



■ **ANNUAL REPORT 2011**

KEDRION
B I O P H A R M A



LETTER FROM KEDRION CEO PAOLO MARCUCCI

In the course of 2011, Kedrion achieved a very important objective: it established itself on the US market. Taking into consideration attendant developments on other international markets, export sales now account for 46% of Kedrion's turnover.

At the same time, Kedrion further consolidated its position in Italy. It held on to its leadership, confirming its partnership with the Italian national health service (SSN), and supporting the project for national plasma derivatives medicines self-sufficiency. Kedrion strengthened its plasma procurement sources, and increased the Group's manufacturing capacity in advance of the US business deal. A new production line, capable of processing 350.000 litres of plasma per year, was inaugurated at the plant in Gödöllő, Hungary. Kedrion also took over, from Toscana Life Sciences (Bio-incubatore) in Siena, Italy, a production line for the development of innovative medicines for the treatment of rare diseases.

In addition to which, Kedrion celebrated its tenth anniversary with a special logo and a celebration card, which it sent to all its stakeholders. At the same time, with the restyling of the corporate logo and of its subsidiaries' logos, Kedrion started the process of assimilation of the Group's different company images, representative of business realities as diverse the European, North American and Mexican.

Turnover increased by approximately 12%, reaching 277,3 million Euros (up from 247,8 million in 2010). However, price tensions on a number of markets have occasioned a slight dilution in profit marginality. Adjusted Ebitda amounted to 66,7 million Euros (down from 67,8 million the previous year), whereas the Ebitda margin, affected by US start up costs, decreased to 42,9 million Euros (down from 47,2 million the previous year).

In sum, Kedrion is today regarded as a global leader in the development and manufacturing of therapeutic plasma proteins. Kedrion's business commitment and, moreover, its contribution to society at large, is to continue to invest in fields such as these, which have a high social impact.

All of which has been made possible also thanks to the dedication and commitment of those men and women who work for Kedrion companies and have been doing so for the past years.

Together, we will continue to promote the Group's growth and development in Italy and the world over.

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

A handwritten signature in black ink, appearing to read 'Paolo Marcucci'. The signature is stylized and fluid, with a horizontal line underneath it.

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Everyone
has the right
to life,
liberty and
security of person*



■ **VISION**

Sometimes, natural, accidental or social causes obstruct the natural right to life, liberty and personal security.

Because of the special nature of its products, Kedrion supports people, communities and institutions in reducing or removing those obstacles that prevent people enjoying such rights.

Kedrion helps turn the natural rights (life, liberty, security) into the social right to live in the best possible conditions. For this reason, it collects and converts, makes active and usable that vital energy that is generated and regenerated, preserved and carried through blood; so that it can be transferred from one human being to the next, and anyone can enjoy one's fundamental rights.

*Universal Declaration of Human Rights, art. 3.



■ MISSION

Kedron produces and distributes human plasma-derived medicinal products, which can improve people's quality of life.

It works to maintain its excellent industry standards and aspires to ongoing improvement, in order to retain its leading position in Italy and increase its share of the international market.

It works to strengthen its role as the accredited partner of the medical, scientific and institutional communities.

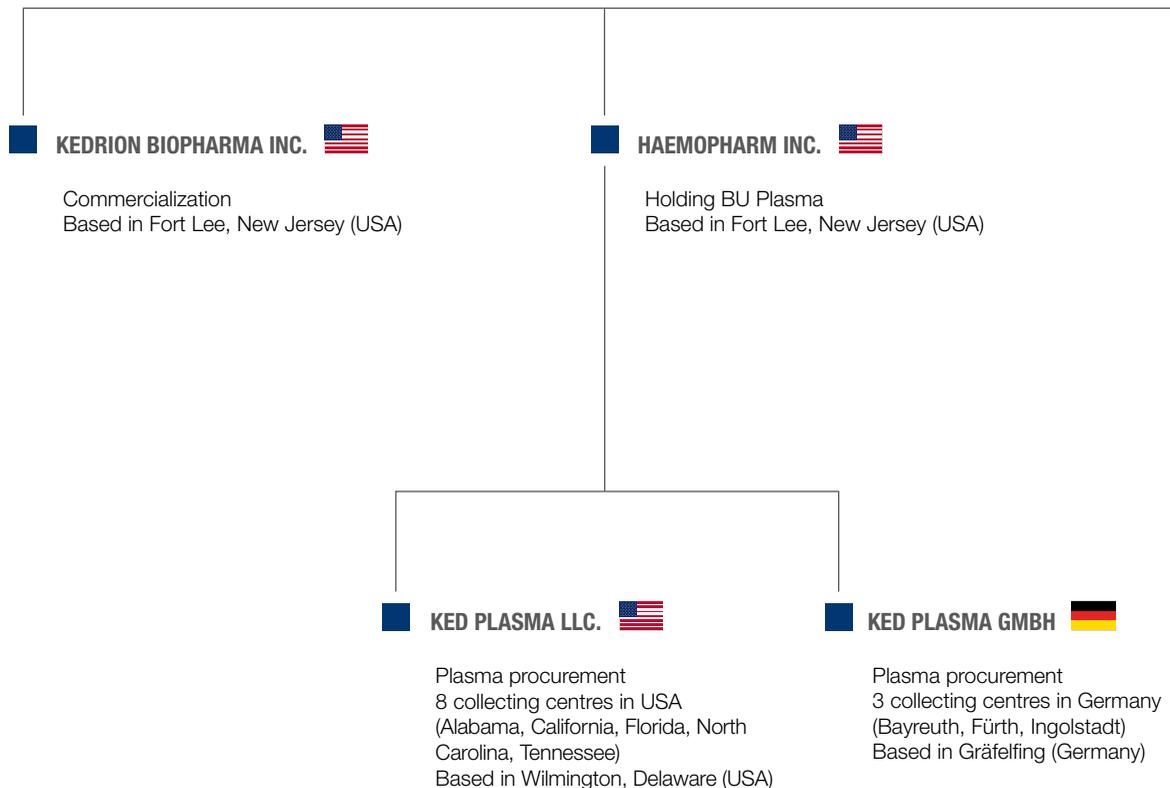
Its ambition is to strengthen its worldwide role as a strategic partner of the national health systems of those countries which aim at becoming self-sufficient in the availability of plasma-derived products.

Kedron produces wealth for its investors, for its employees, for the local community, and does it consistently with its own vision and with its values, which are responsibility, transparency, confidence in and respect for people.

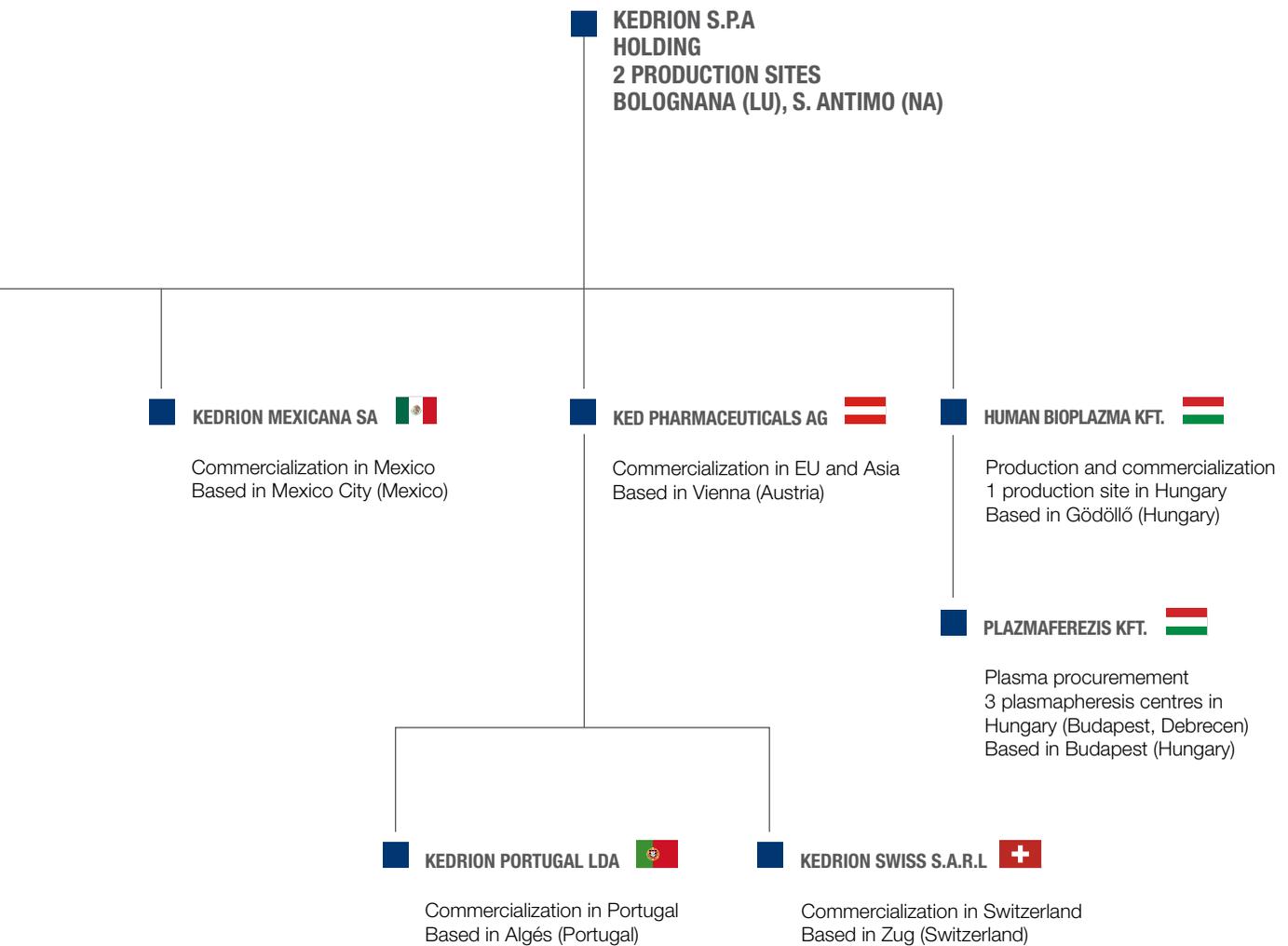
GROUP PROFILE AND STRUCTURE

Kedrion marked its tenth anniversary with an important shift forward in its international development Group strategy.

Kedrion entered the US market further to the Melville (State of New York) fractionation plant agreement, which also included two US plasma collection centres, and to signing manufacturing and commercials deals with an important industry operator, thereby strengthening its international leadership.

