

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

**REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS'
ORDINARY GENERAL MEETING DELIBERATING ON THE APPROVAL OF THE
ANNUAL ACCOUNTS AS OF DECEMBER 31, 2015**

Dear Shareholders,

The fiscal year as of December 31, 2015 ends with a profit of EUR 48,845,714.03.

We propose the following allocation of this result:

profit as of December 31, 2015	EUR	48,845,714.03
<u>retained earnings December 31,2015</u>	<u>EUR</u>	<u>4,213,473.97</u>
<u>available result</u>	<u>EUR</u>	<u>53,059,188.00</u>
dividend to be distributed to shareholders	EUR	(53,000,000.00)
retaining earnings	EUR	59,188.00

The Company's business has developed normally in 2015 and the following main events occurred:

- On February 15, 2015 the Company postponed the expiry date of the 1,000,000 RON loan agreement with RECORDATI ROMANIA to March 22, 2017.
- On April 28, 2015 the Company absorbed by merger SGAM Al Kantara Co.II. S.à .r.l with retroactive effect to January 1, 2015 .
- On June 26, 2015 the Company postponed the expiry date of the 5,000,000 RON loan agreement with RECORDATI ROMANIA to July,4 2016.
- On November 5, 2015 following the merger with SGAM Al Kantara Co.II. S.à .r.l. that reduced the number of shareholders of Opalia Pharma from 7 to 6, and in order to be compliant with Tunisian law which requires that a Company must have at least 7 shareholders , the Company sold on a fiduciary basis 1 shares detained in OPALIA PHARMA for a total price of EUR 37 to Mr .Roberto Teruzzi .
- On November 5, 2015 the Company agreed with LLC RUSFIC the partial prepayment of 1,000,000 EUR on the 3,000,000.00 EUR loan with maturity 21/12/2016.
- On November 16, 2015 the Company received from Orphan Europe S.a.r.l. a short term loan of EUR 50.000.000 bearing interests at Euribor 1 month plus a spread of 0.50%.
- On December 16, 2015 following the reduction of the share capital of RECORDATI HELLAS PHARMACEUTICALS S.A. by redemption of 385,000 shares of a nominal value of 10 EUR, the Company received a payment of 3,850,000.00 EUR.
- On May 29 and on December 18, 2015 the Company repaid to RECORDATI SPA

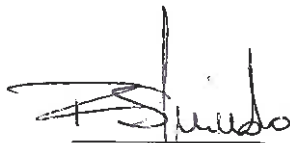
32.000.000 out the EUR 53.000.000 intercompany loan. The amount still outstanding on that loan as per December 31, 2015 is equal to EUR 21.000.000.

- In the end of 2015 the Italian tax Police (Guardia di Finanza – Nucleo di Polizia Tributaria di Milano) initiated an audit for the purposes of income tax for 2009-2014 of the Company, seeking possible evidence that would place the residence of the Company for tax purposes pursuant to Article 73, paragraph 3, of the Uniform Income Tax Code in Italy. To date, no formal assessments have been notified to the Company and so on the basis of the analysis of the Direction so far, as confirmed by the advisor, it was not felt necessary to recognize provisions at 31 December 2015 other than a EUR 10,000.00 provision to cover the cost of defence against any potential claims above.
- During the year dividends for a total counter value of EUR 59,266,539 were received from the subsidiaries, while the amount of dividends and retained earnings distributed to shareholders amounted to EUR 90,000,000.

The achievements recorded and the initiatives pursued in 2015 represent once again important steps for the international development of the Company and of the Group.

March 3rd, 2016

On behalf of the board of directors



Fritz SQUINDO



David SANA

To the Shareholders of
RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY
6, rue Eugène Ruppert
L - 2453 Luxembourg

REPORT OF THE “COMMISSAIRE”

We are pleased to inform you that we have carried out our supervisory audit of RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY for the year ended December 31, 2015. These annual accounts are the responsibility of the Board of Directors.

We have examined the Balance Sheet of your company as at December 31, 2015 reporting a total of EUR 369.990.936,69 as well as the Profit and Loss account for the year ended December 31, 2015, reporting a profit of EUR 48.845.714,03.

We have carried out our mandate on the basis of Article 62 of the amended Law of August 10, 1915 and have noted that the annual accounts as at December 31, 2015 are in accordance with the accounting records and related documents which have been submitted to us.

Therefore we recommend the acceptance of the above mentioned accounts as at December 31, 2015 and the discharge to the members of the Board of Directors with respect to their mandates.

