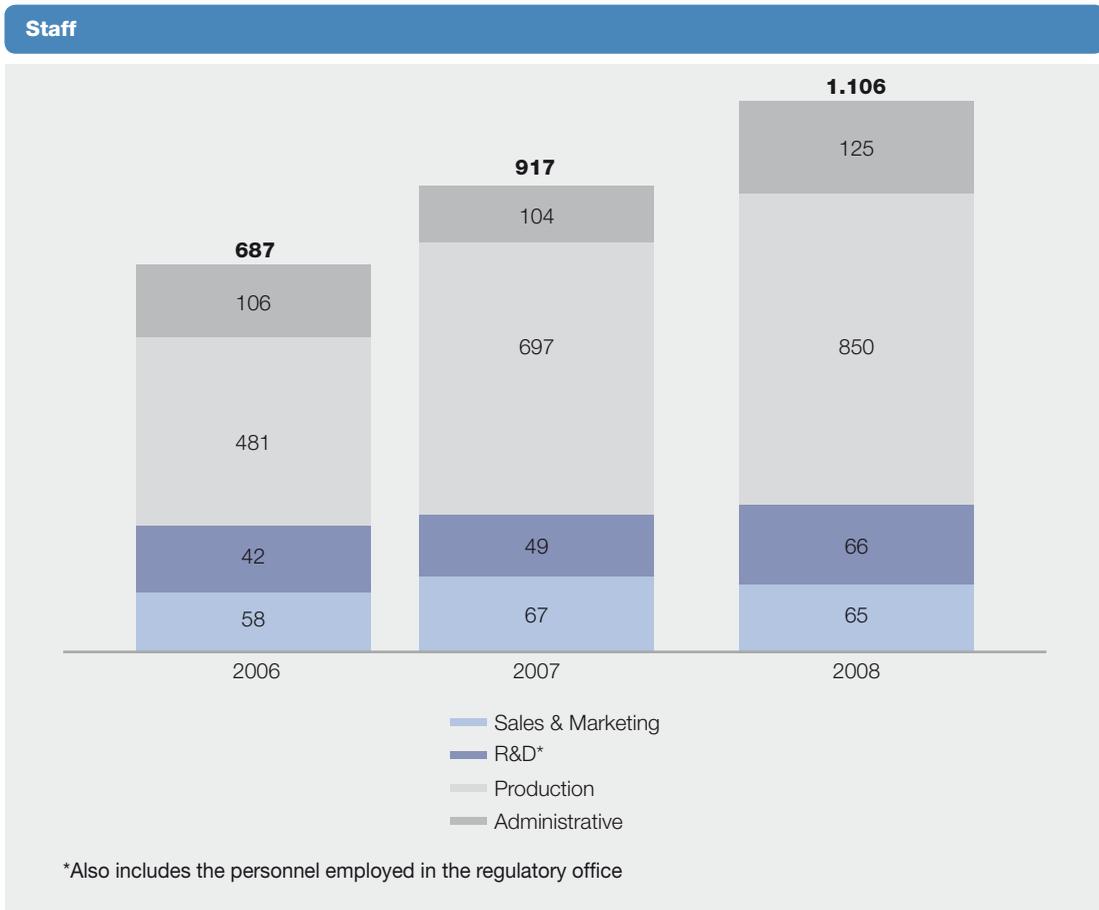
Net investments (€ mln)



- From a financial standpoint, the positive trend over these years has allowed us to obtain continuously increasing net profits that have generated positive operating cash flows. Fiscal year 2008 generated an operating cash flow of almost 40 million euros.
- Global investments in 2008 were 25.4 million euros compared with 37.3 million euros for 2007, the year in which the Hungarian company Human BioPlazma Kft was acquired.
- Besides these investments, thanks to an increase in the operating cash flow and careful financial management, the Group's Net Financial Position dropped from 113 million euros in 2007 to 107 million euros in 2008.



- The increased level of investment over these years has allowed the production plants to constantly undergo technological evolution in order to achieve excellence and to regularly make them more efficient to ensure higher levels of quality and safety than those required by the current regulations. We have also made a serious effort to increase the number of available registrations, which today is more than 288, and markets where Kedrion products can be sold, as well as to keep the supply of plasma safe.

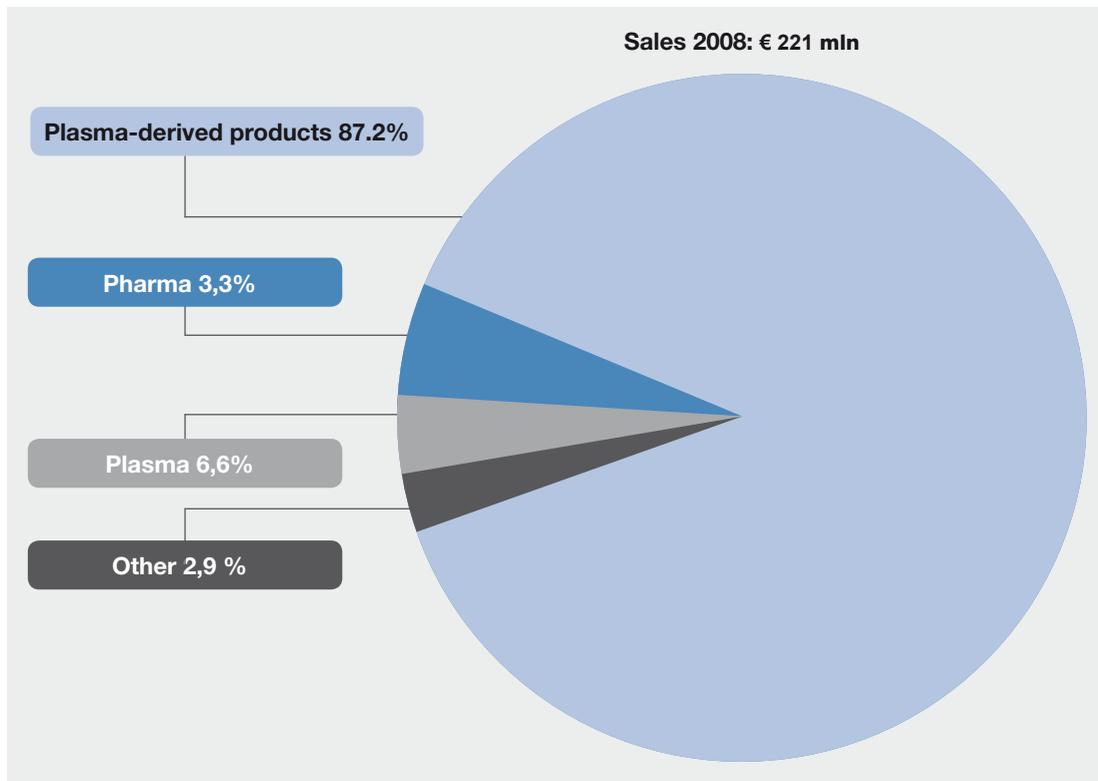


- As a result of the overall growth of the Group over the past years; Kedrion has a qualified workforce of 1106 people (December 2008).