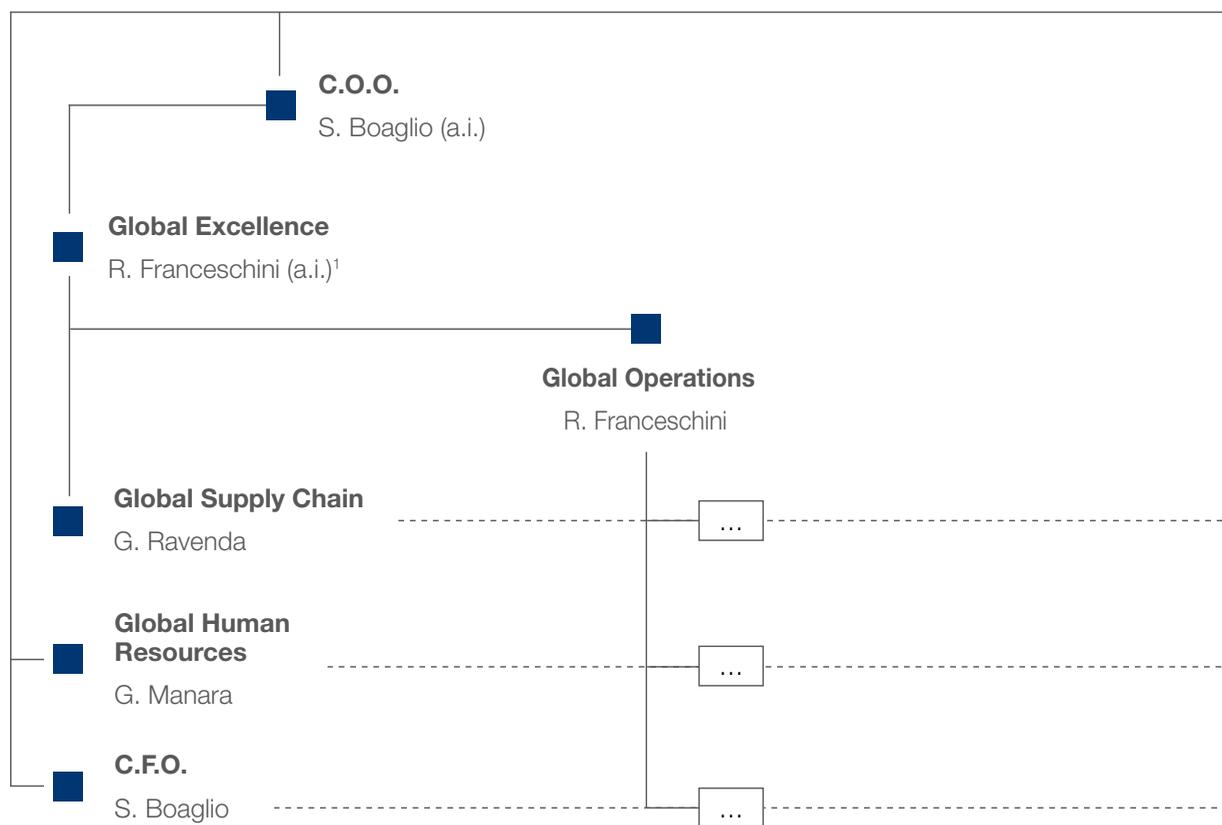


The new company Kedrion Biopharma, based in Fort Lee (New Jersey), was set up to carry out US distribution of Kedrion products.



ORGANIZATION CHART

The Kedrion company structure has altered significantly in the course of 2011, due to its US market launch and the decision to appoint a C.O.O. under whose directorship, with a view to support the process of improving organizational efficiency, the managements of Global Operation, Global Supply Chain and Global Excellence have been merged.



1 Dr G.B. Lazzarino left the Company in November 2011. Dr F. Franceschini has been appointed Global Excellence Director, a.i.
2 Dr W. Biering left his position on 30 December 2011. As of 2 January 2012, he has been replaced by Ing. P. Melloni.

President/C.E.O.

P. Marcucci

- Corporate Secretariat
- Legal Department
- Corporate Business Development
- Environment, Health and Safety

Vice President

R. De Dominicis

- Internal Auditing and Risk Analysis
- External Relations and Public Affairs
- Ethics Office

Product Development

C. Nardini

**Italy and Rest
of the world markets**

D. Medica

Plasma Business Unit

A. Marcucci

EU and Asia markets

P. Melloni²

USA market

P. Marcucci

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Foreign Companies

TOP MANAGEMENT

Paolo Marcucci

President and CEO

Degreed in Business Economics from the Università degli Studi in Pisa, he was awarded his Masters in Business Administration in 2006 from the Grand Ecole Edhec of Lille and Nice. He has been the Group's Chief Executive Officer since 2006. He is also a member of the Global Board of Directors of PPTA (Plasma Protein Therapeutic Association), and part of the Giunta di Farmindustria, the National Association of the Pharmaceutical Industry. Within Farmindustria, he is also a member of the of the Mid to Large Italian Companies Group.

Rodolfo De Dominicis

Vice President

He holds 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, he 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 External Relations, and the Ethics Office.

Andrea Marcucci

Plasma Business Unit Director

Degreed in Political Science from the Università di Bologna, as C.E.O. of Kedrion in 2001, his primary responsibility was to coordinate the Company's expansion abroad as well as its export activities. He was a parliamentarian in the Italian Lower House of Parliament from 1992 to 1994. On 17 May 2006, on becoming the Undersecretary of Cultural Heritage for the Italian government, a position which he held until February 2008, he resigned from C.E.O. of Kedrion because of the position's incompatibility with his official appointment. He is currently an Italian Parliament Senator. Since October 2008 he is the Director of the Plasma Business Unit, C.E.O. of the subsidiary Hemopharm Inc. with registered offices in the USA, and a member of the Board of Directors.

Simone Boaglio

Chief Financial Officer

Chief Operating 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. In October he was appointed Chief Operating Officer.

Rodolfo Franceschini**Global Operations Business Unit Director****Global Excellence Director**

Degreed in Chemistry, he joined Kedrion in 2000. He has held the position of Director of the Global Operations BU since October 2008. From 2000 to 2007, he held various positions, including Technical Director and Director of the Bolognana facility, Technical Director of Kedrion's Castelveccchio 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 1998 to 2000. From 1990 to 1998 Franceschini held various positions in the Sorin Group's radiopharmaceutical sector, including Production Director, Director of Production and Research & Development, Technical Director of the Radiopharmaceuticals Unit, and Technical Director and Operations Manager. From 1993 to 1995 he was Adjunct Professor of Radiopharmaceuticals at the Università di Torino's Nuclear Medicine Specialization School. Since November 2011 he is also Director of Global Excellence, a.i.

Claudia Nardini**Product Development Director**

Degreed in Pharmaceutical Chemistry from the Università degli Studi in Pisa, Claudia Nardini holds a Ph.D., which was followed by a post doctoral fellowship, from the University of Cardiff's School of Chemistry and Applied Chemistry (Wales, UK). In 2000, Nardini qualified as a Ministry of Health QP for pharmaceutical production plants. Between 1995 and 1996, Nardini worked in Quality Control at Aima Derivati S.p.A. (currently Baxter), managing chemical and biochemical controls. From 1996 to 2000, Nardini was employed by Farmabiagini S.p.A. (Bolognana, Italy) in several positions, including coagulation Factor IX production and control inter-company technology transfer manager, ATIII (Kedrion product portfolio's antithrombin III specialty) development and production manager, Coagulation Factors production lines manager and viral safety studies manager. From 2000 to 2003, Nardini was part of Bayer Corporation US' EU/US New Generation Chromatographic Intravenous Immunoglobulins production know how transfer team (IGIV-C project), also holding the positions of Manufacturing Manager and Head of Operations for Bayer Biologicals (Italy). From 2003 to 2009, Nardini carried out a number of technology transfer activities for PDA (Parenteral and Drug Association), and from 2007 to 2009 was the PDA's Italian Chapter Vice President. Nardini is currently a member of the PPTA (Plasma Protein Therapeutics Association) Tasks Force. Nardini started work for Kedrion in 2003 as Industrial Research & Development Director, and in 2011 was appointed Product Development Director.

Paolo Melloni**General Manager Ked Pharmaceuticals AG**

Degreed in Mechanical Engineering, he holds a Masters in Business Administration from SDA Bocconi. He started his career in General Electric Plastics and, further to being awarded his MBA, went to work for business consultants Bain&Company, where he stayed for four years. He went on to be appointed Operations Director at Dun&Bradstreet Italia, later becoming a partner in private equity fund management firm Investitori Associati SGR. It was whilst working there that, in early 2011, his collaboration with Kedrion began. As of 2 January 2012, he is General Manager of Ked Pharmaceuticals AG.

Danilo Medica

Italy and RoW Markets Business Unit Director

Degreed in Biological Sciences from the Università degli Studi in Genoa, since 2010 Danilo Medica is Kedrion S.p.A.'s Italy and Rest of world Markets Director. Medica has a professional background gained in the marketing and sales of healthcare sector products and services. He began working in 1991, for Medical Systems S.p.A., a subsidiary of the US immunometric diagnostics leader Diagnostic Product Corporation (D.P.C.), where he eventually held the position of Group Project Manager. In 1999, he joined newly established Fresenius Kabi Italia, a division of the German multinational Fresenius AG, with the brief of developing its senior marketing management. Within this new company, Medica was appointed Director of the Critical Care Business Unit, and then Sales and Marketing Director. In 2006, he lead Fresenius Kabi Italia through a process of modernization aimed at focusing company activities on generic medicines. He was also entrusted directorship of the Infusion Technology division, previously known as Fresenius Vial, to reorganize its sales network.

Giuseppe Ravenda

Global Supply Chain Director

Degreed in Business Economics from the Università Commerciale L. Bocconi in 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 by Bolton Alimentari Italia S.p.A., holding the position of Senior Buyer. He worked as Purchasing Manager for Sicor S.p.A. from 1998 to 1999. He held this same position at Knoll Ravizza Farmaceutici S.p.A., the Healthcare division of BASF AG, from 1999 to 2001, becoming Supply Chain Manager for Abbott Laboratories S.p.A. in 2001.

