

MINUTES FROM 21st ANNUAL GENERAL MEETING

21st Annual General Meeting was held on June 24, 2016 at the Company headquarters in Zemun, Batajnicki drum bb, beginning at 1 pm.

The meeting was convened by the Board of Directors' decision dated May 19, 2016. The convene of the General Meeting was published on Company's web site, Belgrade Stock Exchange's website and Securities Commission website on May 20, 2016.

Attendees:

- Shareholders and proxies: Živorad Vojinovic, Agromarket d.o.o. - Dusan Mojsilovic, Nedeljko Puhar, Dragan Nenadovic, Mikend d.o.o. – Miroslav Devic, Herma investments Co.Ltd. – Danijela Mirkov Arkula, Sempiola Invest Limited – Marijan Triaska, Fima Proactive i Fima Southeastern Europe Activist – Vladimir Draskovic, Nevena Ivanovic i Zivojin Maletic.
- Galenika Broker, corporate agent – Biljana Đorđević;
- UHY REVIZIJA d.o.o., independent auditor – Dejan Daljevic;
- The Board of Director members: Mirjana Bogicevic, Branislav Medakovic, Slavica Pekovic;
- Voting Committee: Zorica Jeremic, Gordana Arlov, Ivana Petkovic;
- Recording secretary: Lidija Nikolic.

The chairman of the Board of directors proposed Zivorad Vojinovic for the chairman of the General Meeting, which was approved by all attending shareholders and proxies.

Chairman of the General Meeting opened the meeting and Lidija Nikolic (Secretary of the Company) was appointed as the minutes taker. He notified the participants that last year the minutes were taken by public notary, Nina Štiglić, because that was envisaged by the law. Meanwhile, the legal regulations have changed, and the old practice that the Secretary takes the minutes of the Company has been continued.

The Voting Committee was formed by the decision of the Board of Directors on convene the General Meeting as follows: Zorica Jeremic (Chairman), Gordana Arlov (Member), Ivana Petkovic (Member).

Zorica Jeremic submitted the Voting Committee report:

The General Meeting is attended by the shareholders, i.e. their proxies owning totally 1.579.559 shares, i.e. 59,83% of the total number. Shareholders owning 26.658 shares, i.e 1,01% voted in writting.

The total number of votes comprising quorum amounts to 1.606.217, i.e. 60,84% of the total number. the Voting Committee acknowledged that there is a quorum for holding the meeting.

President of the General Meeting je notified the participants that the time planned for discussion is 10 per participant, he opened the meeting and acknowledged the following:

AGENDA

1. Adoption of the minutes from the previous Annual General Meeting held on June 26th 2015
2. Adoption of the Annual Report for 2015
3. Adoption of the Annual Consolidated Report for 2015
4. Adoption of the Board of Directors Report for 2015
5. Making a decision on profit distribution for 2015

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6. Making a decision on reward for work to the non-executive members of the Board of Directors
7. Making a decision on the acquisition of own shares
8. Making a decision on appointment of the directors
9. Selection of an independent auditor for 2016
10. Making a decision on amendments and modifications of the Company's Articles of Association

1st ITEM

Considering the Minutes from 20. Annual General Meeting held on June 26, 2015, the Chairman of General Meeting Z. Vojinovic, who was the Chairman at the previous meeting, has ascertained that all discussions from the meeting are inscribed into minutes and proposed to the attendees to adopt it.

With 1.606.217 votes FOR, the Council reached a unanimous decision, as follows:

C O N C L U S I O N

The Minutes from 20. Annual General Meeting of „GALENIKA - FITOFARMACIJA“ a.d. held on June 26, 2015 is adopted.

Note: For practical reasons (because of more pages), the minutes from the last meeting of the General Meeting are not included as an integral part of these minutes, and were not printed in the material that was distributed at the meeting. The minutes were area publicly published document and has been available on the website of the Company since July last year.

2nd ITEM

Chief Executive Officer of the Company, Dragan Nenadovic, expressed his pleasure for being able to propose adoption of such of the Annual Report that shows successful business year and good results. He said that the content of the Annual Report is in accordance with legal regulations. He said that the Company has managed to meet all demands of the market and competition, while remaining responsible toward the social community, the state, shareholders and employees. The Annual Report was considered in detail and approved by the Board of Directors and is published within the legally prescribed deadline on websites of the Company, Commission for Securities and Belgrade Exchange. The Company had continuity in achieving good business results. Growth of income from sale was marked by 5% against last year, growth of margin of gross business profit from 46% to 48%, growth in net profit by 14%.