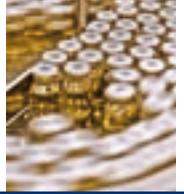
Annual Report 2008 - Business Areas

Distribution of Revenue

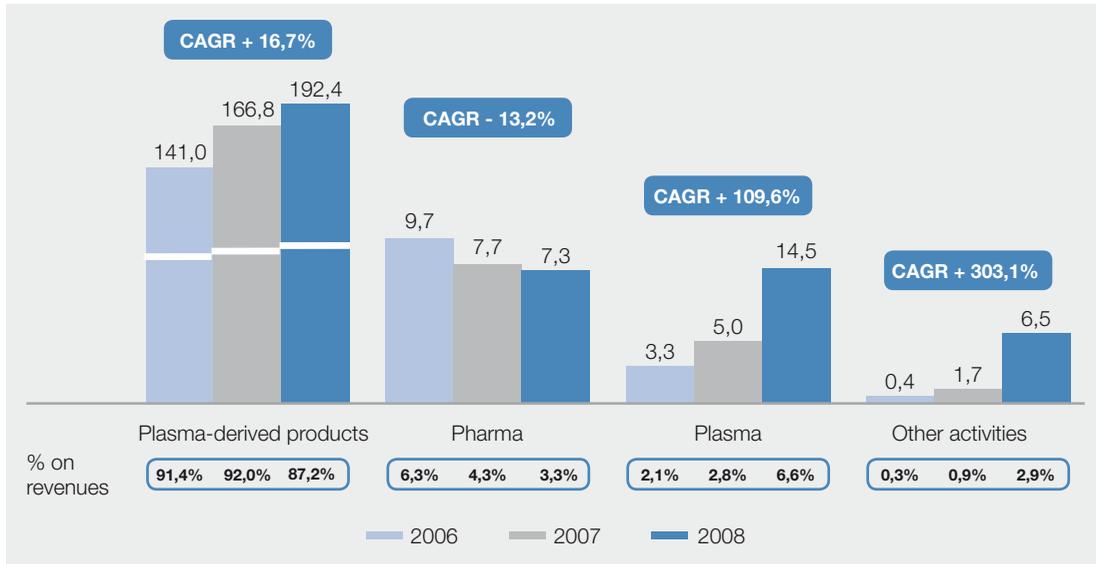


The activities of the Kedrion Group can be divided into four different segments, which relate to:

- Production and marketing of plasma-derived products obtained from the plasma-fractionation process.
- Sale of flu vaccines and synthetic pharmaceutical products (Pharma).
- Plasma collection and sale in foreign markets (Plasma).
- Other activities, in particular technology transfer.



Distribution of sales by business area (€ mln)



“PRODUCTION AND SALE OF PLASMA-DERIVED PRODUCTS” SEGMENT

The revenues from the production and sale of plasma-derived products as of 31 December 2008 were 192.4 million euros (87.2% of total revenue) and have increased 15.4% with respect to the corresponding period for 2007. This increase is the result of the continued positive trend of the national and international plasma-derived products market: for standard immunoglobulin and albumin, the improvement relates both to volumes and prices, while for the other products designed for development on international markets, such as factor IX, the growth mainly relates to volume.

“SALE OF FLU VACCINES AND SYNTHETIC PHARMACEUTICAL PRODUCTS” SEGMENT

As of 31 December 2008 the revenues from this segment equalled 7.3 million euros (equal to 3.3% of total revenue) and saw a reduction of 5.4% with respect to 2007 mainly due to the lowering of the average prices of flu vaccines following an aggressive pricing policy adopted by some competitors.

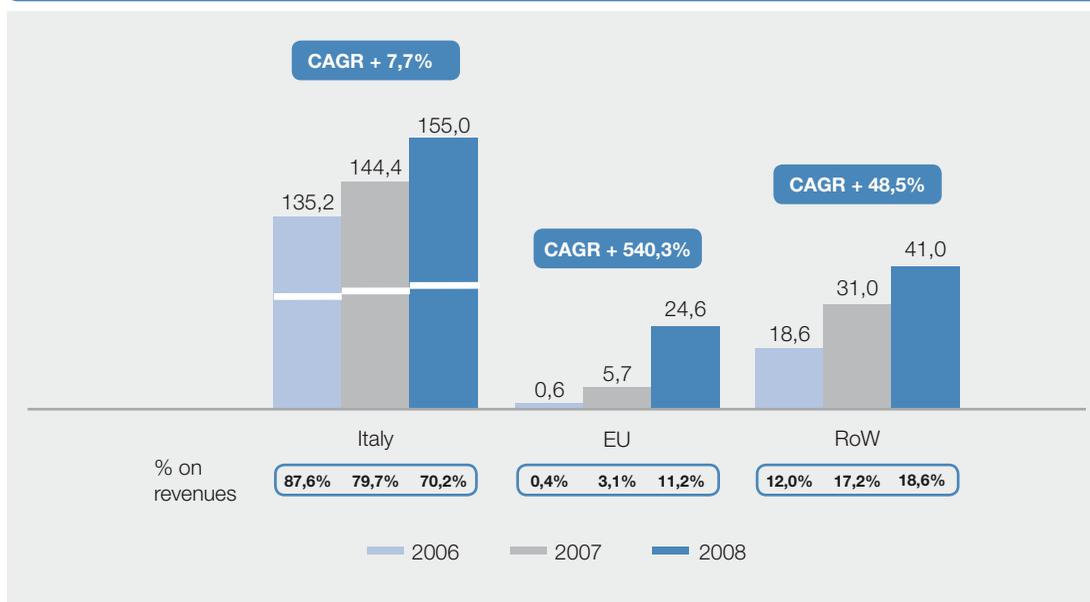
“PLASMA COLLECTION AND SALE” SEGMENT

The revenues from the collection and sale of plasma as of 31 December 2008 were 14.5 million euros (representing 6.6% of total revenue) and have increased 188% with respect to 2007. This sharp increase is mainly related to the increase in collections at our centres in the United States, the opening and acquisition of new centres (as well as the consolidation of ABS in the last trimester of 2008), and the continued collaboration with an operator in the sector to which Kedrion is currently selling plasma in order to purchase successive intermediates.

“OTHER ACTIVITIES” SEGMENT

The revenues of this segment, as of 31 December 2008, were equal to 6.5 million euros with an increase of 289% with respect to the corresponding period from the previous year. This is mainly due to contract manufacturing revenues by Human Bioplazma for Latvia, an operator in the sector and the progression of the technology transfer project stipulated with a European engineering company for the creation of a plant in Russia.

Distribution of sales by geographic area (€ mln)



ITALY

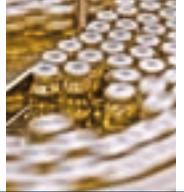
As of 31 December 2008, Italy remained being the main reference market, with total sales equal to 155 million euros, corresponding to 70.2% of the overall revenue. With respect to the previous fiscal year, the revenues in Italy grew by 7.3% thanks to the positive impact of foreign plasma from the increase in price of standard immunoglobulin (+19.4% with respect to 2007), an increase in the sale of alpha-1 antitrypsin, as well as the continued growth in collected volumes of Italian plasma, which has allowed the Italian Regions to make greater amounts of all products available.