Giacomo Manara

Global Human Resources Director

Degreed in Literature and Philosophy from the Università Cattolica in Milan, with an MBA from the Università Bocconi's School of Corporate Administration in Milan, he began working in 1981, initially as a Junior, then as a Specialist and finally as a Manager, of several activities within the Human Resources Departments of important multinational companies such as Pirelli, Novartis and Edison. From 1989 to 2005, he was the Director of Human Resources and Organization of several Italian and multinational companies including RoloBanca, Periodici San Paolo, Bayer, H3G, Monte Paschi Asset Management. For approximately five years, he then worked as a Senior Management and Human Resources Development consultant, redesigning and developing the HR departments of important business groups, whilst also teaching this same subject matter at the Università Cattolica di Milano's Business School and on a several Masters courses. He has been the Director of Global Human Resources for the Kedrion Group since February 2010.

Wolfgang Biering**EU and Asia Business Unit Director****General Manager Ked Pharmaceuticals and Human BioPlazma**

Degreed in Chemistry from the University of Saarbruecken, and was awarded his Masters in Business Administration in 1976. He began his professional career with Rhone Poulenc and, from 1979 to 1998, he held 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 as General Manager, Production Manager, Regulatory Affairs Manager and International Sales Manager. In 2002, he was appointed C.E.O. of EPBS GmbH and Puls. From 2005 to 31 December 2011, he was President of Ked Pharmaceuticals AG. From January 2008 to June 2010, he was Managing Director of Human BioPlazma, and from October 2008 to 30 December 2011 he was Director of the EU and Asia Markets BU.

Gian Battista Lazzarino**Global Excellence Director**

Degreed in Business Administration from the Wharton School of Business (Pennsylvania University), he gained his professional experience in strategic consulting and working in the industry, in North America as well as Europe. He has held various positions: sales manager in the chemical industry, export manager in the consumer foodstuffs industry and quality control advisor in the automotive industry. In transport logistics, he has held the positions of Purchasing Director, Director of Investments, Brand Manager, Project Manager AV, Operations Director. As a consultant, he gained specific expertise in areas such as operations, strategic sourcing, business development, strategic alliances and large scale improvement programs management, working in various industries including oil&gas, pharmaceutical, consumer goods, industrial products, transportation. In July 2009, he was appointed Kedrion S.p.A.'s Director of Global Excellence. He left the Company in November 2011 to pursue his strategic consultancy activities.



MILESTONES 2011

FIRST QUARTER 2011

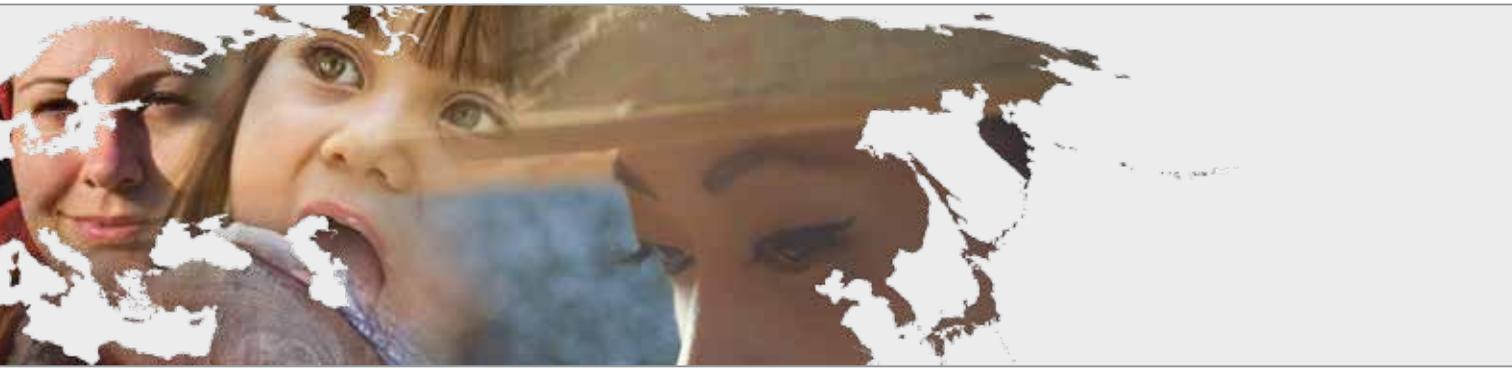
- Kedrion celebrates its tenth anniversary (2001-2011) with a special logo and message from its President and CEO Paolo Marcucci to all its stakeholders.
- Kedrion leases Bio-incubatore laboratory spaces, in which to carry out GMP biopharmaceutical manufacturing, from Toscana Life Sciences in Siena. The new production line is dedicated to the development of innovative medicines for the treatment of rare diseases.

SECOND QUARTER 2011

- The three Kedrion Group owned plasma collection centres in Germany, located in Fürth, Bayreuth and Ingolstadt, and managed by Kedplasma, join US centres in being awarded IQPP certification.
- With the support of Kedrion, the Fondazione Campus and SIMTI (the Italian society for transfusion medicine and immune haematology) organize the 'First National Meeting of the Italian Blood System', attended by decision makers from the Italian national Blood System, and held at the Fondazione Campus.
- Kedrion closes the Melville (State of New York, USA) fractionation plant agreement, which also includes two US plasma collection centres located in Mobile, Alabama, and in Winstom Salem, North Carolina. Under the terms of the agreement, the Melville fractional plant will be run by Grifols for a maximum of four years. Grifols and Kedrion also sign commercial and manufacturing deals for a maximum of seven years.
- A new company, Kedrion Biopharma, based in Fort Lee (New Jersey), is set up to carry out US distribution of Kedrion products.

THIRD QUARTER 2011

- Kedrion receives FDA (Food and Drug Administration) authorization to market its Bolognana manufactured Albumin in the US, under the brand name of KEDBUMIN.
- The Reseda (California, USA) plasma collection centre, one of the largest in the US, re-opens further to expansion. The centre operates 50 beds, but is designed to handle a maximum of 80 donations at any given time, and benefits from a freezer system the capacity of which is amongst the largest in the US.



- BioSC, the Kedrion owned biological safety centre, takes part in the Italian Government sponsored 'Italia degli Innovatori 2011/2012', an initiative aimed at showcasing the best of Italian technological excellence and innovation.
- The paper 'Safety and Effectiveness of a New Fibrin Pleural Air Leak Sealant', based on research using Kedrion's proprietary fibrin glue, and authored by distinguished Italian clinicians, is accepted for publication by the prestigious *Annals of Thoracic Surgery*.
- With the support of Kedrion, the 2011 edition of the 'Summer School for Primary Immunodeficiency Diseases', promoted by the European Society for Immunodeficiencies Diseases (ESID), takes place at Il Ciocco in Castelvecchio Pascoli (Lucca, Italy). The event was attended by Europe's foremost primary immune deficiencies specialists and researchers.
- Kedrion's Sant'Antimo plant is granted EMAS registration, the EU recognized environmental standard certification. All of Gruppo Kedrion's Italian premises have now been awarded environmental and safety certification.

FOURTH QUARTER 2011

- The Hungarian plant's new production line, part of the HuGE (Hungary Gödöllő Expansion) plan, is inaugurated. The industrial development of the site will increase Gruppo Kedrion's plasma processing capacity by up to 350.000 litres per year.
- With the restyling of the corporate logo and of its subsidiaries' logos, Kedrion starts the process of assimilation of the Group's different company images, representative of business realities as diverse the European, North American and Mexican.
- Kedrion receives the 'Transatlantic Award 2011' from the American Chamber of Commerce of Italy, for rising to the challenges of the international market by investing in quality and technological innovation, and for establishing itself on the US market.
- BioSC, Kedrion's biological safety centre, takes part in the 'Italia degli Innovatori 2011/2012' mission to China, the aim of which is to promote Italy's talent for technological innovation, and to represent it as a worldwide industrial leader.
- QSEAL (Quality Standards of Excellence, Assurance, and Leadership) certification for Kedrion's plant in Bolognana, Lucca (Italy), is renewed for a further two years. QSEAL is awarded by the PPTA (Plasma Protein Therapeutics Association) to certify the industry's adherence to the highest manufacturing standards.



Hungary

KEDPLASMA
PLAZMAFEREZIS
KEDRION GROUP





Key data 2009-2011*

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* Data reported in this section is provided in conformance with the IAS (International Accounting Standards).

FINANCIAL INDICATORS

Revenues (€ mln)

CAGR + 7,6%



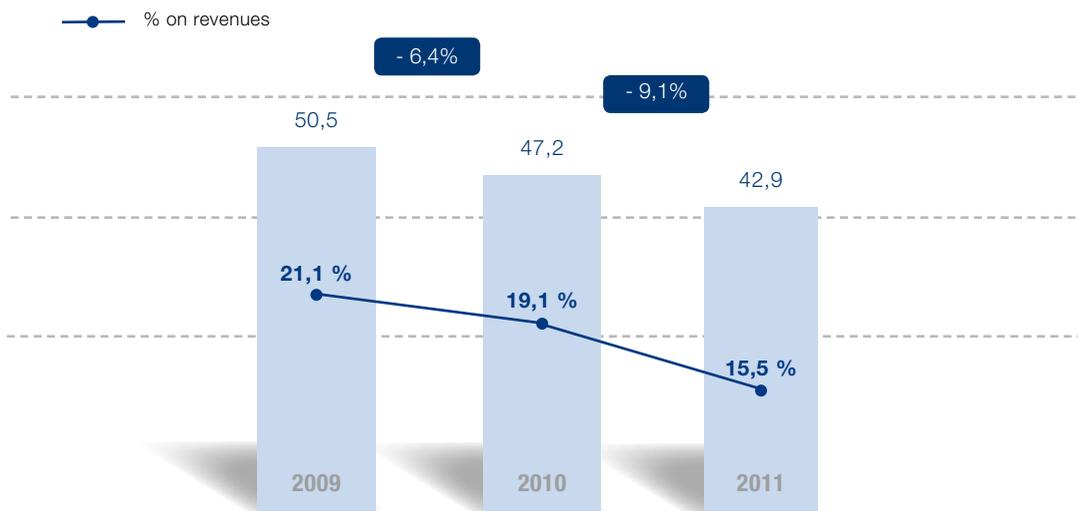
EBITDA adjusted (€ mln) and adjusted EBITDA margin (%)

CAGR - 1,4%



EBIT (€ mln) and EBIT margin (%)

CAGR -7,8%



During the fiscal year 2011, the Kedrion Group continued its strategy of growth in international markets, reaching an export share equal to approximately 46% of overall net sales thanks to the entrance into the US market. This growth, mainly in volume and obtained in a highly aggressive competitive scenario, has led to an approximate 12% increase in net sales, which reached 277,3 million Euro.

Following a trend that began the previous year, 2011 was characterized by substantial stability in the price of the starting material and by the decrease of sales prices in certain markets, especially Immunoglobulin and Albumin. These trends generated a slight drop in gross profit (41,2% compared to 43,7% for the previous fiscal year) related to both this reduction of sales prices in areas where Kedrion faced very aggressive competition and a lower production efficiency from the Hungarian plant due to the limited production capacity caused by on-going expansion works.