Chairman of the General Meeting, Zivorad Vojinovic, after presentation on this point of the agenda, praised the Business Report that constitutes an integral part of the Annual Report.

Representative of the company Sempiola Invest Limited, Marijan Triaska, asked why the discussion is limited to 10 minutes only.

Executive Officer of the Company, Slavica Peković, explained that it is stipulated in the Rules of Procedure of the General Meeting and that 10 minutes is not related to the time of discussion per one point of the agenda but per participant.

Representative of the company Sempiola Invest Limited, Marijan Triaska, asked a question related to the structure of positions of long term and short term financial placements.

Chief executive officer of the Company, Dragan Nenadovic, answered that the details are specified in the Notes to the Financial Statements, and that this concerns one borrowing agreement, but that because of due dates of installments one part of the borrowing is maintained within short term, and the other part within long term financial placements. Reasons for approving the borrowing are more than obvious – low interests in commercial banks and good quality of security instruments securing the receivables by means of mortgage on agricultural land.

Representative of the company Sempiola Invest Limited, Marijan Triaska, asked a question related to income from sale of goods in foreign markets and asked why they had dropped against 2014..

Chief Executive Officer of the Company, Dragan Nenadovic, explained that the income from sale of goods in foreign markets mostly comes from export of frozen raspberry, and that in 2014 the Company cooperated with other refrigerators and had a large quantity of frozen raspberry available for export. In 2015, there was no this cooperation, and the export was reduced to the capacity of their own refrigerator in Arilje.

With 1.606.217 votes *FOR*, the Council reached a unanimous decision, as follows:

DECISION

The Company's Annual Report for 2015 IS ADOPTED. The Report includes:

1. The Annual Financial Report for 2015
2. The Auditor's Report for 2015
3. The Annual Report of the Company's Operations for 2015
4. Statement of persons responsible for preparing the Annual Report
5. Decision of supervisors on the adoption of the Annual Report (note)
6. Decision on profit distribution or loss covering (note)

Annual Report for 2015 is public document and can be found on Company's website, Belgrade Stock Exchange's website and Securities Commission website.

Note: For practical reasons, the Annual Report is not included as an integral part of these minutes. It is published on websites: of the Company, Belgrade Exchange and Commission for Securities on 26 and 27 April 2016.

3rd ITEM

Chief Executive Officer of the Company, Dragan Nenadovic, shortly presented the content of the Annual Consolidated Statements. GALENIKA – FITOFARMACIJA a.d. has two subsidiaries, because of which it is obliged to prepare consolidated statements: Envipack d.o.o. Belgrade and GALENIKA – FITOFARMACIJA d.o.o. Slovenia. The subsidiaries have insignificant percentage of share in total balance amounts, but the consolidated statements still have to be prepared.

In 2015, Envipack d.o.o. generated net profit in the amount of RSD 3.547 thousand. A part of the generated profit in the amount of RSD 1.130 thousand will be used to cover losses generated in the first year of operation, and the amount of RSD 2.417 thousand remains as retained profit. Of total income from sale generated by Envipack in 2015 (RSD 27.311 thousand) 28,8% goes to income

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from provision of services to the founder, GALENIKA - FITOFARMACIJA a.d. (RSD 7.876 thousand).

In 2015, GALENIKA – FITOFARMACIJA d.o.o. Slovenia expressed loss in the amount of RSD 388 thousand. This company je was founded for administrative reasons, in order to obtain EU registrations for products of the holding company. For now, it has been generating no income, and this loss is actually the amount of administrative operating costs in the previous year.

With 1.606.217 votes *FOR*, the Council reached a unanimous decision, as follows:

DECISION

The Company's Annual Consolidated Report for 2015 IS ADOPTED. The Report includes:

1. The Consolidated Financial Report for 2015
2. The Auditor's Consolidated Report for 2015
3. The Annual Consolidated Report of the Company's Operations for 2015
4. Statement of persons responsible for preparing the Annual Consolidated Report
5. Decision of supervisors on the adoption of the Annual Consolidated Report (note)
6. Decision on profit distribution or loss covering (note)

Annual Consolidated Report for 2015 is public document and can be found on Company's website, Belgrade Stock Exchange's website and Securities Commission website.

Note: For practical reasons, the Annual Consolidated Report is not included as an integral part of these minutes. It is published on websites: of the Company, Belgrade Exchange and Commission for Securities on 26 and 27 April 2016.

4th ITEM

Executive Officer of the Company, Slavica Pekovic, emphasized that the Report of the Board of Directors was prepared in accordance with the obligations from Article 399 of the Company Law and that it contains information that was already published in annual statements, and that this report only presents them in a summary form and in one place. In this Report, the Board of Directors gives additional assurance to the that operation of the Company are in compliance with legal regulations.