Luxembourg, March 01, 2016

Comcolux S.à r.l.
Commissaire



Manager

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

Public Limited Company
6, rue Eugène Ruppert
L-2453 Luxembourg
R.C.S. Luxembourg B. 59.154

**ANNUAL ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Table of contents

Balance sheet	1-2
Profit and loss account	3-4
Notes to the annual accounts	5-13

BR

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

R.C.S. Luxembourg B. 59.154

Balance Sheet as at December 31, 2015

	Notes	31.12.2015 Euro	31.12.2014 Euro
<u>ASSETS</u>			
<u>A.Subscribed capital unpaid</u>			
<i><u>I. Subscribed capital not called</u></i>			
		-	-
<i><u>II. Subscribed capital called but unpaid</u></i>			
		-	-
<u>B. Formation expenses</u>			
		-	-
<u>C. Fixed assets</u>			
<i><u>I. Intangible Assets</u></i>			
		-	-
<i><u>II. Tangible Assets</u></i>			
		-	-
<i><u>III. Financial Assets</u></i>			
	(3)	353,510,977.61	369,470,723.53
<u>D. Current Assets</u>			
<i><u>I. Stocks</u></i>			
		-	-
<i><u>II. Debtors</u></i>			
<i>a) Becoming due and payable within one year</i>			
	(4)	15,804,489.62	15,195,062.61
<i>b) Becoming due and payable after more than one year</i>			
		-	-
<i><u>III. Investments</u></i>			
		-	-
<i><u>IV. Cash at bank and in hand</u></i>			
		675,469.46	186,506.04
<u>E. Prepayments</u>			
		-	-
Total Assets			
		369,990,936.69	384,852,292.18

The accompanying notes form an integral part of the annual accounts

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

R.C.S. Luxembourg B. 69.154

Balance Sheet as at December 31, 2015

	Notes	31.12.2015 Euro	31.12.2014 Euro
<u>LIABILITIES</u>			
<u>A. Capital and reserves</u>			
<i><u>I. Subscribed capital</u></i>	(5)	82,500,000.00	82,500,000.00
<i><u>II. Share premium and similar premiums</u></i>	(6)	144,965,479.84	144,965,479.84
<i><u>III. Revaluation reserves</u></i>		-	-
<u>IV. Reserves</u>	(7)		
1. <i><u>Legal reserve</u></i>		8,250,000.00	8,250,000.00
2. <i><u>Reserve for own shares or own corporate units</u></i>		-	-
3. <i><u>Reserves provided for by the articles of association</u></i>		-	-
4. <i><u>Other reserves</u></i>		37,500.00	37,500.00
5. <i><u>Reserve for net worth tax imputed</u></i>			
<i><u>V. Profit and loss brought forward / retained earnings</u></i>	(8)	4,213,473.97	56,031,238.91
<i><u>VI. Result for the financial year</u></i>	(8)	48,845,714.03	58,182,235.06
<i><u>VII. Interim dividends</u></i>	(8)	-	(20,000,000.00)
<i><u>VIII. Subsidies of capital in investment</u></i>		-	-
<i><u>IX. Immunised increases in value / appreciation</u></i>		-	-
<u>B. Subordinated debts</u>			
<u>C. Provisions</u>			
1. <i><u>Provisions for pensions and similar obligations</u></i>	(9)	-	-
2. <i><u>Provisions for taxation</u></i>		72,275.00	69,310.00
3. <i><u>Other provisions</u></i>		18,788.20	8,185.72
<u>D. Non-subordinated debts</u>			
a) <i><u>Becoming due and payable within one year</u></i>	(10)	81,087,705.65	54,808,342.65
b) <i><u>Becoming due and payable after more than one year</u></i>		-	-
<u>E. Deferred income</u>			
Total Liabilities			
		369,990,936.69	384,852,292.18

The accompanying notes form an integral part of the annual accounts



RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

R.C.S. Luxembourg B. 59.154

Profit and Loss Account for the year from January 01 to December 31, 2015

	Notes	from 1.01.2015 to 31.12.2015 Euro	from 1.01.2014 to 31.12.2014 Euro
<u>CHARGES</u>			
<u>1. Raw materials and consumables</u>			
<u>2. Other external charges</u>	(15)	214,361.64	57,139.99
<u>3. Staff costs</u>			
<i>a) Wages and salaries</i>			
<i>b) Social security costs</i>			
<i>c) Social security costs relating to pensions</i>			
<i>d) Other social security costs</i>			
<u>4. Value Adjustments</u>			
<i>a) on formation expenses and on tangible and on intangible fixed assets</i>			
<i>b) on element of current assets</i>			
<u>5. Other operating charges</u>	(15)	6,850.33	13,773.70
<u>6. Value adjustments and fair value adjustments on financial fixed assets</u>			
<u>7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities.</u>			
<u>8. Interest payable and similar charges</u>			
<i>b) other interest payable and similar charges</i>	(15)	1,010,316.25	5,148,209.89
<u>9. Extraordinary charges</u>	(15)	9,498,629.81	
<u>10. Tax on profit or loss</u>	(17)	3,210.00	4,893.88
<u>11. Other taxes not included in the previous caption</u>	(17)	41,731.20	29,525.45
<u>12. Profit for the financial year</u>	(8)	48,845,714.03	58,182,235.06
Total charges		59,620,813.26	63,435,777.97