To offset this slight drop in profit margin on a cost of sales level and to limit the impact of a significant amount of non-recurring and unplanned items mainly relating to the entrance into the US market, the Group made continuous efforts to improve productivity in all the other operating areas, maintaining an adjusted EBITDA margin of 24,0% equal to 66,7 million Euro.

The Operating Result (EBIT) reached 49,2 million Euro (15,5% of net sales) while the net profit decreased to 14,5 million Euro with a tax rate increase due to the greater burden in the composition of the Group's profit by companies operating in countries with high taxation (Italy and the United States).

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



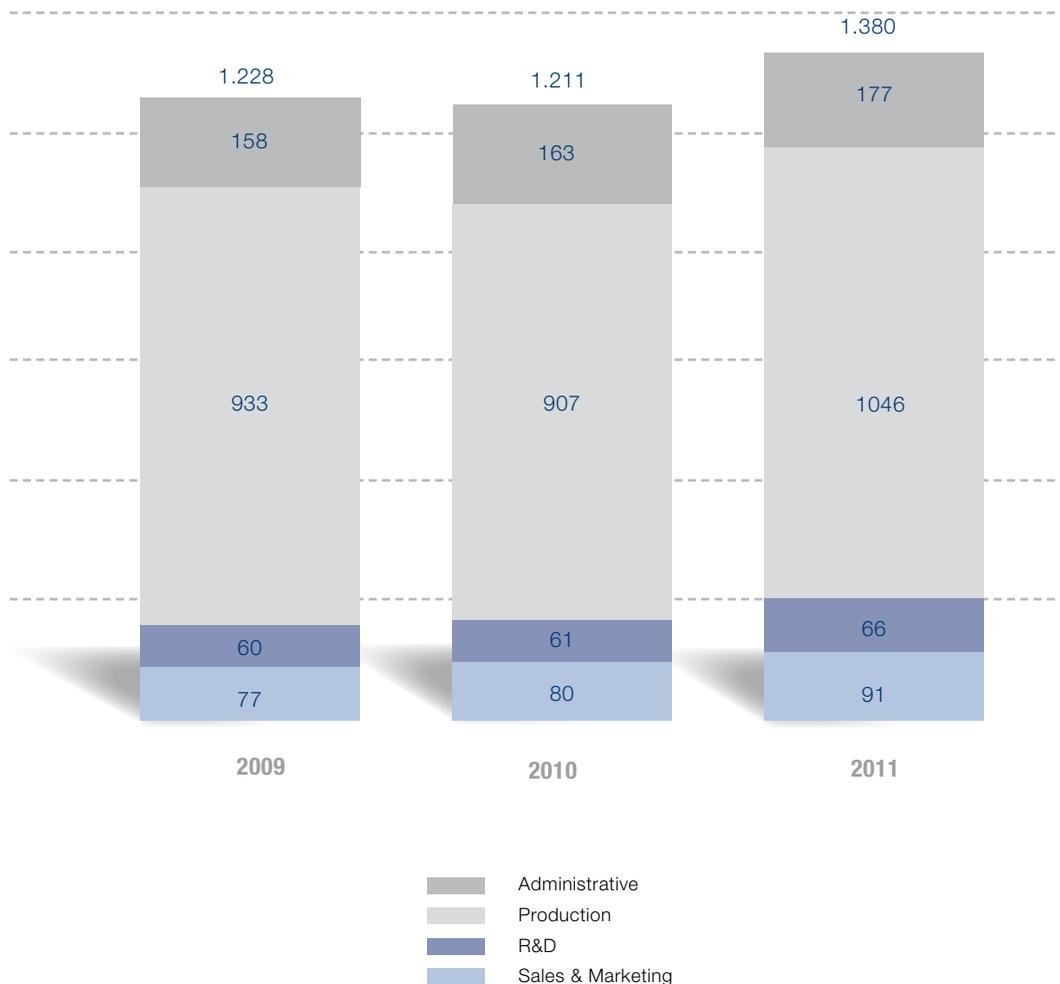
The slight increase in the amount of working net capital and the good operating trend allowed the Net Financial Position, which recorded an improvement by decreasing 2,7 million Euro, to be kept under control at 203,3 million Euro, with an increase in the end of year liquidity that balances a higher current exposure with respect to the previous fiscal year. The improvement in the relationship between the Net Financial Debt and the Net Assets, which decreased to 0,95, was significant.

Net Investments (€ mln)



With regard to investments, the increased level of investment over these past few years has allowed the production plants to constantly undergo technological evolution in order to achieve excellence and to regularly make them more efficient. This guarantees safety standards that are higher than those required by the current regulations at all levels of production as well as optimum use. Furthermore, in 2011 the expansion of the production capacity in the Hungarian plant, which has more than doubled its fractionation capacity, was completed, and two new plasma collection centres were purchased in the United States to support new activities in that country. All this has led to a significant overall investment level equal to 22,3 million Euro.

Staff (unit)



The C.O.G.S. units increase experienced in 2011 compared with 2010 is mainly explained by the availability of two new plasma collection centres in the United States, simultaneous with the creation of Kedrion Biopharma.

KEDRION

K E D P H A R M A

Austria



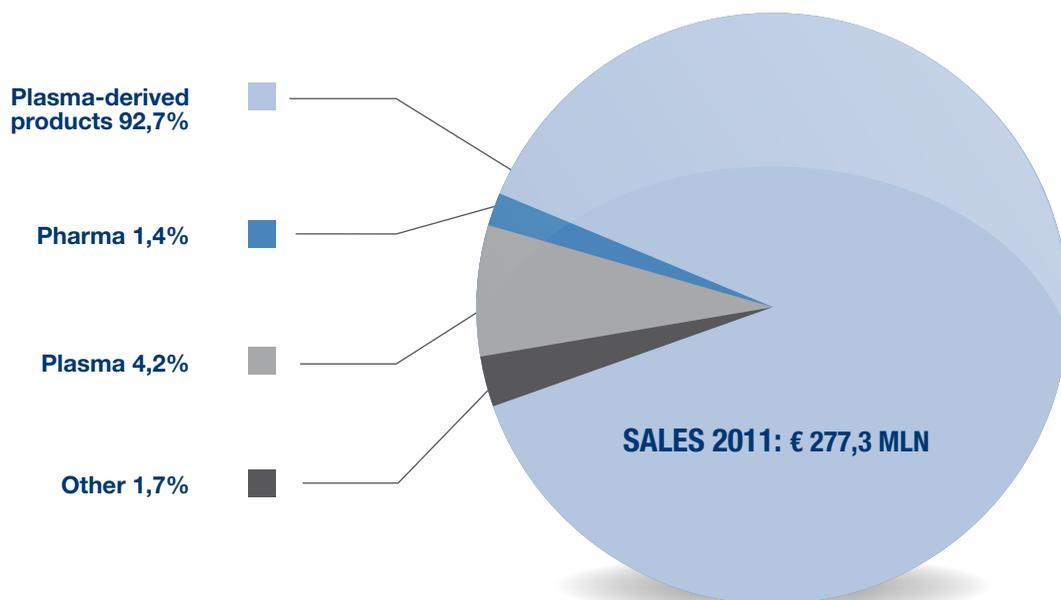


Business areas*

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* Data reported in this section is provided in conformance with the IAS (International Accounting Standards).

DISTRIBUTION OF REVENUE BY BUSINESS AREA AND BY GEOGRAPHIC AREA



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

- Production and marketing of plasma-derived products obtained from the plasma-fractionation process
- The commercialisation of flu vaccines and synthetic pharmaceutical products (Pharma)
- Collection and sale of plasma (Plasma)
- Other activities

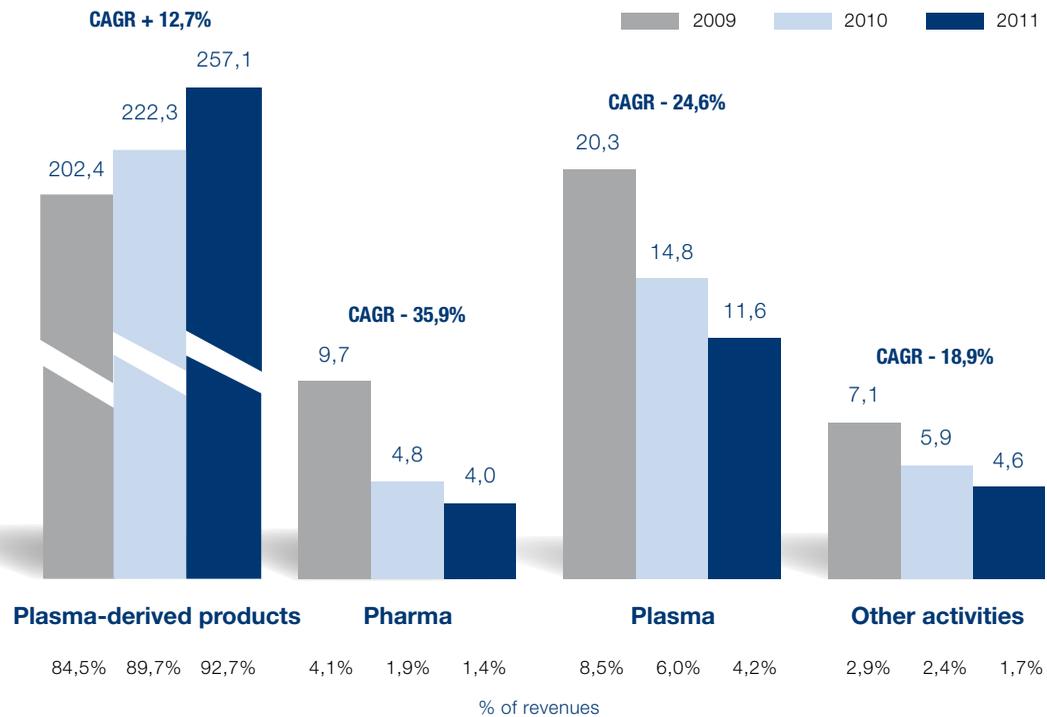
PLASMA-DERIVED PRODUCTS

The revenues from the production and sale of plasma-derived products as of 31 December 2011 were 257.132 thousand Euro (92,7% of total revenue) and have increased by 15,7% with respect to the corresponding period for the year 2010. This growth is the effect of an ever increasing focus on this business segment and the positive entrance into the US market with standard Immunoglobulin, Albumin and Factor VIII. The growth came from an increase in volumes sold against slight price dilutions caused by a very aggressive competitive scenario.