In its operation, the Board of Directors relies on the information it obtains primarily from executive directors, who submit regular reports to the Board on current operations and current events in the Company. Additionally, the Company has established the Audit Committee, which was submitting regular reports throughout the year to the Board of Directors on issues under its area of responsibility, and in its operation it has been relying on periodic reports of the internal audit of the Company, as well as reports of executive management on the functioning of the system of internal controls and risk management in the Company. Finally, the Board of Directors relied on the Report of the Independent Auditor of the Company, who expressed its opinion about the financial statements without reservations.

The Company has been investing maximum efforts to meet all legal regulations, not only within the meaning of financial statements but also occupational safety, protection of health and environmental protection, since the Company is involved in high risk activity.

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The Independent Auditor, UHY revizija d.o.o., fulfills all legal conditions to perform audit activities for the Company.

Regarding the agreements with directors, the Company did not conclude any agreements with them, or with their affiliates.

With 1.549.889 votes *FOR* (96,49% of the total number of votes) and 56.328 votes „*ABSTENTION*“ the Council reached a decision, as follows:

DECISION

TO ACCEPT the Board of Director's Report for 2015, in accordance with the Appendix which is an integral part of this decision.

Note: The Board of Director's Report is enclosed in Attach 1 of this Minutes.

5th ITEM

Chief Executive Officer of the Company, Dragan Nenadovic, said, after the Annual Report for 2015 had been adopted, that conditions had been met to adopt the decision on distribution of profit. The profit of the current year amounts to RSD 863,949,008.18. In accordance with the Statute of the Company, 5% of the profit from the current year is allocated into mandatory reserves until the reserves reach 10% of the share capital, and since the amount of the reserves is still lower than that limit, all 5% of the profit will be allocated to the reserves, namely the amount of RSD 43,197,450.00. Profit for distribution is RSD 820,751,558.18.

The proposal for payment of dividend is 211,200,000.00, i.e. RSD 80.00 gross per share. The amount of 609,551,558.18 will after this remain as retained profit of the current year.

The proposed amount of dividend is in accordance with the Policy of Dividends of the Company and represents 25.73% of total profit for distribution (the Policy defines the limit of 30%). The amount of 211,200,000.00 that is allocated for the payment of dividends will not negatively affect liquidity of the Company. It is planned that the payment of dividends is carried out in the period from 05 to 09 September 2016.

In addition to the uniform decision on distribution of profit, where in one place the entire procedure of distribution and structure of the capital of the Company after completed distribution of profit are presented in one place, this item also includes a separate decision on the payment of dividends. This decision is adopted as separate for practical reasons, it regulates in more details the procedure of payment of the dividends, and is submitted to different institutions and companies as necessary business and accounting documentation that accompanies the procedure of payment of dividends.

With 1.549.889 votes *FOR* (96,49% of the total number of votes) and 56.328 votes „*ABSTENTION*“ the Council reached a decisions, as follows:

DECISION on the distribution of profits for 2015

I The distribution of profits for 2015 is hereby adopted according to the following table:

	RSD
PROFITS FROM THE CURRENT YEAR	863,949,008.18
Distributed into mandatory reserves (Article 13 of the Articles of Association)	43,197,450.00
<i>PROFITS FOR DISTRIBUTION</i>	<i>820,751,558.18</i>
<i>PART FOR PAYMENT OF DIVIDEND</i>	<i>211,200,000.00</i>
<i>UNDISTRIBUTED PROFITS FROM THE CURRENT YEAR</i>	<i>609,551,558.18</i>

II Pursuant to Article 13 of the Articles of Association, mandatory reserves make 5% of net profit, (RSD 43,197,450.00)

III Determines a gross dividend of RSD 80.00 per share.

The allocated amount will be paid to the shareholders confirmed as such on the dividend day (record date), in accordance with the shareholders list determined by the Central Securities Depository. In line with the Article 15 of the Company's Articles of Association, the dividend day is the date the Annual General Meeting is held, June 24th 2016.

The dividends will be paid in cash to all shareholders in proportion to their shareholding and nominal value of the shares, who owned on the dividend day.

The deadline for dividends payment is date of September 30th 2016.