EUROPEAN UNION

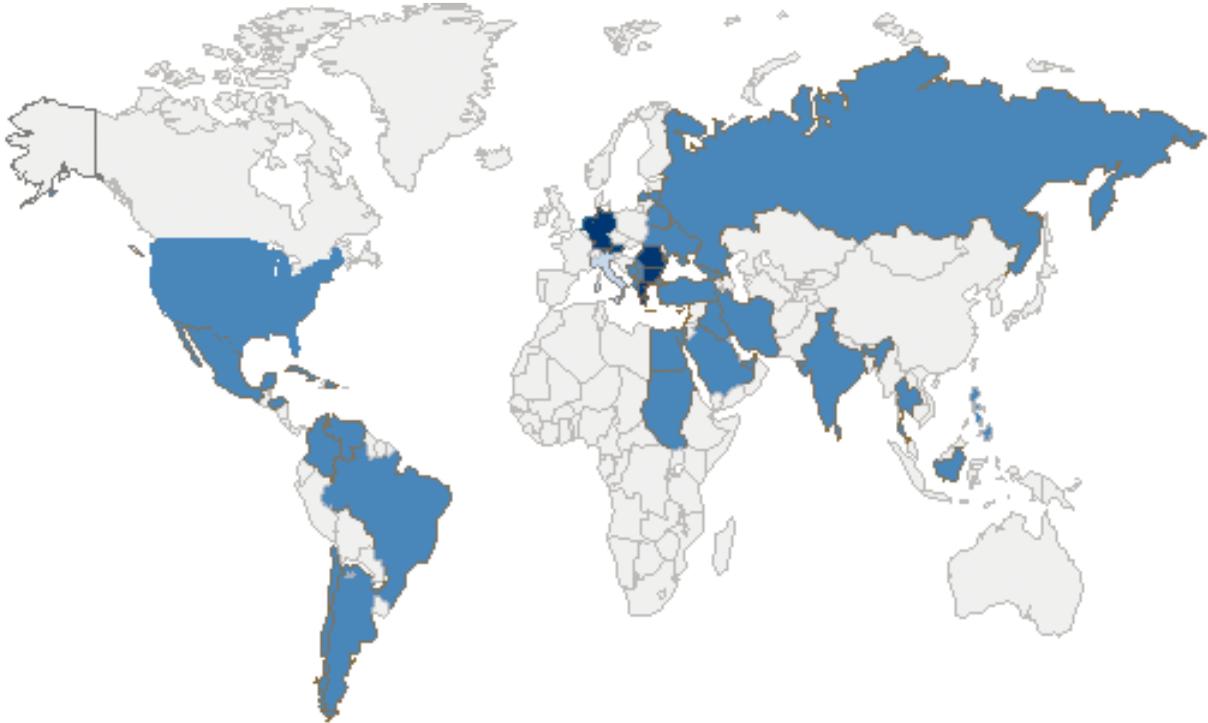
The revenues in the European Union for the year ended 31 December 2008 were 24.6 million euros, and represent 11.2% of total revenue. This increase is mainly related to the start of activities at the Hungarian company Human Bioplazma with revenues in Hungary and Germany and the growth of sales, done by Ked Pharmaceuticals in Greece, Austria, Germany and Malta in order of total sales, with standard immunoglobulin being the most sold product.

REST OF THE WORLD

The revenues for this geographic area for the year ended 31 December 2008 were 41 million euros and represent 18.6% of total revenue. The increase of 32.1% with respect to 2007 comes mainly from the sales of plasma on the American market (Plasma B.U.). However the plasma-derived products market recorded a decline, resulting from the choice of favouring certain European markets and thus allocating greater quantities of product. Iran remains first in terms of total sales and, along with Turkey, Serbia and Russia account for more than 50% of the total revenue.



Geographic presence



Italy: 70.2% of revenues

European Union: 11.2% of revenues

Countries: Austria, Bulgaria, Germany, Greece, Malta.

Rest of the world: 18.6% of revenues

Countries: Albania, Bosnia and Herzegovina, Georgia, Kosovo, Macedonia, Montenegro, Azerbaijan, Russia, Serbia, Ukraine, Cyprus, Turkey, Iran, Lebanon, Morocco, Tunisia, Saudi Arabia, Sudan, United Arab Emirates, Bangladesh, India, Indonesia, Philippines, Sri Lanka, Thailand, Vietnam, Argentina, Brazil, Chile, Colombia, Cuba, Honduras, Mexico, Dominican Rep. and Venezuela, **USA** (sale of plasma).

Note: data obtained from 2008 consolidated revenues.
Source: corporate information



Annual Report 2008 - Product Portfolio

Kedrion Group's Product Portfolio

HAEMOPHILIA AND OTHER BLEEDING CONDITIONS

EMOCLOT

Factor VIII/von Willebrand factor concentrate

HUMAFCTOR-8**

Factor VIII concentrate

AIMAFIX / HUMAFCTOR-9**

Factor IX concentrate

UMAN COMPLEX D.I.

Prothrombin complex concentrate

EMOSINT

DDAVP Desmopressin

PLASMASAFE*

Virus-inactivated plasma

CRITICAL CARE

UMAN ALBUMIN / PLASBUMIN* / ALBITAL / HUMAN ALBUMIN

Human albumin solution

AT III KEDRION

Antithrombin concentrate

K FLEBO*

Potassium aspartate



PRIMARY IMMUNE DEFICIENCIES AND IMMUNE-MEDIATED CONDITIONS

Ig VENA / HUMAGLOBIN

Standard i.v. immunoglobulin

VENBIG

Anti-hepatitis B i.v. immunoglobulin

IMMUNOHBs / UMAN BIG

Anti-hepatitis B i.m. immunoglobulin

TETANUS GAMMA / TETIG

Anti-tetanus i.m. immunoglobulin

IMMUNORHO

Anti-D i.m. immunoglobulin

16% GAMMAGLOBULIN I.M.

Standard i.m. immunoglobulin

OTHER PRODUCTS

INFLUVIRUS F* / ISIGRIP ZONALE SPLIT*

Influenza vaccine – split

ISIFLU*

Influenza vaccine - virosomal

PROLASTINA*

Alpha-1-antitrypsin concentrate

* products only available in Italy

** products only available in Hungary

The Kedron Group's products are the fruit of many years of experience in the plasma fractionation sector and in the purification of intermediate protein fractions. Kedron is committed to differentiating its products through innovation, marketing and quality.

The Kedron Group is a national leader in the production and distribution of a wide range of products derived from human plasma, used for treating patients suffering from diseases that are severely disabling and have a strong social impact, such as haemophilia and immune deficiencies.

Besides the plasma-derived products, which represent the largest part of Kedron's product portfolio, the company also markets vaccines and synthetic medicinal products to complete its range of products.

The Kedron Group's commitment in the sector is also confirmed by the attention it gives towards the possibilities offered through the use of new products and innovative therapeutic strategies.

The products in Kedron's portfolio can be divided into four different therapeutic areas:

1. **Haemophilia and other bleeding conditions**
2. **Critical care**
3. **Immune deficiencies and immune-mediated conditions**
4. **Influenza prevention and other products**

Haemophilia and other bleeding conditions

This therapeutic area includes the Kedron Group's products for the prevention and treatment of congenital and/or acquired clinical conditions associated with abnormal and/or excessive bleeding. The most well known are haemophilia A and B and von Willebrand disease, which are hereditary diseases caused by the absence or low levels of blood proteins that are essential for coagulation.