PHARMA

As of 31 December 2011 the revenues from this segment totaled 4.001 thousand Euro (equal to 1,4% of total revenue) and saw a decrease of 15,9% with respect to 2010 following the reduction of flu vaccine purchases by third party suppliers.

Distribution of sales by business area (€ mln)



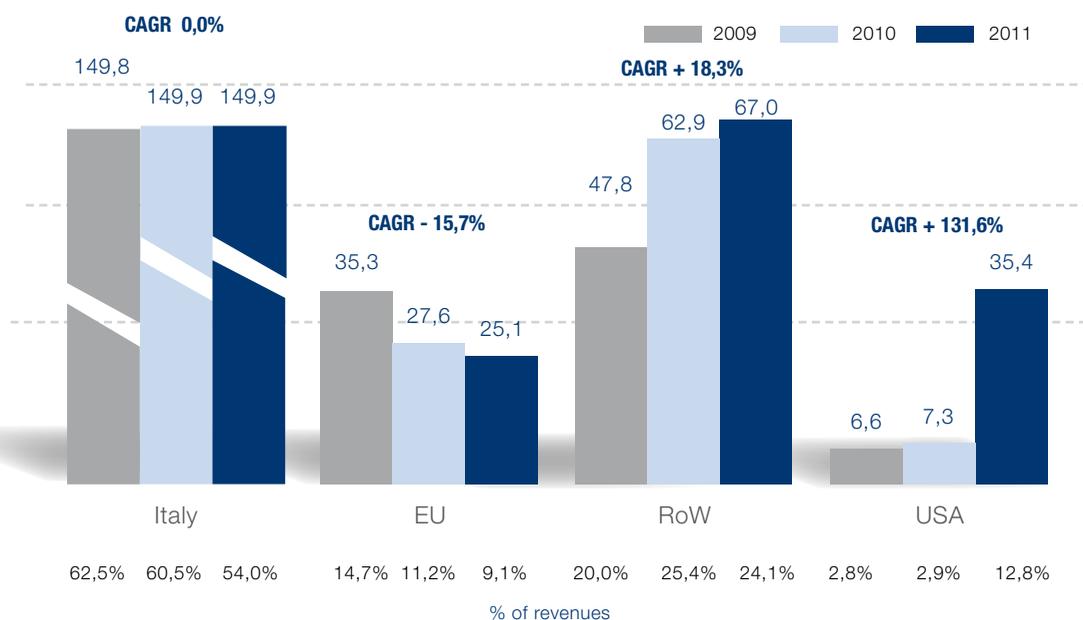
PLASMA

The revenues from the collection and sale of plasma as of 31 December 2011 were 11.561 thousand Euro compared to 14.849 thousand Euro in 2010, following the conclusion of some important supply contracts. In 2011 this segment, managed by the Plasma Business Unit which includes Haemopharm, Kedplasma LLC and Kedplasma GmbH, prioritized meeting the increased plasma needs of the plasma-derived products segment for the new US market whilst also maintaining a significant level of sales to third party operators.

OTHER ACTIVITIES

The revenues of this segment, as of 31 December 2011, were equal to 4.640 thousand Euro with a decrease of 21,5% with respect to the corresponding period from the previous fiscal year. This is mainly due to the reduction of the production capacity in the Gödöllő facility (Hungary) caused by expansion works on plant, which also affected Human Bioplazma's contract manufacturing for an operator in the sector, and also because two transfer technology projects had to be put on stand by while waiting for the buyers to raise the necessary funds.

Distribution of sales by geographic area (€ mln)



ITALY

As of 31 December 2011, Italy remained the main reference market, with net sales equal to 149.894 thousand Euro, corresponding to 54% of the overall revenue. Compared to the previous fiscal year, revenues in Italy remained stable, with the processing of national plasma on behalf of the Italian Regions increasing in importance over the commercial sales market, in which price decreases were registered for the main products.

EUROPEAN UNION

The revenues in the European Union for the year ended 31 December 2011 were 25.114 thousand Euro, representing 9,1% of total revenue with a decrease of approximately 9,2% with respect to the previous fiscal year. This was mainly due to the decrease in sales experienced by Ked Pharmaceuticals following the reduction in supplies to Greece, caused by the country's difficult financial situation, and to difficulties in entering the competitive German market. The main European markets continue to be Hungary, Germany, Poland, Austria and Portugal.

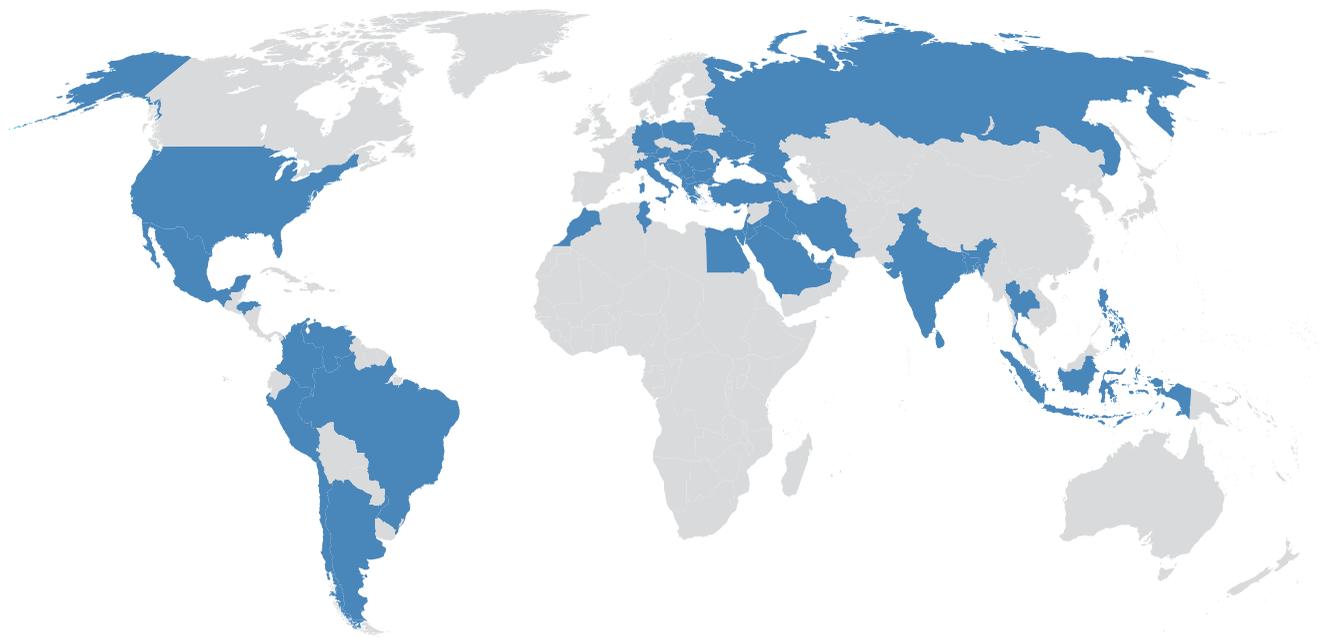
USA

A specific area needed to be created for this market due to an important strategic agreement that was signed with Grifols in mid 2011, which allowed the Kedrion Group, through Kedrion Biopharma, to enter the American market early with the sale of standard Immunoglobulin, Albumin and Factor VIII. In addition to the products supplied by Grifols, net sales of approximately 2 million Euro were also achieved with Albumin (KEDBUMIN) purified at the Bolognana facility, which was authorized by the FDA (Food and Drug Administration) in June 2011 to produce it. Besides the sales of plasma-derived products, this area also includes a small share of plasma sales.

REST OF THE WORLD

The revenues for this geographic area at the year ended 31 December 2011 were 66.965 thousand Euro, and represent 24,1% of total revenue. The increase of 6,4% with respect to 2010 comes from the increased availability of product, especially Factor VIII, due to better production efficiency. The Middle East remains first in terms of total sales and, along with Mexico, Vietnam, India, Tunisia and Ukraine accounts for more than 75% of the total revenue.

GEOGRAPHIC PRESENCE



Italy: 54,0% of revenues

European Union: 9,1% of revenues

Countries:

Austria, Bulgaria, Germany, Greece, Malta, Poland, Portugal, Romania and Hungary.

USA: 12,8% of revenues

Rest of the world: 24,1% of revenues

Europe:

Bosnia and Herzegovina, Georgia, Kosovo, Macedonia, Montenegro, Serbia, Switzerland, Turkey and Ukraine.

Central and South America:

Argentina, Brasil, Chile, Honduras, Mexico, Peru, Dominican Republic and Venezuela.

North Africa:

Morocco and Tunisia.

Asia:

Saudi Arabia, Bahrain, Bangladesh, Arab, Emirates, Philippines, Jordan, Hong-Kong and Macau, Indonesia, Israel, Iraq, Lebanon, Middle East, Singapore, Sri Lanka e Thailand.

Note: data obtained from 2011 consolidated revenues. Source: corporate information.