The accompanying notes form an integral part of the annual accounts



RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

R.C.S. Luxembourg B. 59.154

Profit and Loss Account for the year from January 01 to December 31, 2015

	Notes	from 1.01.2015 to 31.12.2015 Euro	from 1.01.2014 to 31.12.2014 Euro
<u>INCOME</u>			
<u>1. Net turnover</u>		-	-
<u>2. Change in inventories of finished goods and of work and contracts in progress</u>		-	-
<u>3. Fixed assets under development</u>		-	-
<u>4. Reversal of value adjustments</u>			
<i>a) on formation expenses and on tangible and intangible fixed assets</i>		-	-
<i>b) on elements of current assets</i>		-	-
<u>5. Other operating income</u>		722.96	-
<u>6. Income from financial fixed assets</u>	(15)		
<i>a) derived from affiliated undertakings</i>		59,503,418.93	54,723,728.86
<i>b) other income from participating interests</i>		-	3,751,951.00
<u>7. Income from financial current assets</u>	(15)		
<i>a) derived from affiliated undertakings</i>		-	-
<i>b) other income</i>		-	1,895.71
<u>8. Other interests and other financial income</u>	(15)		
<i>a) derived from affiliated undertakings</i>		-	-
<i>b) other interest receivable and similar income</i>		98,162.17	4,956,277.86
<u>9. Extraordinary income</u>	(15)	18,509.20	1,924.54
<u>12. Loss for the financial year</u>		-	-
Total income		59,620,813.26	63,435,777.97

The accompanying notes form an integral part of the annual accounts

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

Public Limited Company
R.C.S. Luxembourg B. 59.154

Notes to the annual accounts on December 31, 2015

Note 1 – General Information

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY (hereinafter referred to as "the Company") was incorporated on December 7, 1973 in Switzerland and transferred to Luxembourg on May 12, 1997 and organised under the laws of Luxembourg in the form of a Public Limited Company for an unlimited period. Its registered office is established at 6, rue Eugène Ruppert, L-2453 Luxembourg.

The Company's financial year starts on 01.01 and ends on 31.12 each year.

The purpose of the Company is the acquisition, the management, the enhancement and the disposal of participations in whichever form in domestic and foreign companies. The company may also contract loans and grant all kinds of support, loans, advances and guarantees to companies, in which it has a direct or indirect participation or which are members of the same group.

The Company is included in the consolidated accounts of Recordati Industria Chimica e Farmaceutica S.p.A. (hereinafter called "Recordati S.p.A.") registered in Via Matteo Civitali 1, 20148 Milano, Italy. The consolidated financial statements are available there.

Note 2 – Significant accounting policies

2.1 General principles

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the Law of 10 August 1915 and the amended laws of 19 December 2002 and 10 December 2010, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Direction believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following, in accordance with the principles described above:

2.2.1 Financial assets

Shares in affiliated undertakings are valued at purchase price including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lowest figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.2 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.3 Cash at bank and in hand

Cash is valued at its nominal value.

2.2.4 Foreign currency translation

The accounts are expressed in Euro.

Transactions expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction.

Formation expenses and long-term assets expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historic exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historic exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realized exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above. The net unrealised loss is recorded in the profit and loss account and the net unrealised gains are not recognised.

Assets and liabilities items which are fair valued are converted at the exchange rates effective at the balance sheet date. Foreign exchange differences on those items which are accounted at fair value are recognised in the profit and loss account or revaluation reserves with the change in fair value.

2.2.5 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax returns have not yet been filed are recorded under the caption "Provision". The advance payments are shown in the assets of the balance sheet under the "Other receivables" item.

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

Public Limited Company
R.C.S. Luxembourg B. 59.154

Notes to the annual accounts on December 31, 2015

2.2.6 Non-subordinated debts

Non-subordinated debts are valued at their reimbursement value.

Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Note 3 – Financial Assets

The movements of the year are as follows:

	Shares in affiliated undertakings	Loans to affiliated undertakings	Shares in undertakings with which the Company is linked by virtue of participating interests	Loans to undertakings with which the Company is linked by virtue of participating interests	Investments held as fixed assets	Loans and claims held as fixed assets	Other loans	Total
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
Gross book value - opening balance	294,326,719.48	-	76,894,230.74	-	8,621,192.67	-	-	379,842,142.89
Additions for the year	3,042,069.00	-	-	-	-	-	-	3,042,069.00
Disposals for the year	(19,001,814.92)	-	-	-	-	-	-	(19,001,814.92)
Transfers for the year	-	-	-	-	-	-	-	-
Gross book value - closing balance	278,366,973.56	-	76,894,230.74	-	8,621,192.67	-	-	363,882,396.97
Accumulated value adjustment - opening balance	(5,500,000.00)	-	(1,506,200.78)	-	(3,365,218.58)	-	-	(10,371,419.36)
Allocations for the year	-	-	-	-	-	-	-	-
Reversals for the year	-	-	-	-	-	-	-	-
Transfers for the year	-	-	-	-	-	-	-	-
Accumulated value adjustment - closing balance	(5,500,000.00)	-	(1,506,200.78)	-	(3,365,218.58)	-	-	(10,371,419.36)
Net book value - opening balance	288,826,719.48	-	75,388,029.96	-	5,255,974.09	-	-	369,470,723.53
Net book value - closing balance	272,866,973.56	-	75,388,029.96	-	5,255,974.09	-	-	353,510,977.61

During the year, transaction related to the shares in affiliated undertakings are the following:

- Share capital reduction of Recordati Hellas Pharmaceuticals S.A. for an amount of EUR 3,850,000.00.
- Merger by absorption of SGAM AI Kantara Co. II. S.à r.l. which was booked at an acquisition cost of EUR 15,151,814.92. Due to the merger, a merger mali has been booked for EUR 9,498,548.21.
- Increase of the cost of shares of Opalia Pharma S.A. for an amount of EUR 3,042,069.00 following the merger with SGAM AI Kantara Co. II. S.à r.l..

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

Public Limited Company
R.C.S. Luxembourg B. 59.154

Notes to the annual accounts on December 31, 2015

The amount of EUR 272,866,973.56 representing shares in affiliated undertakings is broken down as follows:

Name of undertakings (legal form)	Country	Ownership %	Ownership	Value adjustment	Total 2015 EUR
			EUR	EUR	
Recordati Rare Diseases Comércio de Medicamentos Ltda	Brazil	99.3976%	205,953.05	-	205,953.05
Recordati Rare Diseases Inc.	USA	100.00%	1,262,638.38	-	1,262,638.38
Recordati Ireland Ltd	Ireland	100.00%	200,000.00	-	200,000.00
Recordati S.A.	Switzerland	100.00%	1,357,679.88	-	1,357,679.88
Recordati Pharmaceuticals Limited	UK	96.67%	21,794,677.59	-	21,794,677.59
Recordati Hellas Pharmaceuticals S.A.	Greece	99.05%	9,955,000.00	(5,500,000.00)	4,455,000.00
Recordati Orphan Drugs SAS	France	90.00%	51,300,000.00	-	51,300,000.00
Herbacos Recordati s.r.o.	Czech Republic	99.921875%	19,429,529.90	-	19,429,529.90
Recordati Romania S.r.l.	Romania	100.00%	1,396,625.20	-	1,396,625.20
Recordati Pharma GmbH	Germany	55.00%	86,700,000.00	-	86,700,000.00
Accent LLC.	Russian Fed.	100.00%	66,706,984.91	-	66,706,984.91
Opalia Pharma S.A.	Tunisia	90.00%	18,055,086.39	-	18,055,086.39
Recordati Rare Diseases, S.A. De C.V.	Mexico	99.998%	2,798.26	-	2,798.26
Total			278,366,973.56	(5,500,000.00)	272,866,973.56

The amount of EUR 75,388,029.96 representing shares in undertakings with which the Company is linked by virtue of participating interests is broken down as follows:

Name of undertakings (legal form)	Country	Ownership %	Ownership	Value adjustment	Total 2015 EUR
			EUR	EUR	
Casen Recordati S.L.	Spain	31.553%	76,894,230.74	(1,506,200.78)	75,388,029.96
Total			76,894,230.74	(1,506,200.78)	75,388,029.96

The amount of EUR 5,255,974.09 representing securities held as fixed assets is broken down as follows:

Name of securities (legal form)	Country	Ownership %	Ownership	Value adjustment	Total 2015 EUR
			EUR	EUR	
Digital Gene Technologies Inc.		n.c.	3,329,226.32	(3,329,225.32)	1.00
Pure Tech Health p.l.c.		4.025%	5,224,147.10	-	5,224,147.10
Codexis Inc.		5,203 shares	41,275.11	(35,993.26)	5,281.85
Fluidigm		1,019 shares	10,364.05	-	10,364.05
Recordati Portuguesa Produtos Quimicos e Farmaceuticos Lda	Portugal	2.00%	534.10	-	534.10
Bouchara Recordati SAS	France	0.06%	15,635.99	-	15,635.99
Recordati Ukraine Limited Liability Company	Ukraine	0.01%	10.00	-	10.00
Total			8,621,192.67	(3,365,218.58)	5,255,974.09