VW FACTOR / FACTOR VIII CONCENTRATE

Used for the prevention and treatment of haemorrhages in patients suffering from haemophilia A and for the treatment of von Willebrand disease.

EMOCLOT

EMOCLOT D.I.

PLASMACLOT

FACTOR VIII CONCENTRATE

For the prevention and treatment of haemorrhages in patients suffering from haemophilia A.

HUMAFCTOR 8 (produced by Human BioPlazma).

FACTOR IX CONCENTRATE

For the prevention and treatment of haemorrhages in patients suffering from haemophilia B (congenital Factor IX deficiency).

AIMAFIX

AIMAFIX D.I.

HUMAFCTOR 9 (produced by Human BioPlazma).

PROTHROMBIN COMPLEX CONCENTRATE

Containing coagulation factors II, IX and X, it's used in the prevention and therapy of haemorrhages in patients with single or multiple congenital or acquired deficiencies of these factors. It is also used for the emergency treatment of patients with haemorrhages due to the overdose of oral anticoagulants and unknown causes of bleeding.

UMAN COMPLEX D.I.

DESMOPRESSIN (DDAVP)

Synthetic analogue of vasopressin. Effective in the treatment of type 1 von Willebrand disease as well as mild and moderate haemophilia A.

EMOSINT

VIRUS-INACTIVATED PLASMA FOR CLINICAL USE

Mainly used for treating patients with coagulation factor deficiencies, normally after severe bleeding episodes, when concentrates of the specific individual factors are not available.

PLASMASAFE

Critical care

This therapeutic area includes the Kedrion Group's products for the treatment of patients suffering from **serious diseases** that usually require hospitalisation in the **Emergency Department, Resuscitation, Intensive Care, Surgical Wards, etc.**

These clinical conditions may be associated with a plasmatic protein synthesis defect which affects the maintaining of a haemocoagulative or colloidosmotic balance or inadequate or high catabolism.





HUMAN ALBUMIN SOLUTION

Used for the reintegration and maintaining of the circulating blood volume in situations where there is a loss in volume of body fluids (for example in patients with heavy bleeding or burn patients). Albumin is also used for its ability to bind to drugs and nutritional substances and transport them in the blood.

UMAN ALBUMIN 5%, 20%, 25%

ALBUMINA HUMANA KEDRION

ALBUMINA HUMANA SOLUCIÓN ENDOVENOSA

ALBUMINA HUMAN

ALBÚMINA HUMANA SOLUCIÓN INYECTABLE

HUMANALBUMIN 200G/L, 250G/L KEDRION KEDRIONINFUSIONSLÖSUNG

ALBUMINA HUMANA KEDRION 200G/L, 250G/L SOLUCIÓN PARA PERFUSIÓN

UMAN ALBUMIN 20% SOLUTION FOR INFUSION

HUMAN ALBUMIN / KEDRION

ROBUMIN, KEDRIALB, UMAN SERUM, ALBITAL

PLASBUMIN

HUMAN ALBUMIN (produced by Human BioPlazma).

ANTITHROMBIN CONCENTRATE

Used in patients with an antithrombin III deficiency and because of this they are predisposed to an increased risk of thrombosis or thromboembolia, especially in relation to highly critical clinical conditions such as sepsis, burns, polytrauma and consumption coagulopathies.

ATIII KEDRION

SOLUTION CONTAINING AN ORGANIC POTASSIUM SALT

Has an immediate and constant therapeutic action in restoring the body's potassium; it is used for potassium deficiencies and has also been used in treating hypertension, myasthenia gravis, anorexia and cardiac disorders.

K FLEBO

Immune deficiencies and immune-mediated conditions

- This therapeutic area includes the Kedrion Group's products for the **treatment of immune conditions**, when the immune response is poor or missing (primary and secondary immune deficiencies) or abnormal (autoimmune diseases) and in all those diseases or clinical conditions that require a passive immunoglobulin-based prophylaxis. Treatment of these conditions is carried out with two types of products:
- **Standard immunoglobulins:** characterised by the presence of a broad spectrum of antibodies taken from a minimum of 1000 different donations.
- **Specific immunoglobulins:** characterised by a high specific antibody content obtained from plasma from donors immunized against a specific pathogenic agent.





STANDARD IMMUNOGLOBULIN FOR INTRAVENOUS USE

5% concentrate, used in:

- replacement therapy (immunosubstitution) in primary immune deficiencies with antibody deficit;
- immunomodulation (used for autoimmune diseases); ITP - Idiopathic thrombocytopenic purpura in children or adults at a high risk of bleeding or before a surgical operation; Kawasaki Syndrome and; illnesses of the neuromuscular system, such as Guillain Barré syndrome;
- bone marrow transplant.

IG VENA

IG VENA 50G/L INFUSIONSLÖSUNG

IG VENA N .I.V

KEYVEN

KEDRIGAMMA

IG VENA N 5% SOLUCIÓN PARA INFUSIÓN INTRAVENOSA

HUMAGLOBIN (produced by Human BioPlazma).

ANTI-HEPATITIS B IMMUNOGLOBULIN FOR INTRAVENOUS USE

Indicated in preventing relapses of hepatitis B after a liver transplant, as well as in any case where the passive immunoprophylaxis of type B viral hepatitis is indicated.

VENBIG

ANTI-HEPATITIS B HUMAN IMMUNOGLOBULIN, INTRAMUSCULAR

Used in post-exposure prevention in subjects who have not been previously vaccinated or have not completed the vaccination cycle or when the antibody level is inadequate.

IMMUNOHBs

UMAN BIG

INTRAMUSCULAR ANTI-TETANUS IMMUNOGLOBULIN

Used for the cure and prevention of tetanus.

TETANUS GAMMA

IG TETANO

TETIG (produced by Human BioPlazma).

ANTI-D (RHO) HUMAN IMMUNOGLOBULIN, INTRAMUSCULAR

Mainly used for treating haemolytic disease of the newborn.

IMMUNORHO

Other products

The Kedron product portfolio also has a line for the prevention of influenza syndrome, which includes **Isiflu V** and **Isigrip Zonale Split**. The first is an adjuvanted-virosomal vaccine, and the second falls into the category of split vaccines. These products are used for the prevention of influenza, especially in subjects that have a higher risk of associated complications. They are products that have been used for many years now, and therefore have widely proven tolerability and efficacy.

Prolastina, pasteurized concentrate of alpha-1-antitrypsin. Has been used for nearly 18 years in the cure and prevention of respiratory complications related to an alpha-1-antitrypsin deficit, for genetic diseases that clinically appear as chronic bronchitis/chronic obstructive pulmonary disease (COPD), for pulmonary emphysema and liver diseases.