KEDRION
SWITZERLAND

Switzerland





Kedrion Group
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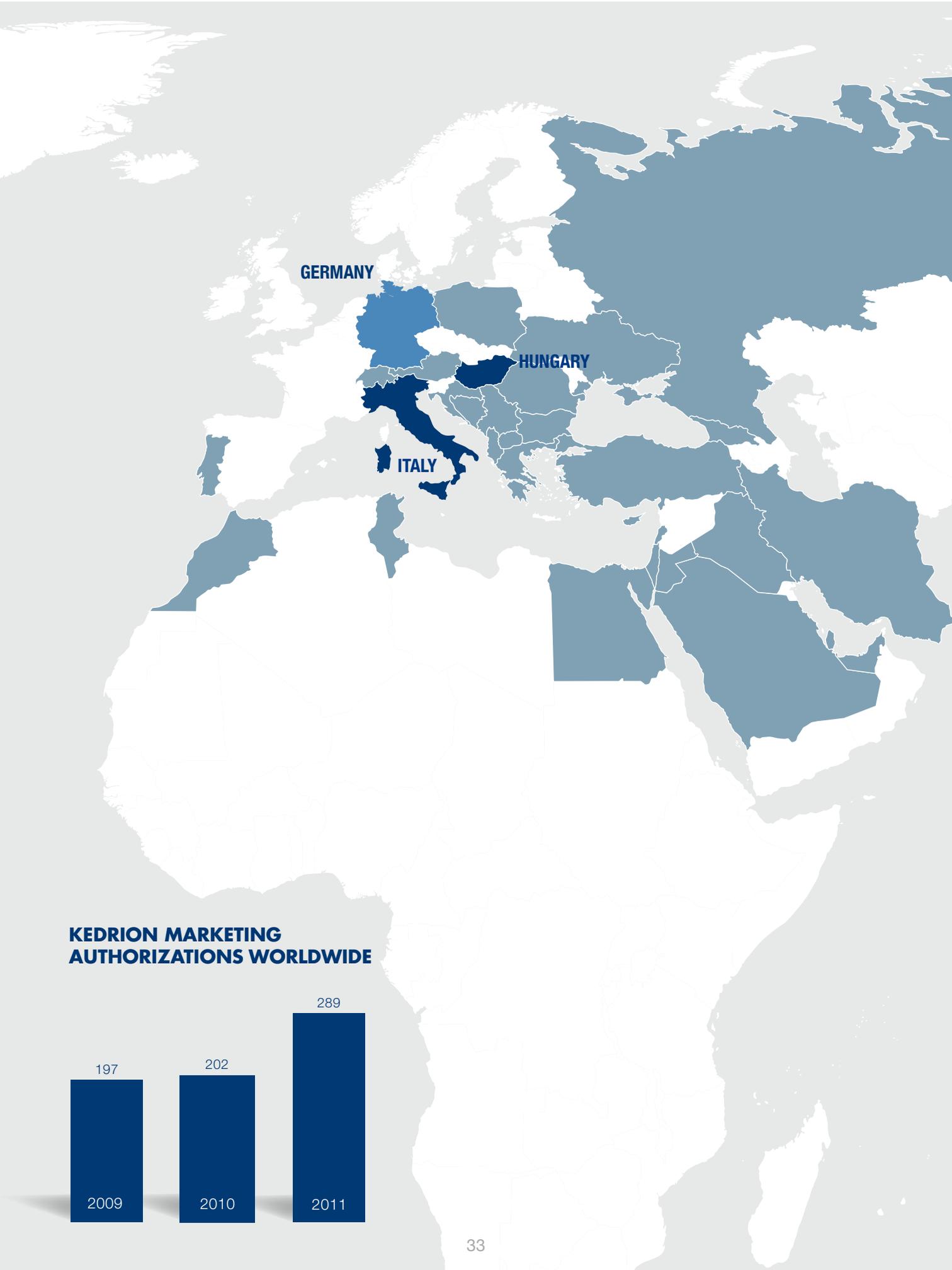


USA*

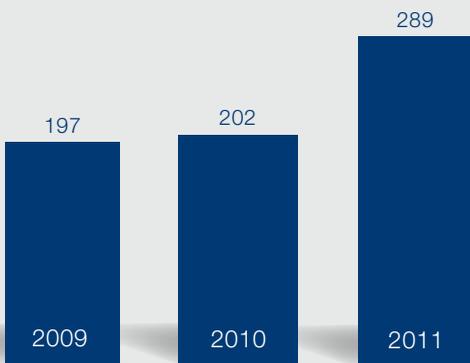
Kedrion Group worldwide

KEY

- Plasma Fractionation / Plasma Collection / Distribution
* Fractionation is contracted out to a third party
- Plasma Collection / Distribution
- Distribution



**KEDRION MARKETING
AUTHORIZATIONS WORLDWIDE**



SUPPLY

PLASMA BU

The Kedrion Group has been operating since 2004 in the collection and sale of plasma coming from company-owned collection centres located outside of Italy. Besides providing a regular supply to the Group's companies, the plasma collected in these centres is sold to other fractionators and producers of plasma-derived products. To meet its plasma needs, the Group also obtains supplies from foreign third-party collection centres.

The activities of plasma collection and sale managed by the Plasma Business Unit were developed to guarantee, and give flexibility to, the procurement of starting material. These are designed to ensure that given volumes of plasma are collected regardless of market trends.

The Plasma Business Unit's current and future activities focus mainly on the goal of steady growth in collections through the consolidation and strengthening of its network of company-owned centres and also through the creation of long term agreements with third party operators in the sector.

The companies Haemopharm, Kedplasma United States (formerly ABS) and Kedplasma Deutschland are all part of the Plasma Business Unit. The Group currently has 8 company-owned centres operating in the United States managed by Kedplasma United States (in June 2011 two new centres were added to the existing six centres) and three company-owned centres operating in Germany (Bavaria) managed by KedPlasma Deutschland. Both companies are directly controlled by Haemopharm, which has its head office in the United States.

In 2011 the Plasma Business Unit was asked to meet the increased plasma requirements of the plasma-derived products manufacturing segment also ensuing from the Group's entrance into the North American market. At the same time, the Plasma BU has maintained a significant level of sales to third party operators.

In the United States, the acquisition of the two new centres during the year helped contribute to the goal of meeting the increased demand for starting material. The collection of plasma in the eight American centres increased by 31% compared to 2010.

After a vast expansion operation, the Reseda (California, USA) plasma collection centre, the largest company-owned American centre and one of the largest in the United States, reopened in mid 2011. Currently the structure has 50 collection stations, which can be increased up to 80, and one of biggest freezer capacities ever created in North America. The expectations for this investment are for steady growth over the years until a production level of more than 100.000 litres per year is reached.

With regard to the three German centres, the collection of plasma increased significantly (+17%) in 2011. Trading activities further increased with plasma purchases from German and Austrian suppliers.

The manufacturing goal in Germany is to maintain, mid to long term, the growth trends registered in 2011. The increase in production in company-owned centres will lead, thanks to economies of scale, to a reduction in the manufacturing costs per litre of plasma.

PRODUCTION

BOLOGNANA FACILITY

In 2011 the Bolognana production facility again confirmed its excellent level of performance, substantially strengthening the results from the previous year in terms of production volume.

In this context, there was a significant increase in the yields of certain finished products, particularly with coagulation Factors/Inhibitors and commercial standard Immunoglobulin: Factor IX and Antithrombin recorded a yield increase of approximately 10% with respect to the previous year, as did standard Immunoglobulin.

With regard to the company's policy for the continuous improvement and development of the Group's production facilities, one of the most significant activities that occurred in 2011 was the construction and qualification of a new sterile area. This area, which will bring about a further increase and optimization of the production capacity of Factor VIII, Factor IX and Prothrombin Complex, is expected to be operational before the end of the first half of 2012.

Of significant importance in 2011 was the Food and Drug Administration (FDA) certification of the Bolognana plant to produce Albumin destined for the US market under the brand name KEDBUMIN. The audit was performed in fulfillment of the Biologic License Application (BLA), as required for the registration of biological products in the United States. In the last quarter of the year the FDA released the first three batches of KEDBUMIN intended for the US market.

To confirm the quality of its manufacturing, Kedrion's QSEAL (Quality Standards of Excellence, Assurance, and Leadership) certification was renewed in 2011. QSEAL is the PPTA (Plasma Protein Therapeutics Association) international program that recognizes the strict adherence to voluntary industry standards for the safety of patients using plasma-derived products.

SANT'ANTIMO FACILITY

In 2011, the Sant'Antimo facility also achieved good production performances, both in terms of volumes and yields, compared to the previous year.

The production of S/D inactivated plasma, the facility's distinguishing medicinal product, saw its yield increase by about 4%. This result was achieved thanks to the introduction of a new sterile filling machine designed using the most advanced technologies and following Kedrion's strict requirements. The new equipment allows the filling capacity to meet the plant's production capacity for inactivated plasma, and will also allow it to handle significant volume increases in the future.

Activities relating to the production of industrial batches of Fibrinogen and Thrombin, which are essential components for manufacturing Fibrin Glue, were completed during the year at the Sant'Antimo facility. These were pre-requirements for the application of a marketing authorization for Fibrin Glue.

GÖDÖLLŐ FACILITY

Production at the Gödöllő plant in Hungary in 2011 saw a significant increase in volume (+21%) compared to the previous year, which primarily involved the production of Albumin.

This was the year in which, as part of the so-called HuGE (Hungary Gödöllő Expansion) project, the plant inaugurated its new production line. Started in 2008 with the main goal of industrially developing the Gödöllő site, HuGE will increase production capacity by up to 350.000 litres of plasma per year. This expansion plan will allow the Group to reach an overall fractionation capacity of 1,7 million litres per year by 2012, which is in line with Kedrion's international growth objectives.

The new production line is based on Kedrion's process technology and all work on it was carried out in accordance with Good Engineering Practices (GEP) and GMP (Good Manufacturing Practices), as well as the requirements of the Food and Drug Administration (FDA).

Lastly, the outcome of the audit carried out by the Hungarian National Institute of Pharmacy (NIP) was positive. The Hungarian health authority confirmed that the entire Gödöllő facility and the new line, which will begin production in 2012, both adhere to GMP (Good Manufacturing Practices).

DISTRIBUTION

THE EU AND ASIAN MARKETS

In 2011 Ked Pharmaceuticals continued to strengthen its presence in countries in the European Union, the Middle East and in various countries in Asia. Even with political instability in the Middle East and despite an unfavorable price trend in plasma-derived products, Ked Pharmaceuticals was able to maintain steady profits in the regions in which it distributes. To ensure growth and steady sales, Ked focused its attention on those European and Asian markets that have stable price levels and demand. The most satisfying results were achieved in Austria, Poland and Germany where Ked, with the objective of affirming the Kedrion brand and its products, set up a sales network and intensified its marketing activities. Besides this, Ked was able to finalize the launching of new products on the European market. In Portugal, the Kedrion Portugal affiliate was able to increase revenues and to continue the good performances of 2010. Another successful activity was short-listing the Asian countries in which to expand its commercial presence through effective promotional and marketing actions. To summarize, in 2011 Ked concentrated its efforts on increasing the profile of the Kedrion brand, and on consolidating a steady sales increase. In the countries where Ked operates, Immunoglobulins and Albumin recorded the highest sales.

USA MARKET

With its entrance into the American market in June 2011 and the constitution of Kedrion Biopharma (head office in Fort Lee, New Jersey), Kedrion met one of its primary strategic goals with regard to its internationalization policy.

In 2011, Grifols Biotherapeutics LLC finalized the acquisition of Talecris, a company based in Research Triangle Park, North Carolina. To complete the acquisition, the Federal Trade Commission (FTC) required Grifols to divest some of its assets. Through these agreements, Kedrion S.p.A. obtained the marketing rights for Koāte-DVI from Grifols Biotherapeutics.



Melville facility (State of New York, USA).