DECISION **on the payment of dividends for year 2015**

1. For dividend payments a portion of the undistributed profit for 2015 will be allocated, with total gross amount of RSD 211,200,000.00 or a gross dividend of RSD 80.00 per share.
2. The allocated amount will be paid to the shareholders confirmed as such on the dividend day (record date), in accordance with the shareholders list determined by the Central Securities Depository. In line with the Article 15 of the Company's Articles of Association, the dividend day is the date the General Meeting is held, being June 24th 2016.
3. The dividends will be paid in cash to all shareholders in proportion to their shareholding and nominal value of the shares.
4. The management will, within 15 days from the General Meeting date at latest, inform the shareholders on the dividend payment date through the Company's webpage. The deadline for dividends payment is date of September 30th 2016.
5. In case after the record date and before the payment of dividend, the shareholder transfers the shares on the basis of which he was entitled to dividend, he will keep the right to receive dividends payment.

6th ITEM

Chief Executive Officer of the Company, Dragan Nenadovic, said that compensation for work to non-executive members of the Board of Directors in accordance with the Policy of Compensations and Rewards, that the proposed amount is the same as last year, and that it is not at the expense of the profit of the Company, but is charged against current operations. President of the Board of Directors is authorized to determine individual amounts of the reward.

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Representative of the company Sempiola Invest Limited, Marijan Triaska, asked what the role of non-executive directors in GALENIKA – FITOFARMACIJA a.d. is and how many times per year they meet?

Executive Officer of the Company, Slavica Pekovic, answered that non-executive directors supervise the work of executive directors and decide on the strategy of the Company. In practice, the Board of Directors is involved in: preparation of the business plan for the subsequent year; adopting financial statements and accompanying documents; internal organization of the Company; supervising the work of the Internal Auditor; supervising the functioning of risk management system in the Company; deciding on investments, etc. Last year, 6 regular meetings were held, and written meetings also take place at least once a month, at the average.

With 1.549.889 votes *FOR* (96,49% of the total number of votes) and 56.328 votes „*ABSTENTION*“ the Council reached a decision, as follows:

DECISION

On reward for work to the non-executive members of the Board of Directors

A special compensation has been established for the members of the Board of Directors in total amount of RSD 27,000,000.00.

Upon the proposal of the President of the Board, the Board of Directors is hereby authorized to decide on the compensation amount for each member of the Board.

7th ITEM

Executive Officer of the Company, Slavica Pekovic, said that this is a standard decision that is important in order to facilitate the solving of a potential problem in case of disruptions in the financial market. Until now, there has been no need for the Board of Directors to react on the basis of such a decision.

Representative of the company Herma investments, Danijela Mirkov Arkula, proposed that this decision should more accurately define the level of minimum price of share so that the Board of Directors could react on the basis of such decision.

With 1.606.217 votes *FOR*, the Council reached a unanimous decision, as follows:

DECISION

on the acquisition of own shares for the business year 2016

1. The Company will, when needed, conduct the acquisition of own shares in the amount of up to 10% of the total amount of fixed capital.
2. The shares from item 1 of this Decision are ordinary shares issued in all previous issues of the Company, they are non-voting shares, and they are not counted in the quorum for the decision-making at the Annual General Meeting, nor do they give the right to dividends.
3. The nominal value of these shares will continue to be included in the fixed capital of the Company.
4. The Board of Directors is hereby authorized to make decisions, as necessary, determining the day for activating this decision, the minimum number of shares for acquisition in a single cycle, the minimum and maximum cost of acquiring shares, the method, time and place of trading, as well as

the disposition and the price, i.e., the method of determining the price when disposing with shares, if own shares are to be alienated with a compensation, in accordance with the Law.

5. The offer for the acquisition of own shares will be sent to all shareholders of the Company according to the pro-rata method.

6. The acquisition of shares will take place in one or more cycles, depending on the response of shareholders, in the period before the adoption of the Annual Report for 2016.

7. The Company's Board of Directors is under obligation to inform the General Meeting about the conducted acquisition in accordance with point 6 of this Decision at its next meeting.

8. Exceptionally, pursuant to Article 282 of the Company Law, Board of Directors is authorized for acquisition and estrangement of own shares on regulated market in case of market instability or instability of Company's share prices.

8th ITEM

Chief Executive Officer of the Company, Dragan Nenadovic, started his speech with the words “the winning team should not be changed”. He said that the Board of Directors in this composition has been working since February 2012, when at the extraordinary General Meeting a series of decisions were adopted for the purpose of harmonization with the newly adopted Company Law. The Company chose unicameral management model, with the Board of Directors consisting of seven members, two of whom are executive and five non-executive directors. One non-executive director, Ms. Mirjana Bogičević, is at the same time an independent director, and she also meets legal requirements to be the president of the Audit Committee, because it has a license of an authorized internal auditor.

In the past period, the strategic focus of the Board of Directors was on development and registration of products from production assortment of the Company in the EU member states. Also, significant investments in agricultural land (almost 1,000 ha) were realized.