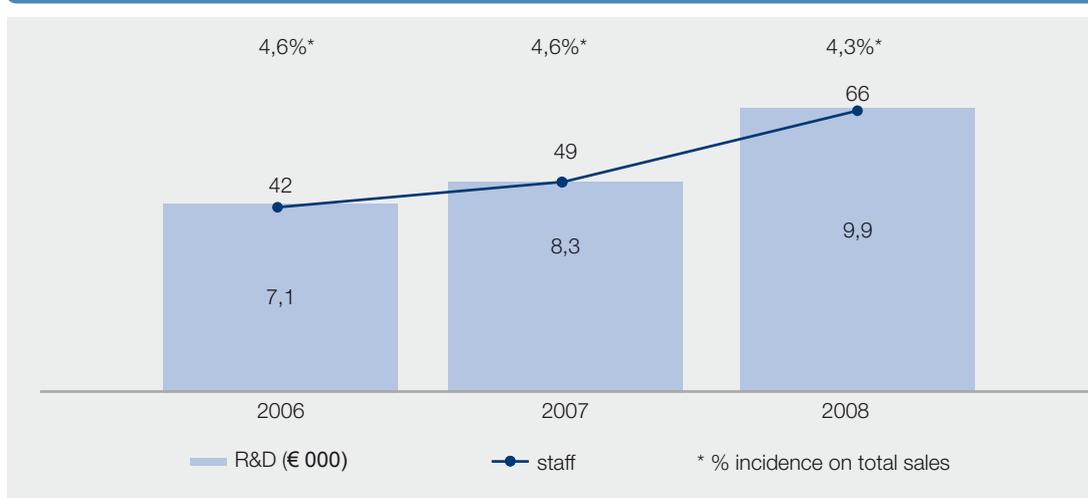


Annual Report 2008 - Research & Development

Research & Development (R&D)

The activity of the Kedrion Group is characterised by a constant attention towards technological innovation, with regard to both the production process and the product, and is the reason why investments are consistently destined for the R&D sector, which in 2008 surpassed 10 million euros, equalling 4.3% of total revenue with a total of 66 employees.

Investments in R&D* and personnel (€ mln); incidence on total sales



* Management data, including expenses incurred in the regulatory field and from investments (capex).

All of the R&D activities, from basic research to the preparation of the registration dossiers until they are obtained, is coordinated by a specific committee (Research and Development Committee), made up of different functions from **Product Development** (which includes Strategic Marketing, Medical Affairs & Pharmacovigilance, Regulatory Affairs) as well as from **Global Operations, Industrial Research and Development, Marketing and Sales Departments and Global Excellence**.

Every project that is examined is carried out in two macro phases:

- the first phase involves the basic research, laboratory development and pre-industrial development and is the responsibility of the “**Industrial Research and Development**” department (which is within the Global Operations Business Unit), headed by Dr. Claudia Nardini;
- the second phase involves the business development, clinical development, regulatory affairs, obtaining of the marketing authorisations, and is the responsibility of the “**Product Development**” department (part of the Managing Director), headed by Dr. Stefano Guazzini.



Global Operations Business Unit

“Investments and projects to ensure Kedrion’s future growth with involved, informed and responsible management”

Claudia Nardini

Industrial Research and Development Manager



C. Nardini

The R&D department plays an important and strategic role for Kedrion, allowing the company to project its future growth and to increase its value. The department is constantly involved in the search for new products, the optimizing of existing products and new applications. Each project is guided and managed by a team of managers from all departments, who are informed, involved and made aware of every project phase from the initial conception to its industrial production, up to the post-marketing analysis.

It is a state-of-the-art department that follows an innovative managerial model focusing on training, participation and the assuming of responsibilities by the company personnel involved.

Some of the Department’s main projects:

Immunology

- New high purity, high yield and concentration immunoglobulins at 10% obtained using a chromatographic production method; the project is supervised by an inter-departmental team where all the concerned managers become involved, participate and assume responsibilities. It is currently in the pre-industrial development stage and preclinical testing is expected to start before the end of 2009.

Rare diseases

- Plasminogen concentrate for ophthalmic use for the treatment of ligneous conjunctivitis in patients with plasminogen deficiency, whereby the development phase has been completed and the preclinical testing has already begun. This is Kedrion’s first venture into the field of rare diseases, for which it has obtained official thanks from the Agenzia del Farmaco (Italian Drug Agency), since it is the only company to respond to this therapeutic need.

Technology transfer

- This process, which began in an organised and systematic manner in 2005, has been applied internally to the Godollo and Naples facilities, and externally for two new facilities in Russia.

BioSC (Biological Safety Center)

- New safety centre in the biological, biotechnological and food sector that is able to:
 - perform short/medium term safety studies for the certification of Kedrion products, something that is currently being outsourced to European companies;
 - become a reference point in Italy and Europe in the medium/long term for companies of the interested sectors.

Relations and collaborations

- With universities and the scientific community through:
 - financed projects relating to pure research, product research or the industrialization of pilot plants;
 - active and educational participation in specialized Masters classes
- With industrial companies and associations, through agreements and active participation in meetings and conventions.



Product Development

“Ongoing commitment to improving the quality of Kedrion products with attention towards projects with important social value in the field of rare diseases”

Stefano Guazzini
Product Development Manager



S. Guazzini

The Product Development activities relate to the finalization of Industrial Research and Development projects as well as to the clinical development of products in the portfolio.

Among the main projects that have just been completed or are still ongoing, we can mention:

Immunology

- **Anti-hepatitis B immunoglobulin, intramuscular** (IMMUNOHBs), where the clinical trial in patients who underwent a liver transplant has just finished, providing results in line with the indication for this preparation.
- **The study on the treatment of CIDP** (Chronic Inflammatory Demyelinating Polyneuropathy) with Kedrion's IG Vena i.v. immunoglobulin has concluded, providing results in line with the product's specific indication.

Coagulation

- **SIPPET Study** (Survey of Inhibitors in Plasma-Product Exposed Toddlers) in which Kedrion will participate with its product, designed to evaluate the incidence of inhibitor development in haemophiliacs treated with plasma-derived or recombinant Factor VIII. This survey will last approximately 6 years and will involve about 300 “virgin” patients, who have never before undergone replacement therapy with F VIII.

Rare diseases

- **Plasminogen concentrate for ophthalmic use for the treatment of ligneous conjunctivitis** in patients with plasminogen deficiency, whereby the preclinical testing has already begun.

Biosurgery

- **Fibrin Glue**, where the clinical testing phase has begun in both pulmonary and hepatic surgery.
- **Platelet Gel** is a standardised human platelet-based industrial preparation in development phase that has shown to be effective in treating cutaneous ulcers when mixed with certain coagulation factors, and has received positive indications to continue by healthcare authorities.