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

Public Limited Company
R.C.S. Luxembourg B. 59.154

Notes to the annual accounts on December 31, 2015

Undertakings in which the Company holds at least 20% of the share capital or of which it is a general partner are as follows:

Name of undertakings (legal form)	Registered office	Owner-ship %	Last balance sheet date	Net equity at the balance sheet date of the Company concerned (In thousand) in currency	Profit or loss of the last financial year (In thousand) in currency
Recordati Rare Diseases Comércio de Medicamentos Ltda	Atibaia-SP, Rodevia Dom Pedro I, Km. 88 Unid. 27B ed. Wagner, Condomínio Empresarial Barao de Maua Bairro Ponte Alta, CEP 12952-821, Brazil	99.3976%	31/12/2014	865.00 BRL	37.00 BRL
Recordati Rare Diseases Inc.	Prentice - Hall Corporation System, Inc., 2711 Centerville Road, Suite 400, Wilmington, New Castle, USA	100.00%	31/12/2014	50,810.00 USD	17,273.00 USD
Recordati Ireland Ltd	Raheens East, Ringaskiddy County Cork, Ireland	100.00%	31/12/2014	121,917.00 EUR	47,967.00 EUR
Recordati S.A.	Piazza Boffalora 4 6830 Chiasso, Switzerland	100.00%	31/12/2014	2,155.00 CHF	85.00 CHF
Recordati Pharmaceutical Limited	ISIS House, 43 Station Road, Henley-on-Thames RG9 1AT Oxfordshire UK	96.67%	31/12/2014	15,437.00 GBP	366.00 GBP
Recordati Hellas Pharmaceuticals S.A.	7 Zoodochou Pigis Street 15231 K. Chalandri, Athens, Greece	99.05%	31/12/2014	8,894.00 EUR	2,407.00 EUR
Recordati Orphan Drugs SAS	Le Wilson, 70 avenue Charles de Gaulle - Puteaux 92800 Paris La Defence, France	90.00%	31/12/2014	79,814.00 EUR	8,866.00 EUR
Herbacos Recordati s.r.o.	Strossova 239 PSC 53003 Pardubice, Czech Republic	99.92%	31/12/2014	241,861.00 CZK	57,845.00 CZK
Recordati Romania S.r.l.	Str. Stelutei Nr 28A, Sector 1 Bucharest, Romania	100.00%	31/12/2014	5,153.00 RON	(887.00) RON
Recordati Pharma GmbH	Eberhard-Finckh Strasse 55 89075 Ulm, Germany	55.00%	31/12/2014	122,849.00 EUR	13,404.00 EUR
Accent Llc.	Bolshaya Gruzinskaya Street, building 60/1, 123056 Moscow, Russian Federation	100.00%	31/12/2014	18,856.00 RUB	767.00 RUB
Opafia Pharma S.A.	Zone Industrielle Kalaat El Andalous 2022 Ariana, Tunisia	90.00%	31/12/2014	15,440.00 TND	2,149.00 TND
Casen Recordati S.L.	Autovia de Logrono, KM. 13, 300 Utebo, Zaragoza, Spain	31.553%	31/12/2014	296,772.00 EUR	18,353.00 EUR
Recordati Rare Diseases, S.A. De C.V.	Avenida Ejercito Nacional 418-307 Colonia Chapultepec Morales, C.P. 11570, Mexico City, Mexico	99.998%	31/12/2014	50,000.00 MXN	- MXN

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

Public Limited Company
R.C.S. Luxembourg B. 59.154

Notes to the annual accounts on December 31, 2015

Note 4 – Debtors

Debtors are composed of:

	Total 2015 Euro	Total 2014 Euro
Amounts owed by affiliated undertakings		
a) becoming due and payable within one year	5,231,868.72	3,700,942.64
b) becoming due and payable after more than one year	5,231,868.72	3,700,942.64
Other receivables		
a) becoming due and payable within one year	10,572,620.90	11,494,119.97
b) becoming due and payable after more than one year	10,572,620.90	11,494,119.97
Total	15,804,489.62	15,195,062.61

The amount owed by affiliated undertakings becoming due and payable within one year amounting to EUR 5,231,868.72 is composed as follows:

- A short-term interest loan granted to Recordati Romania S.r.l. for a total amount of RON 1,000,000.00 / EUR 221,043.32 (2014: EUR 223,074.86) bearing interests based on NBR reference rate as well as the related accrued and not received interests amounting to RON 13,945.21 / EUR 3,082.49 (2014: RON 25,481.45 / EUR 5,684.27).