Kedrion S.p.A. also secured the marketing and distribution rights for seven years in the United States for both Albuked, human Albumin, and gammaked, 10% standard Immunoglobulin in liquid form. In June 2011, Kedrion also received authorization to sell KEDBUMIN, the human Albumin produced at the Bolognana facility in Italy, in North America. Despite the swiftness of the operation, purchasing contracts were signed throughout the country immediately after the establishment of Kedrion Biopharma with some of the most important group purchasing organizations (GPOs), with various commercial partners and with pharmacy chains specialized in home care. The contracts became operational as soon as the brands were available for distribution: Koâte-DVI in June, gammaked and Albuked in September, while the distribution of KEDBUMIN began in November. Not all of the gammaked range was available from the beginning, but Kedrion Biopharma was able to meet the demand with some help from its commercial partners and end users.

Gross sales of \$48,3 million were recorded in the first seven months.

In 2012 it is expected that the US market will double the turnover achieved in seven months in 2011. This target will be met through the strengthening of relations with large group purchasing organizations (GPOs), hospitals and home care segments. Growth will pertain to all products, with gammaked being the leading product in terms of sales.

CONTRACT MANUFACTURING, ITALY AND REST OF WORLD SALES BU

In 2011 the revenues from the production and sale of plasma-derived products increased by 0,4% compared to the corresponding period for the year 2010. This increase is the result of the continued positive trend of the contract manufacturing market in Italy, and of the stability of the international plasma-derived products market.

Contract Manufacturing and Italy Sales

The Italian market for plasma-derived products is divided into the commercial market and the processing of plasma from Italian donors on behalf of the Regions. In 2011, Italy again remained the main reference market for Kedrion, with net sales corresponding to 56% of overall revenue with fairly stable growth data compared to the previous year. Revenues from the commercial sector instead saw a 16,4% decline compared to 2010, due to the increased volume of products made available for contract manufacturing. Kedrion's activity pertaining to the processing of plasma from Italian donors on behalf of the Regions, is conducted in collaboration with the national healthcare service, and focuses on achieving self-sufficiency in plasma-derived medicinal products from Italian donor plasma, as set out by the Italian Law 219/2005. In this regard, Kedrion receives the plasma, which remains public property, transforms it into finished products and distributes it throughout Italy to meet the population's therapeutic needs. The entire process is improved by a wide range of customer services that include the collection and traceability of the donation and the planning of end product availability.

In 2011 the revenues from contract manufacturing represented more than 70% of total revenue

for the Italian market with an annual median growth of 8% over the past 4 years. This is due to a continued increase in plasma collection and to Kedrion's higher production efficiency. The blood system is organized very differently in each Italian Region. These differences are evident in the collection of plasma, and therefore in the availability of contract manufactured plasma-derived products. Northern and central Regions have practically achieved self-sufficiency for plasma-derived products, whereas southern Regions are behind schedule.

Rest of the world

Growing at a rate of +47% in 2010 compared to 2009, the Rest of the world market saw an additional +72% increase in 2011 thanks to the United States' contribution, which by itself generated sales of € 34,6 million during the last part of the year.

This excellent result was obtained despite a less than ideal trend in standard Immunoglobulins and Factor IX in non US markets.

Over the past few years, in response to a clear strategic direction, the Group has also been pursuing an important internationalization process designed to strengthen its presence on main international markets such as Russia and Latin America. Although the time requirements to achieve this objective are medium term due to the regulatory restrictions that characterize the industry, further growth is forecasted in the upcoming years at rates sustained by the foreign component in relation to total revenues.



KEDRION

M E X I C O

Mexico



Product Development

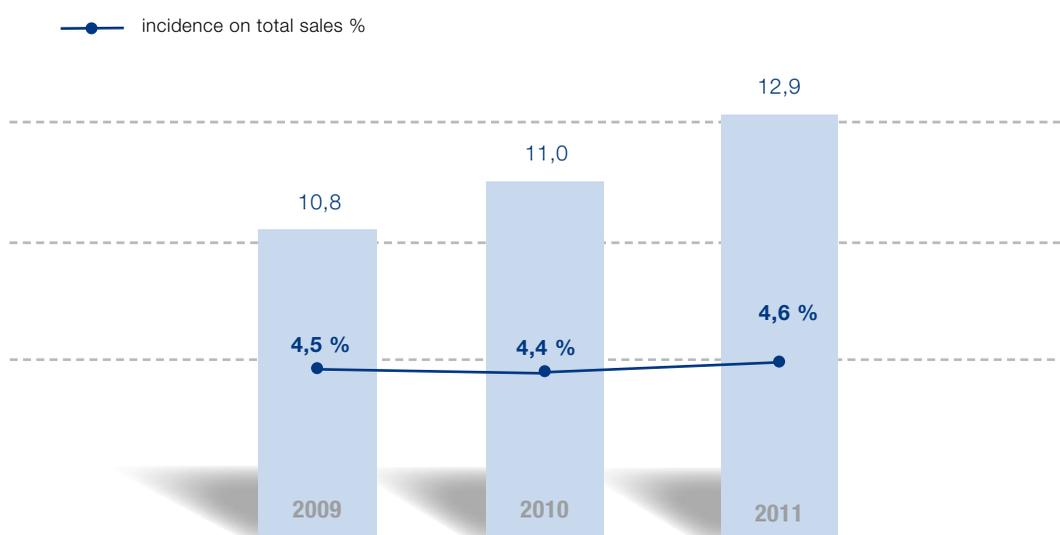
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PRODUCT DEVELOPMENT

The areas of Medical Affairs (Clinical Trials, Scientific Service, Pharmacovigilance), Industrial Research & Development, BIOSC and RAO all pertain to Product Development.

Kedrion has always worked to spread and improve international therapeutic standards, and its Research and Development division is fundamental in this. Reported in the table below are the Research and Development investments made over the last 3 years and their incidence on net sales.

Investments in R&D* (€ mln): incidence on total sales %



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

MEDICAL AFFAIRS

1. CLINICAL TRIALS

Apart from the planning, management and implementation of company clinical projects (including observational studies), this area participates in EU and non-EU registrations by drafting and updating the clinical and non-clinical parts of the dossiers and other regulatory documents for all products. In 2011 there was a significant increase in non-EU planning activities, especially following Kedrion's launch in the United States (see Medical Affairs chapter for further information).

2. SCIENTIFIC SERVICE

This activity has become part of Medical Affairs in order to provide medical-scientific support to the company's external marketing and sales network, and to those healthcare operators with whom it collaborates.

3. PHARMACOVIGILANCE

The Pharmacovigilance System, which handles post-marketing cases of adverse reactions in accordance with current regulations and the amendments to the EU Legislation foreseen for 2012, as well as clinical trials and observation studies, has been implemented and upheld.

INDUSTRIAL RESEARCH & DEVELOPMENT

Kedrion's Industrial Research & Development activities focus more and more on the study of technological innovations to improve existing products, create new ones and increase production processes yields. Attention is also given to optimizing production processes in order to increase the production capacities of the various manufacturing sites.

In 2011, the Industrial Research & Development department intensified some of its activities whilst the starting a number of new projects in line with company strategies.

In particular:

- The project presented to the Region of Tuscany and entitled 'Research and development of orphan drugs of a plasmatic origin' started at the end of August 2011, and will continue for two years (expected expiration, barring extensions, August 2013). The project involves the study of 4 orphan drugs of plasmatic origin to different stages of development:
 - *Plasminogen, for use in the treatment of ligneous conjunctivitis*
 - *FV, for use in the treatment of FV deficiency*
 - *Factor H, for use in the treatment of hemolytic-uremic syndrome (HUS)*
 - *Factor X, for use in the treatment of Factor X deficiency.*
- The project presented to the Ministry of Education, Universities and Research (MIUR) and entitled 'Study for the development, characterization and efficacy of a highly active recombinant Factor IX for the treatment of haemophilia B' started in July 2011 and will continue for 3 years, unless extended. This project will allow Kedrion to use the recombinant DNA technique to produce a highly active FIX. A mutation of an amino acid in position 338 of wild type FIX allows a function gain factor the activity of which is 7-8 times greater than its antigen.

The development of the following internal research projects, started in 2010, continued:

- New chromatographic purification method of a vWF and FVIII concentrate with an approximate FVIII and vWF ratio of 1:1.
- Funded project on FVIII entitled 'Elaborating of a new FVIII concentrate with reduced immunogenic capacity and improved chemical-physical stability'.

In 2011, the goal of consolidating Research, Development and Technology Transfer inter-functional work groups, covering the entire product development supply chain from laboratory to production, was also achieved.

To follow are some examples of inter-functional projects completed in 2011:

• NEW GENERATION IG VENA PROJECT

With the production of a first GMP batch, the optimization on a pre-industrial scale of a new intravenous immunoglobulin (IgG) production process using a new starting material (fraction II+III), has reached completion.

• SIENA ORPHAN DRUGS PLANT

A pilot plant for the GMP production of small size batches was set up at the Siena Bio-incubator managed by Toscana Life Sciences (TLS). The agreement with TLS, signed in April 2011, falls within the

Orphan Drugs project financed by the Region of Tuscany.

Production, which began in September, was followed by the qualification and validation activities and the preparation of the documents needed to request the AIFA audit, with the simultaneous transfer of the FV, FII and Plasminogen production processes.

The company is also continuing with the supply of Plasminogen and Factor II products for compassionate use. Plasminogen is currently supplied to three Italian patients, and the procedures required to start the clinical trials are under way.

BIO SC (BIOLOGICAL SAFETY CENTRE)

In 2011, the Biological Safety Centre (BioSC) pursued the following objectives:

- To complete the activities that will afford Kedrion autonomy in the performance of viral inactivation/removal studies.
- To promote the Centre on national and international markets and to begin performing service activities for external customers.

The activities required to meet these objectives include:

1. Expanding the range of viruses by extending characterization to PsRV, HIV and EMCV
2. Performing viral inactivation/removal studies for Kedrion
3. Promoting the Centre in collaboration with the Marketing department, through participation and support at conferences and courses pertaining to the services offered by BioSC
4. Performing viral inactivation/removal studies for external customers.

Other activities performed by BioSC include:

• KEDRION SAFETY PROGRAM, MUTUAL RECOGNITION AND FDA

In line with a clear company strategy and with current regulations, BioSC assesses the safety of the finished products (Risk Assessment) in collaboration with QA Plasma Release in order to guarantee that the plasma-derived products are safe from viral contamination. The work focuses on those products that are expected to receive Mutual Recognition or authorization from the FDA in 2012, as well as on problem-solving.

• PLASMA MASTER FILE

The Centre's work also involves participating in the auditing of suppliers of plasma or starting materials as technical support to QA. This activity is fundamental for the certification of plasma suppliers so that they can be added to the Plasma Master File (PMF) or to registration dossiers. Therefore, with regard to the activities related to the presentation of changes and the annual update of the EMEA certified PMF, BioSC must verify that the NAT methods being used by external plasma suppliers comply with current regulations/guidelines requirements.