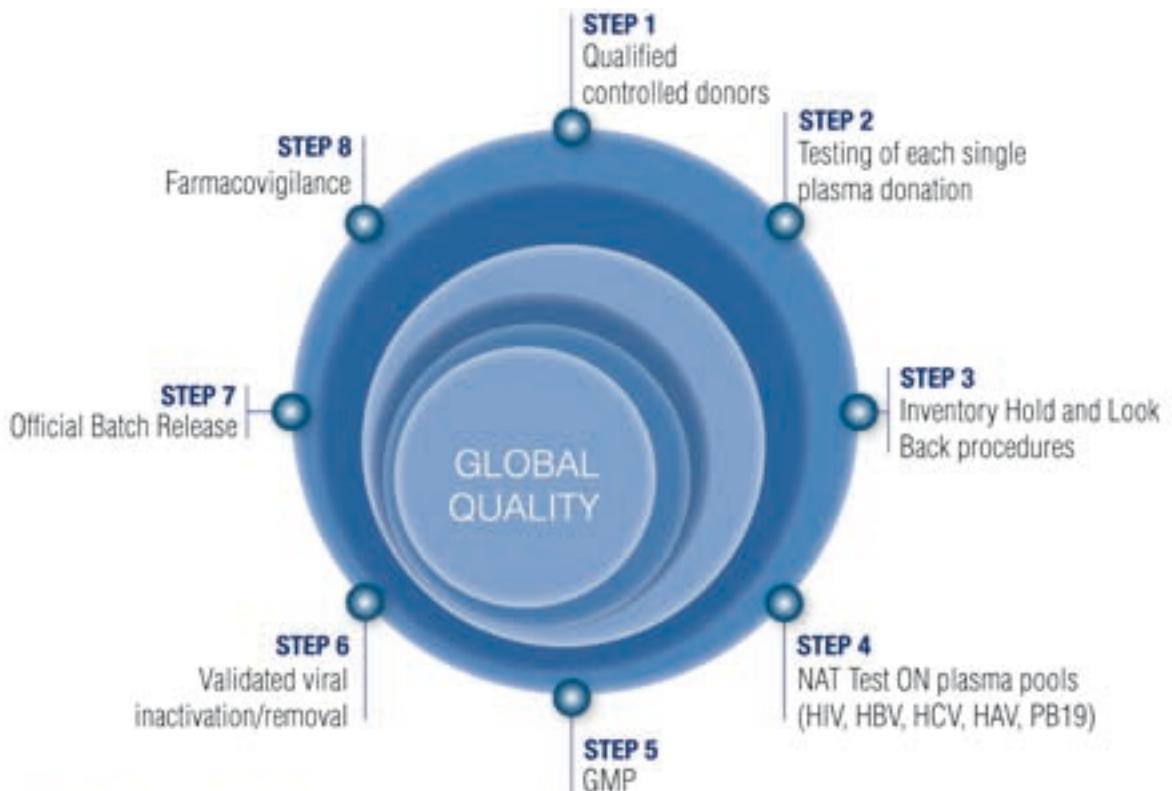
Annual Report 2008 - Global Excellence

Quality

Four staff departments report to the CEO: **Product Development, Supply Chain, Human Resources and Global Excellence**. The latter is responsible for ensuring that the Group’s activities conform with the provisions of the law and the voluntary non GMP regulations (standard compliance and HSE), preventing non-conformity risks and implementing solutions for the continuous improvement of the entire company.

The company’s responsibility for the social value of plasma-derived products and the care of all the company’s stakeholders are defined by the quality of Kedrion’s products and processes. The ongoing **training** of the staff and the monitored integration of the corporate processes through regular inter-departmental meetings are integral parts of Kedrion’s Quality System. In order to guarantee the safety of its products and processes, Kedrion has developed a multi-step programme – **Kedrion Quality Program (KQP)** – for the constant monitoring of every step of the production process.

KQP - Kedrion Quality Program





Kedrion's plants are regularly inspected by Italian and foreign Health Authorities in order to verify and certify that its production processes adhere to Good Manufacturing Practices (GMP).

KQP is a multi-step program developed by Kedrion to monitor and guarantee the safety of its products and processes.

It consists of eight steps:

1. **Checked, qualified donors.** Plasma is obtained from regular, qualified donors who go to transfusion centres that are approved and inspected by the Health Authorities.
2. **Donation control.** Only donated plasma which has tested negative for viruses is processed, after undergoing validated test methods, which are sensitive and specific to the pathogens listed in the reference regulations.
3. **Inventory Hold.** Kedrion's Quality System allows plasma to be processed after a quarantine of at least 60 days.
4. **NAT Test.** To further reduce the risk of biological contamination, Kedrion has validated the nucleic acid amplification technique (NAT) for potentially transmissible viral agents: HCV, HIV, HBV, Parvovirus B19, HAV. By implementing this test procedure, small nucleotide sequences of genetic material from the aforesaid viruses can be searched for and located in the donated plasma as well as in the plasma pool to be fractionated.
5. **GMP.** The production process is conducted in accordance with Good Manufacturing Practices (GMPs) and is constantly being checked, monitored and upgraded by Kedrion's Quality System, besides undergoing regular audits by the competent Authorities.
6. **Viral inactivation/removal treatment.** Kedrion has added to its productive process at least two viral inactivation/removal steps for each product, in order to further reduce the risk of transmission of known (whether coated with a lipidic capsule or not) and/or unknown pathogens. These physical and chemical processes are approved by the international health authorities, as they do not alter the beneficial properties of the product. The viral inactivation/removal processes that have been adopted and validated as effective are listed below:
 - solvent/detergent treatment
 - heat treatment
 - nanofiltration
 - alcoholic fractioning according to the Cohn method
 - acid pH treatment
7. **Batch Release.** All Kedrion's plasma-derived products can only be marketed after having obtained a Certificate of Approval (or batch release) from authorised European control laboratories.
8. **Post-marketing surveillance.** The products are further checked after they are put on the market in order to determine their safety and tolerability profiles.

Certifications

Because of the special nature of its products, Kedrion has long been committed to quality, safety and environmental protection as well as to the respect of the community as a whole. In this regard, Kedrion adheres to the 10 principles of Global Compact, the UN organisation which promotes ethical corporate management, in terms of human rights, working conditions and environmental protection. Therefore, Kedrion's management appreciates the importance of implementing, maintaining and documenting an Environmental Management System in accordance with **UNI EN ISO 14001** standards and EMAS regulations, a Quality Management System in accordance with UNI EN ISO 9001:2000 standards (two separate certifications for each of its two production sites in Italy: Bolognana and S. Antimo) and an Ethical Management System in accordance with **SA8000:2001** standards. In Italy, Kedrion has been recognised as conforming to the requirements expressed in the guidelines for the certification of the procedures relating to scientific information and to the **Ethical Code for the Pharmaceutical industry**. The implementation of these systems is part of Kedrion's policy for a global quality system and the ongoing improvement of its quality, environmental and safety performance from a sustainable development point of view.





Social responsibility

Kedrion sees itself as a proactive member of society. It operates with a synergy between its business activities, patients' requirements and expectations, health institutions and international partners.