- A short-term interest loan granted to Recordati Romania S.r.l. for a total amount of RON 5,000,000.00 / EUR 1,105,216.62 (2014: RON 2,000,000.00 / EUR 446,149.73) bearing interests based on NBR reference rate as well as the related accrued and not received interests amounting to RON 40,919.41 / EUR 9,044.96 (2014: RON 30,740.58 / EUR 6,857.47).

The total interests income of the year related to both loans granted to Recordati Romania S.r.l. amounts to RON 94,802.98 / EUR 21,332.84 (2014: EUR 22,442.24).

- A short-term interest loan granted to Rusfic LLC for a total amount of EUR 2,000,000.00 (2014: EUR 3,000,000.00) bearing interest at rate of Euribor 1 month (basis 360 days) plus a spread of 2.50% as well as the related accrued and not received interests amounting to EUR 10,576.55 (2014: EUR 19,176.31). The total interests income of the year related to this loan amounts to EUR 68,243.93 (2014: EUR 78,059.67).

- Bonds to Opalia Pharma S.A. for a total amount of TND 4,000,000.00 / EUR 1,809,971.13 (2014: Nil) bearing interest at 8% per annum as well as the related accrued and not received interests amounting to TND 160,000.00 / EUR 72,933.65 (2014: Nil). The total interests income of the year amount to TND 320,000.00 / EUR 147,303.25 (2014: Nil).

The other receivable becoming due and payable within one year amounting to EUR 10,572,620.90 is composed of the following amounts owed by shareholders, advances paid to the Administration des Contributions Directes Luxembourg ("ACD") and other miscellaneous receivables:

	2015 EUR	2014 EUR
Amounts owed by shareholders:	10,407,718.00	10,395,518.74
- The accrued interests related to cash pooling position with Recordati S.p.A.	36,779.25	24,579.99
- The accrued and not received 5.705% interests amounting to USD 6,846,000.00 / EUR 5,143,242.70 related to the USD 40,000,000.00 Guaranteed Senior Notes, Series B, due in 2014 issued to Recordati S.p.A.. The principal amount has been refunded by Recordati S.p.A. during the year 2014.	5,143,242.70	5,143,242.70
- The accrued and not received 6.295% interests amounting to GBP 944,250.00 / EUR 1,152,196.05 related to the GBP 5,000,000.00 Guaranteed Senior Notes, Series D, due in 2014 issued to Recordati S.p.A.. The principal amount has been refunded by Recordati S.p.A. during the year 2014.	1,152,196.05	1,152,196.05
- The accrued and not received 5.225% interests amounting to EUR 4,075,500.00 related to the EUR 26,000,000.00 Guaranteed Senior Notes, Series C, due in 2014 issued to Recordati S.p.A.. The principal amount has been refunded by Recordati S.p.A. during the year 2014.	4,075,500.00	4,075,500.00
Advances paid to the direct tax authorities (ACD):	161,867.80	129,861.60
- Advance for CIT	3,543.75	3,231.60
- Advance for CIT (SGAM AI Kantara Co. II. S.à r.l.)	6,798.00	-
- Advance for NWT	150,560.00	126,630.00
- Advance for NWT (SGAM AI Kantara Co. II. S.à r.l.)	56.25	-
- Overpayment (SGAM AI Kantara Co. II. S.à r.l.)	809.80	-
Other miscellaneous receivables:	3,035.10	4,283.30
Total	10,572,620.90	10,529,663.64

Note 5 – Subscribed capital

The subscribed capital amounts to EUR 82,500,000.00 and is divided into 82,500,000 shares fully paid-up with a nominal value per unit of EUR 1.00.

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

Public Limited Company
R.C.S. Luxembourg B. 59.154

Notes to the annual accounts on December 31, 2015

Note 6 – Share premium and similar premiums

The movements on the "Share premium and similar premiums" item during the year are as follows:

	Share premium Euro	Other premiums Euro	2015 Euro
Share premium and similar premiums - opening balance	144,965,479.84	-	144,965,479.84
Movements of the year	-	-	-
Share premium and similar premiums - closing balance	144,965,479.84	-	144,965,479.84

Note 7 – Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed. The legal reserve of the Company amounts to EUR 8,250,000.00 and has therefore reached the authorized limit.