• REGISTRATION DOSSIER

BioSC also completes/revises the product safety section of dossiers that relate to pathogenic agents.

RAO

In 2011, the Regulatory Affairs Office concentrated on:

1. Copy registrations of Italian Marketing Authorizations for contract manufacturing products following regulatory changes
2. Integration of the Human BioPlazma production facility in Kedrion's Marketing Authorizations
3. Activities designed to develop maximum integration between the various production facilities.

KEDRION
P O R T U G A L

Portugal





Medical Affairs

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CLINICAL DEVELOPMENT OF NEW PRODUCTS AND INDICATIONS

The main activities of the Clinical Trials sector include the planning, management and implementation of the clinical and non-clinical parts of company projects. This area also participates in the creation of the registration program in EU and non-EU countries by drafting and updating the clinical and non-clinical parts of the dossiers and other regulatory documents required for the expansion and consolidation of the product portfolio. The Kedrion portfolio currently includes more than thirty products, the list of which is published in the pages that follow.

In 2001, the clinical development program for Fibrin Glue came to an end with the completion of the three foreseen clinical trials. The three studies were conducted in seven experimental centres located throughout Italy and involved a total of 350 patients. The experiments were carried out in three different surgical settings: pulmonary surgery, microsurgery of the middle ear and hepatic surgery. The results of the first two studies showed the product's sealing efficacy, and the third study showed its haemostatic efficacy.

Another important trial was completed in 2011, with results supporting the use of Kedrion's intravenous Immunoglobulin (IVIG) in the treatment of Chronic Inflammatory Demyelinating Polyneuropathy (CIDP). CIDP is a neurological disease, the cause of which is unknown, characterized by a progressive demyelination of peripheral nerves which can cause muscular weakness, loss or decrease of reflexes and sensory disturbances. The double blind randomized study was performed at 17 centres throughout Italy with a total enrolment of 46 patients. The trial's primary endpoint was to assess whether the treatment with IVIG was better tolerated and/or more effective compared to high doses of intravenous methylprednisolone in improving CIDP after 15 days and in maintaining the long term (6 months) improvements obtained. The results of this study were published in the prestigious journal *The Lancet* (May 2012, DOI: 10.1016/S1474-4422[12]70093-5).

The enrolment forecasts for 2011 for the SIPPET project (FVIII inhibitors) were exceeded: currently there are 159 patients enrolled (it is expected that by next year there will be over 170 enrolled patients). The SIPPET study, which is expected to end in Q2 2015, plans to identify the different levels of risk of developing inhibitors between plasma derived FVIII and recombinant FVIII.

Another important milestone reached during 2011 was the start of the activities relating to the first three Kedrion sponsored clinical projects that will be conducted in the United States.

The first of the three projects is the planned study on the paediatric use of the product KEDBUMIN (human Albumin). The study, which is expected to begin in Q2 2012, will be conducted in at least five centres in the USA on a population of 60 patients between the age of 0 and 12 years old. The study is expected to end in Q3 2013.

The second project involves conducting a clinical trial for the registration of Kedrion 10% Immunoglobulin in the treatment of primary immunodeficiencies. The study will involve about 12 centres in the USA and Canada and will have an enrolment of 50 patients.

The clinical program will collect data to support the requested indication for the product's BLA (Biological Licence Application), and will have a duration of approximately 30 months.

The third project is designed to register a human Plasminogen concentrate (Plg) for use in the treatment of ligneous conjunctivitis. Ligneous conjunctivitis (LC) is a very rare disease (with a prevalence in the general population of 1,6 for every 1 million inhabitants) characterized by the development of classical pseudomembraneous lesions on the surface of the eyelid (conjunctiva) that may cause blindness if not properly treated. LC is caused by a deficiency in type I Plasminogen. Since there are neither approved therapies for the treatment of LC nor an adequate replacement therapy, patients are mostly treated with Fresh Frozen Plasma (FFP). The non-clinical development of Kedrion's product was completed in 2011. The clinical trial designed to assess the concentrate's efficacy and safety in the treatment of LC is expected to begin in Q3 2012. The study will be conducted on a total of 10 patients in four centres in Italy and the USA.

In 2011, the Studies sector saw a further increase in all activities pertaining to observational studies, defined as "studies focusing on problems and pathologies for which medicinal products are prescribed in accordance with Marketing Authorizations but the decision to prescribe the drug to the individual patient must be completely independent from that of including the patient in the study" (Guideline for conducting and classifying observational studies on drugs, AIFA - GU n° 76 of 31/03/2008 and Ministry of Health Circular dated 2 September 2002).

KEDRION
B I O P H A R M A

Bolognana (Lucca)



Sant'Antimo (Naples)





Product Portfolio

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KEDRION GROUP PRODUCT PORTFOLIO

HAEMOPHILIA AND OTHER BLEEDING CONDITIONS

EMOCLOT / PLASMACLOT / Koâte-DVI***
Factor VIII/Von Willebrand Factor concentrate

HUMAFACOR-8**
Factor VIII concentrate

WILFACTIN*
Von Willebrand Factor concentrate

AIMAFIX / HUMAFACOR-9**
Factor IX concentrate

EMOSINT
DDAVP Desmopressin

UMAN COMPLEX
Prothombin Complex concentrate

CRITICAL CARE

UMAN ALBUMIN / UMAN SERUM / ALBITAL /
HUMAN ALBUMIN / KEDRIALB / PLASBUMIN / KEDBUMIN*** /
Albuked***
Human Albumin solution

AT III KEDRION
Antithrombin concentrate

K FLEBO*
Potassium aspartate

PLASMASAFE*
Pharmaceutical grade plasma

PRIMARY IMMUNE DEFICIENCIES AND IMMUNE-MEDIATED CONDITIONS

Ig VENA / HUMAGLOBIN / KEDRIGAMMA /

VENITAL* / gammaked***

Standard i.v. Immunoglobulin

16% GAMMAGLOBULIN

Standard i.m. Immunoglobulin

VENBIG

Anti-hepatitis B e.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

OTHER PRODUCTS

INFLUVIRUS F* / ISIGRIP ZONALE SPLIT*

Flu vaccine – split

ISIFLU*

Flu vaccine – virosomal

PROLASTIN*

Alpha-1 antitrypsin concentrate



KEDRION
UNITED STATES

United States

KEDPLASMA
UNITED STATES

KEDRION GROUP





Kedrion in the world

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Philippines

Saudi Arabia

Sri Lanka

Taiwan

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Yemen

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Kenya

Romania

Saudi Arabia

Vietnam

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Latin America and Africa**

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Financial data

ANNUAL REPORT 2011

CONSOLIDATED FINANCIAL* STATEMENTS AT DECEMBER 2010 AND 2011

Consolidated balance sheet		
	year ended at 31 December	
(in thousands of Euro)	2010	2011
Non current assets		
Property, plant and equipment	98.008	99.013
Property investment	1.774	1.754
Goodwill	165.354	168.680
Fixed duration intangible assets	9.857	7.249
Equity investment in other companies	1	1
Other non current financial assets	401	399
Other non current assets	653	467
Total non current assets	276.048	277.563
Current assets		
Inventories	116.445	139.398
Trade receivables	93.748	97.811
Current tax credits	881	1.600
Other current assets	6.740	10.576
Other current financial assets	544	184
Cash and cash equivalents	13.192	21.757
Total current assets	231.550	271.326
Total assets	507.597	548.889

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

Consolidated balance sheet		
	year ended at 31 December	
(in thousands of Euro)	2010	2011
Shareholders' equity		
Group shareholders' equity		
Share capital	52.116	52.116
Reserves	127.713	147.722
Total Group net profit	20.112	12.804
Total Group shareholders' equity	199.941	212.642
Shareholders' equity pertaining to minority shareholders		
Minority interests in capital and reserves	103	390
Net profit pertaining to minority shareholders	287	505
Total shareholders' equity pertaining to minority shareholders	390	895
Total shareholders' equity	200.331	213.537
Non current liabilities		
Medium/long-term	174.587	160.276
Provisions for risks and charges	400	395
Liabilities for employee benefits	5.573	3.867
Deferred tax liabilities	884	128
Other non current liabilities	3.919	2.653
Total non current liabilities	185.363	167.319
Current liabilities		
Amounts due to banks and other lenders	20.796	30.509
Current portion of medium/long-term loans	24.744	34.876
Provisions for risks and charges	36	1.674
Trade payables	49.832	70.217
Current tax payables	4.739	6.766
Other current liabilities	21.756	23.991
Total current liabilities	121.904	168.033
Total liabilities	307.267	335.352
Total shareholders' equity and liabilities	507.597	548.889

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Consolidated balance sheet		
	year ended at 31 December	
(in thousands of Euro)	2010	2011
Revenues from sales and services	247.780	277.334
Cost of sales	139.524	163.091
Gross margin	108.256	114.243
Other income	4.291	7.835
General and administrative expenses	38.654	45.559
Sales and marketing expenses	16.650	20.587
Research and development expenses	7.720	9.370
Other operating costs	2.289	3.640
Operating result	47.235	42.922
Financial charges	18.577	21.055
Financial income	4.141	5.723
Pre-tax result	32.799	27.590
Income taxes	12.747	12.570
Net profit for the year	20.052	15.020
of wich:		
Net profit attributable to the Group	19.766	14.515
Net profit attributable to minority shareholders	287	505

Aggregate consolidated income statement		
	year ended at 31 December	
(in thousands of Euro)	2010	2011
Net profit for the year	20.052	15.020
OTHER NET AGGREGATE PROFITS / (LOSSES)		
Translation differences on foreign company financial statements	46	(1.536)
Net loss on cash flow hedging instruments (cash flow hedges)	301	(175)
Aggregate net profit for the year	20.399	13.309
of wich:		
Aggregate net profit attributable to the Group	20.112	12.804
Aggregate net profit attributable to minority shareholders	287	505

Consolidated cash flow statement

	year ended at 31 December	
(in thousands of Euro)	2010	2011
Net cash flow generated from operating activities	35.369	40.474
Net cash flow absorbed by investment activities	(14.872)	(16.397)
Net cash flow generated/(absorbed) by financing activities	(16.199)	(15.456)
Total net cash flow	4.298	8.621
Cash and cash equivalents opening balance	8.711	13.154
Net effect of conversion of foreign currencies on cash and cash equivalents	145	(107)
Cash and cash equivalents closing balance	13.154	21.668

KEDRION
B I O P H A R M A

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