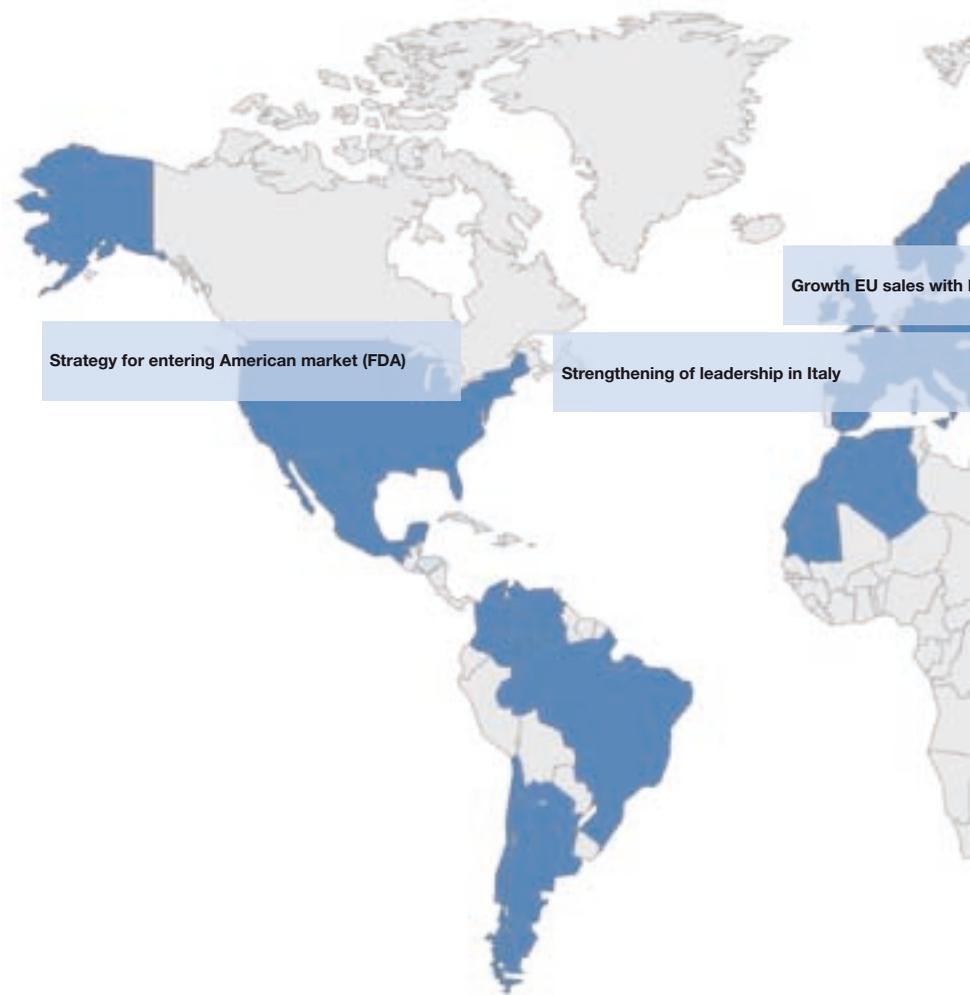
This is why Kedrion has started a global process for applying ethical principles to all areas of its company management.

To accomplish this ambition, Kedrion:

- has developed a **Code of Ethical Conduct**, a guide to ethical behaviour for the company's staff;
- has appointed an **Ethics Officer**, in charge of coordinating and supervising all areas of the ethical management of the company's business;
- has established an **Ethics Committee**, mostly composed of independent members, who express their opinions on the ethical consistency of the company's strategic choices;
- has adhered to the 10 principles of Global Compact, the UN organisation which promotes ethical corporate management (human rights, working conditions, the environment).
- has been awarded the **SA 8000 certification**, an international standard taking inspiration from ILO principles (International Labour Organization) which acknowledges the ethical and social management of a company's human resources;
- maintains a **Communication System** for the management of notices regarding the application of the SA 8000 standard, to promote communication between the parties concerned. In addition, the Company has implemented further ethical business schemes, such as the **Organisation, Management and Control Model pursuant to LD 231/2001**.



Annual Report 2008 - Strategy for the Future

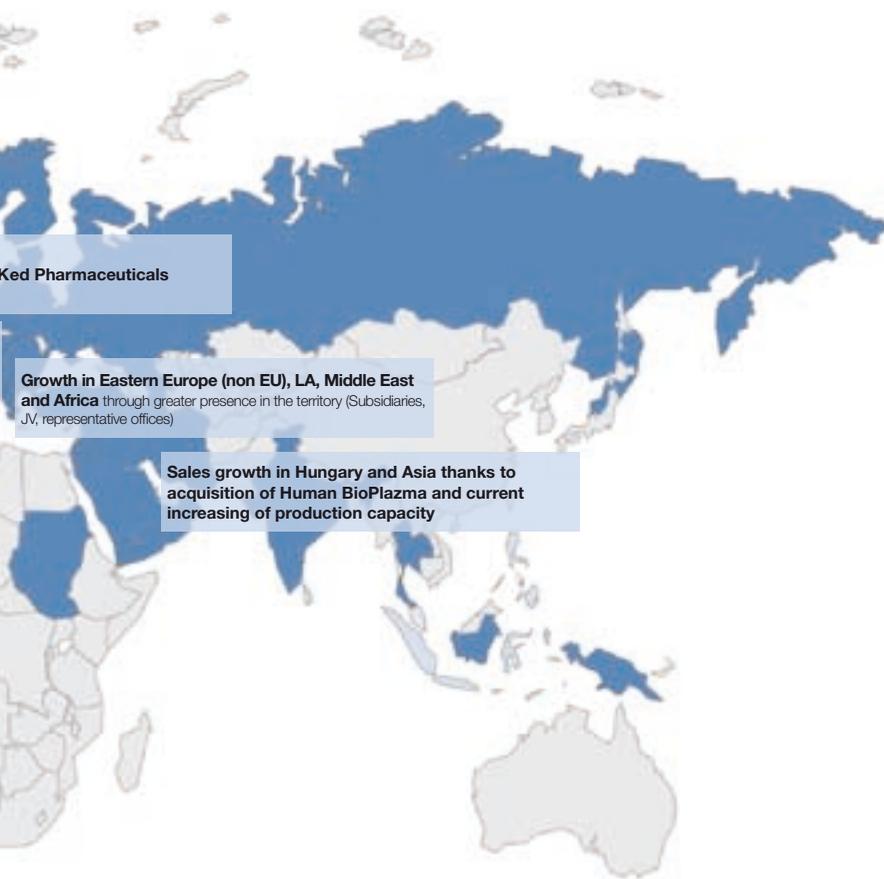


Strategy for the Future

- Maintaining of its leadership position in Italy, thanks to the profound knowledge of the Italian market, the wide range of products, strong relationships with the Regions and the image and reputation of the Kedrion name that has been built over the years.
- Internationalization, through the continued growth of the Kedrion Group in foreign markets using the following stimuli:
 - The establishing of KED Pharmaceuticals, as a distribution platform for the European Community countries as well as Switzerland.
 - The acquisition of the Hungarian company Human BioPlazma, with sales in Hungary and in ASIA.
 - The reinforcing of Kedrion's presence in certain Eastern European countries, in Latin America, the Middle East and Africa through its own offices, subsidiaries, JV with local distributors, etc.
 - The future entrance into the North American market, first with the sale of albumin and then with immunoglobulins.
 - The development of new markets through Technology Transfer projects or Contract Manufacturing.



PRODUCT AND PROCESS INNOVATION



PLASMA PROCUREMENT

- Vertical integration, in order to continuously protect the upstream supply chain to ensure a steady and increasing supply of plasma. This strategy aims to ensure an almost total coverage of its plasma needs through centres that it owns, have been acquired or have opened in recent years in the U.S., Germany and Austria.
- Maintaining of a high level of product and process innovation through the development of new products and/or products currently not in the portfolio, the expansion of therapeutic uses for existing products, the technological improvement of the current products as well as continuously developing technological improvements for the existing production processes, designed to give an increase in production efficiency.
- Increase in production capacity, by the launching of an important project designed to bring the production capacity of the new Gödöllő plant (Human BioPlazma) up to a maximum fractionation capacity of approximately 550,000 kg/year compared to the current 200,000 kg/year.