Note 8 – Movements for the year on the reserves and profit/loss items

The movements for the year are as follows:

	Legal reserve Euro	Reserves for own shares Euro	Reserves provided for by the Articles of Association Euro	Other reserves Euro	Profit or loss brought forward / retained earnings Euro	Result for the financial year Euro	Interim dividends Euro	Total Euro
As at December 31, 2014	8,250,000.00	-	-	37,500.00	56,031,238.91	58,182,235.06	(20,000,000.00)	102,500,973.97
Movements for the year								
- Allocation of prior year's profit or loss					58,182,235.06	(58,182,235.06)	-	-
- Profit or loss of the year					-	48,845,714.03	-	48,845,714.03
- Dividend distribution					(110,000,000.00)	-	20,000,000.00	(90,000,000.00)
As at December 31, 2015	8,250,000.00	-	-	37,500.00	4,213,473.97	48,845,714.03	-	61,346,688.00

The allocation of retained earnings was approved by the General Shareholder Meeting dated March 10, 2015.

Note 9 – Provisions

Provisions are made up as follows:

	2015 Euro	2014 Euro
Provisions for taxation		
- Provision for CIT 2013	72,275.00	69,310.00
- Provision for CIT 2014	-	21,400.00
- Provision for CIT 2015	3,210.00	3,210.00
- Provision for CIT 2013 (SGAM AI Kantara Co. II. S.à r.l.)	3,210.00	-
- Provision for CIT 2014 (SGAM AI Kantara Co. II. S.à r.l.)	3,210.00	-
- Provision for NWT 2013	3,210.00	-
- Provision for NWT 2014	-	23,355.00
- Provision for NWT 2015	21,345.00	21,345.00
- Provision for NWT 2013 (SGAM AI Kantara Co. II. S.à r.l.)	12,170.00	-
- Provision for NWT 2014 (SGAM AI Kantara Co. II. S.à r.l.)	25.00	-
- Provision for NWT 2015 (SGAM AI Kantara Co. II. S.à r.l.)	12,840.00	-
	13,055.00	-
Other provisions	18,788.20	8,185.72
- Provision for Comcolux S.à r.l. (audit fees)	18,788.20	8,185.72
- Provision for KPMG (Luxembourg) S.à r.l. (tax fees)	3,627.00	3,024.52
- Provision for tax audit fees Italy	5,161.20	5,161.20
	10,000.00	-
Total	91,063.20	77,495.72

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

Public Limited Company
R.C.S. Luxembourg B. 59.154

Notes to the annual accounts on December 31, 2015

Note 10 – Non-subordinated debts

Amounts due and payable for the accounts shown under "Non-subordinated debts" are as follows:

	Within one year	After one year and within five years	After more than five years	Total 2015	Total 2014
	Euro	Euro	Euro	Euro	Euro
Trade creditors	65,208.56	-	-	65,208.56	1,675.90
Amounts owed to affiliated undertakings	-	-	-	-	2,798.26
Other creditors	81,022,497.09	-	-	81,022,497.09	54,803,868.49
Total	81,087,705.65	-	-	81,087,705.65	54,808,342.65

The other creditors within one year amounting to EUR 81,022,497.09 are mainly composed of amounts due to the shareholder and are broken down as follows:

- EUR 21,000,000.00 (2014: EUR 53,000,000.00) as a short-term interest loan granted by Recordati S.p.A. to the Company bearing interests at rate Euribor 1 month (basis 360 days) plus a spread of 2.50% as well as the related accrued and payable interests for the amount of EUR 1,892.92 (2014: EUR 43,962.41).
- EUR 50,000,000.00 (2014: Nil) as a short-term interest loan granted by Orphan Europe S.a.r.l. to the Company bearing interests at rate Euribor 1 month (basis 360 days) plus a spread of 0.50% as well as the related accrued and payable interests for the amount of EUR 18,902.78 (2014: Nil).
- EUR 9,346,999.83 as a short term loan due to cash pooling with Recordati S.p.A. bearing interests at rate Euribor 1 month (365 days) + spread 1%.
- EUR 654,701.56 (2014: EUR 1,432,211.56) as other miscellaneous debt represents interests on holdback payable for the acquisition of Opalia Pharma S.A..

Note 11 – Staff

The Company employed no employee during the financial year year ended December 31, 2015.

Note 12 – Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

The Company has not paid any remuneration to the members of its managerial and supervisory bodies.

Note 13 – Advances and loans granted to the members of the management and supervisory bodies

Neither advances nor loans have been granted to the members of the Board of Directors during the year ended 2015.

Note 14 – Related parties transactions

During the financial year, there was no transaction entered into with related parties that have not been done at arm's length.

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

Public Limited Company
R.C.S. Luxembourg B. 59.154

Notes to the annual accounts on December 31, 2015

Note 15 – Income or charges

Charges are mainly composed of interests due on loan concluded with Recordati S.p.A. and Orphan Europe S.a.r.l. for a total amount of EUR 739,382.04 (2014: EUR 371,656.93), and foreign exchange losses for an amount of EUR 270,934.20 (2014: EUR 1,561,106.59).

Income is mainly composed of dividends received from subsidiaries for a total amount of EUR 59,266,538.91 (2014: EUR 54,623,226.95), interests on bank accounts for a total amount of EUR 11,882.67 (2014 : Nil), interests receivables from the shareholder Recordati S.p.A. for a total amount of EUR 36,779.25 (2014: EUR 3,416,253.34), and realized exchange gains for a total amount of EUR 49,500.25 (2014: EUR 1,540,024.52).

Charges and income are as follows:

CHARGES	2015	2014
	EUR	EUR
Other external charges		
Fees for securities	214,361.64	57,139.99
Bank charges	12,250.62	-
Notarial fees	5,341.85	7,886.80
Accounting services	24,636.63	232.81
Audit fees	6,755.00	-
Tax fees	3,679.58	4,749.52
Domiciliary fees	49,705.43	10,732.95
Management Services	1,274.21	884.06
Management fees	87,787.90	24,992.26
Corporate secretarial services	5,096.81	3,536.25
Administration services	972.27	-
Disbursement fees	4,210.84	-
Other fees	5,105.39	2,783.82
Travel fees	6,665.05	-
Chamber of Commerce subscription	740.06	1,140.15
	140.00	201.37
Other operating charges		
Patent, trademark fees	6,850.33	13,773.70
	6,850.33	13,773.70
Interest and other financial charges		
Charges on bonds	1,010,316.25	5,148,209.89
Interests on bonds	-	12,389.65
Interests on current accounts	-	3,191,173.79
Interests on loans (see note 12)	0.01	11,882.93
Foreign exchange losses	739,382.04	371,656.93
	270,934.20	1,561,106.59
Extraordinary charges		
Tax fines penalties	9,498,629.81	-
Loss in relation to the merge of SGAM AI Kantara Co. II. S.à r.l.	81.60	-
	9,498,548.21	-
Total	10,730,158.03	5,219,123.58

INCOME	2015	2014
	EUR	EUR
Income from financial current assets		
	722.96	-
Income from financial fixed assets		
Dividends from affiliated undertakings	59,503,418.93	58,475,679.86
Interests on loan to affiliated undertakings (see note 4)	59,266,538.91	54,623,226.95
Interests on bonds affiliated undertakings	89,576.77	100,501.91
Other income from participating interests	147,303.25	-
	-	3,751,951.00
Income from financial current assets		
	-	1,895.71
Other interest and financial income		
Interest on bank accounts	98,162.17	4,956,277.86
Interest on loans (see note 4)	11,882.67	-
Realized exchange gains	36,779.25	3,416,253.34
	49,500.25	1,540,024.52
Extraordinary income		
	18,509.20	1,924.54
Total	59,620,813.26	63,435,777.97

RECORDATI S.A. CHEMICAL AND PHARMACEUTICAL COMPANY

Public Limited Company
R.C.S. Luxembourg B. 59.154

Notes to the annual accounts on December 31, 2015

Note 16 – Auditor's fees

The total fees accrued by the Company and paid to the auditor/audit firm are presented as follows:

	2015	2014
	Euro	Euro
Audit fees	3,679.58	4,749.52
Total	3,679.58	4,749.52

Note 17 – Current and deferred taxes

The income tax and other taxes expense of the Company for the financial year is broken down as follows:

	2015	2014
	Euro	Euro
Income tax		
Corporate Income Tax (CIT)	3,210.00	4,893.88
Other taxes - withholding tax (France)	3,210.00	3,210.00
Other taxes - withholding tax (USA)	-	900.00
	-	783.88
Other taxes not included in the previous caption		
Net Wealth Tax (NWT)	41,731.20	29,525.45
Net Wealth Tax (NWT) (SGAM AI Kantara Co. II. S.à r.l.)	12,170.00	75,330.00
Net Wealth Tax (NWT) prior years	13,055.00	-
Net Wealth Tax (NWT) prior years adjustments	-	8,470.00
Foreign taxes	-	(61,350.00)
Total	16,506.20	7,075.45
	44,941.20	34,419.33

Note 18 – Subsequent events

In the end of 2015 the Italian tax Police (Guardia di Finanza – Nucleo di Polizia Tributaria di Milano) initiated an audit for the purposes of income tax for 2009-2014 of the Company, seeking possible evidence that would place the residence of the Company for tax purposes pursuant to Article 73, paragraph 3, of the Uniform Income Tax Code in Italy. To date, no formal assessments have been notified to the Company and so on the basis of the analysis of the Direction so far, as confirmed by the advisor, it was not felt necessary to recognize provisions at 31 December 2015 other than a EUR 10,000.00 provision to cover the cost of defence against any potential claims above.