KEDRION

PHARMACEUTICALS

Annual Report 2008 - Kedrion in the World

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Annual Report 2008 - Balance sheet

Consolidated financial* statements at december 2008 and 2007

Balance sheet		
(In thousands of Euro)	2008	2007
Non current assets		
Property, plant and equipment	88.750	86.388
Investment property	1.813	1.823
Goodwill	26.163	23.286
Fixed term intangible assets	14.787	10.424
Investments in associates	1	1
Other non current assets	1.179	1.174
Total non current assets	132.692	123.096
Current assets		
Inventories	70.430	54.488
Trade receivables	89.650	96.276
Current tax credits	410	53
Other current assets	4.837	3.578
Current financial assets	0	5.830
Cash and cash equivalents	14.668	8.410
Total current assets	179.994	168.635
Total assets	312.687	291.731

* Consolidated financial statements prepared in compliance with the IFRS - IAS principles.



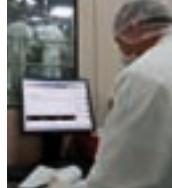
Balance sheet		
	year ended at 31/12/09	
(In thousands of Euro)	2008	2007
Shareholders' equity		
Group shareholders' equity		
Share capital	52.116	52.116
Reserves	31.805	20.349
Group net profit	21.801	18.208
Total Group shareholders' equity	105.722	90.673
Minorities shareholders' equity		
Minorities capital and reserves	45	0
Minorities net profit	21	0
Total minorities shareholders' equity	66	0
Total shareholders' equity	105.788	90.673
Non current liabilities		
Medium/long-term debt	94.880	94.352
Provisions for risks and charges	992	509
Payables for employee benefits	5.579	4.700
Deferred tax liabilities	5.492	3.038
Other non current assets	5.035	4.035
Total non current liabilities	111.978	106.634
Current liabilities		
Payables to banks and other lenders	17.050	23.709
Current portion of medium/long-term debt	9.583	9.285
Provisions for risks and charges	492	0
Trade payables	43.327	39.289
Current tax payables	5.127	4.738
Other current liabilities	19.341	17.403
Total current liabilities	94.921	94.424
Total liabilities	206.899	201.058
Total shareholders' equity and liabilities	312.687	291.731

Income Statement		
	YEAR ENDED AT 31/12/09	
(IN THOUSANDS OF EURO)	2008	2007
REVENUES FROM SALES AND SERVICES	220.685	181.162
COST OF SALES	119.514	101.327
GROSS OPERATING MARGIN	101.171	79.835
OTHER REVENUES	4.882	4.788
GENERAL AND ADMINISTRATIVE EXPENSE	37.784	25.800
SALES AND MARKETING EXPENSE	14.306	10.979
RESEARCH AND DEVELOPMENT EXPENSE	5.706	5.469
OTHER OPERATING COSTS	3.062	3.399
OPERATING RESULT	45.195	38.976
FINANCIAL CHARGES	14.511	11.483
FINANCIAL INCOME	4.289	1.932
RESULT BEFORE TAX	34.973	29.425
INCOME TAXES	13.151	11.217
NET RESULT FOR THE YEAR	21.822	18.208
MINORITIES RESULT	21	0
GROUP RESULT	21.801	18.208



Statement of changes in consolidated shareholders' equity as at 31 December 2008 and 2007											
	Share capital	Legal reserve	Extra-ordinary reserve	Un-allocated profit reserve	Re-valuation reserve	Con-solidation reserve	Other reserves	Profit for the year	Total Group shareholders' equity	Total minorities shareholders' equity	Total shareholders' equity
Balance as at 31 December 2006	52.116	440	5.423	4.930	0	35	1.424	11.959	76.327	0	76.327
Allocation of profit for the year		379	2.759	4.377				(7.515)	0		0
Dividend distribution								(4.444)	(4.444)		(4.444)
Other changes							(84)		(84)		(84)
Cash flow coverage							666		666		666
Profit for the year								18.208	18.208		18.208
Balance as at 31 December 2007	52.116	819	8.182	9.307	0	35	2.006	18.208	90.673	0	90.673
Allocation of profit for the year		647	11.605	5.249				(17.501)	0		0
Dividend distribution			(4.169)					(707)	(4.876)		(4.876)
Cash flow coverage							(2.022)		(2.022)		(2.022)
Other changes				(24)	1.139		(970)		145	45	190
Profit for the year								21.801	21.801	21	21.822
Balance as at 31 December 2008	52.116	1.466	15.618	14.532	1.139	35	(985)	21.801	105.722	66	105.787

Cash Flow Statement		
	year ended at 31/12/09	
(In thousands of Euro)	2008	2007
Net profit for the year	21.822	18.208
Interest to parent company	700	
Reconciliation adjustment of net profit to cash flow generated / (absorbed) by operating activities:		
Amortisation and depreciation	16.927	12.523
Provisions for employee benefits	1.298	238
Curtailment (effect of reform)	0	(440)
Payables for employee benefits	(420)	(737)
Net change in provisions for risks and charges	975	(176)
Net change in prepaid and deferred tax assets and liabilities	245	(1.226)
Net change in other non current assets and liabilities	1.039	(186)
Change in operating assets and liabilities:		
Trade receivables	7.761	8.496
Inventories	(14.483)	(1.618)
Trade payables	2.936	616
Other current assets and liabilities	446	2.758
Net cash flow generated from operating activities (a)	39.247	38.456
Investments in tangible assets	(10.047)	(6.780)
Disposals of tangible assets	263	1.250
Investments in intangible assets	(2.403)	(5.173)
Disposals of intangible assets	50	
Incorporation Ked plasma	(1.979)	
Acquisition 50% ABS net of cash acquired	(6.237)	
Acquisition subsidiary net of cash acquired		(21.473)
(Investments) / Disposals of non current assets	(44)	74
Net cash flow absorbed by investments (b)	(20.397)	(32.102)



Cash Flow Statement		
	year ended at 31/12/09	
(In thousands of Euro)	2008	2007
Distribution of dividends	(4.876)	(4.444)
New medium/long-term loans	184	10.778
Repayment of medium/long-term loans	(6.834)	(70.362)
Euro term and revolving facilities agreement	5.000	100.500
Repayment Euro term and revolving facilities agreement	(3.600)	(21.800)
Net change in short-term financial assets and liabilities	(2.492)	(14.567)
Net cash flow generated / (absorbed) by loans (C)	(12.619)	106
Net cash flow generated by operating activities (A)	39.247	38.456
Net cash flow absorbed by investments (B)	(20.397)	(32.102)
Net cash flow generated / (absorbed) by loans (C)	(12.619)	106
Total net cash flow d=(a+b+c)	6.232	6.459
Cash and cash equivalents opening balance (E)	8.364	1.988
Net effect of conversion of foreign currencies on cash and cash equivalents (F)	(7)	(83)
Cash and cash equivalents closing balance G=(D+E+F)	14.589	8.364
Additional information:		
Interest paid	10.276	7.754
Income taxes paid	7.658	11.833
Net cash and cash equivalents opening balance:		
Cash and cash equivalents	8.410	2.081
Current account overdrafts and cash equivalents payable on demand	(46)	(93)
Net cash and cash equivalents opening balance	8.364	1.988
Net cash and cash equivalents closing balance:		
Cash and cash equivalents	14.668	8.410
Current account overdrafts and cash equivalents payable on demand	(80)	(46)
Net cash and cash equivalents closing balance	14.589	8.364



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