In the internal front, the Board of Directors was dealing with further improvement of operations and introducing appropriate standards that are related to the nature of the activity of the Company. In the area of corporate management, the focus of the Board of Directors was on transparency of the operations, establishing the process of risk management in the Company, and further improvement of the process of internal audit. High level of openness to the public and transparency was displayed, regardless of the fact that the Company is not listed in the Exchange.

With respect to the financial results, in the period from 2008 to 2015, business income, gross operating profit, operating profit and net profit more than doubled. From 2004, when we started for the first time to pay dividends, until today, EUR 14.5 million have been paid, including the adoption on payment of dividends that was adopted today.

All legal and statutory requirements for appointing the Board of Directors in the proposed composition have been met.

Representative of the company Herma investments, Danijela Mirkov Arkula, asked in what manner Mirjana Bogičević is an independent director of the Company and whether she is also an authorized auditor?

Non-executive Director of the Company, Mirjana Bogicevic, explained that she is not in any way connected with the Company in the sense of the law, and this means that she has no other dealings with the Company except her engagement in the Board. She confirmed that she is an authorized internal auditor.

With 1.606.217 votes *FOR*, the Council reached a unanimous decision, as follows:

DECISION
on appointment of the directors

I We hereby appoint the following directors of “GALENKA-FITOFARMACIJE“ a.d. Belgrade, for the period of four years, starting from June 24th 2016:

1. Nedeljko Puhar, from Belgrade, personal ID no. 0502943710347,
2. Živorad Vojinovic, from Belgrade, personal ID no. 2102954772068,
3. Mirjana Bogičević, from Belgrade, personal ID no. 2704956719016,
4. Branislav Medaković, from Belgrade, personal ID no. 2808959710036,
5. Dušan Mojsilović, from Kragujevac, personal ID no. 0207960720036,
6. Dragan Nenadović, from Belgrade, personal ID no. 0901964710055,
7. Slavica Peković, from Belgrade, personal ID no. 2112969715163.

II The directors constitute the Board of Directors.

III Out of the appointed directors, the non-executive directors are:

1. Nedeljko Puhar,
2. Zivorad Vojinovic,
3. Mirjana Bogičević, who is at the same the independent director
4. Branislav Medakovic,
5. Dušan Mojsilović.

IV Out of the appointed directors, the executive directors are:

1. Dragan Nenadovic,
2. Slavica Peković.

V At the constitutive session of the Board of Director, the directors shall appoint the Chairman of the Board of Directors from the non-executive directors.

VI At the constitutive session of the Board of Director, the directors shall appoint the CEO of the Company from the executive directors.

VII The executive directors are legal representatives of the Company with the authorization to represent the Company without limitations.

VIII Decision on appointment of the Board of Directors and executive directors as legal representatives of the Company will be registered in the Serbian Business Registers Agency pursuant to the Law.

IX The constitutive session of the Board of Directors shall be convened and chaired by the oldest appointed director.

X In accordance with the decisions of the General Meeting on January 19th 2012, rights, obligations and responsibilities of each director shall be determined in accordance with the adopted model of a separate agreement as defined in the Company's Articles of Association and the Company's Compensation and Reward Policy.

XI The CEO is authorized to sign separate agreements with the directors, on behalf of the Company. The Chairman of the Board of Directors is authorized to sign agreement with the CEO, on behalf of the Company.

XII This decision shall enter into force on the date of its adoption.

9th ITEM

Non-executive Director of the Company, Mirjana Bogicevic, said that the Audit Committee works in accordance with its responsibilities and meets with the authorized auditor at least twice a year. The Audit Committee proposed, and the Board of Directors accepted the proposal, to select UHY REVIZIJA d.o.o. Belgrade for 2016, with an explanation that they meet all assumptions and requirement for their election. She also said that there is a legal limitation regarding the election of the same auditor, which must not be repeated for more than 5 consecutive years (UHY revizija was the Company auditor for three years).

The proposed auditing firm meets the basic requirements in the sense of objectivity and independence in operations. The financial aspect was decisive for UHY REVIZIJA d.o.o. Belgrade to be proposed as the independent auditor in 2016.

With 1.549.889 votes *FOR* (96,49% of the total number of votes) and 56.328 votes „*ABSTENTION*“ the Council reached a decision, as follows:

DECISION **on the selection of an independent auditor for the business year 2016**

1. UHY REVIZIJA d.o.o. Belgrade, MB 17082175, is selected for an independent auditor to perform audit work in the business year 2016.
2. The Chief Executive Officer of the Company is authorized to conclude the Contract on the performance of an audit work, which will specify the mutual rights and obligations of the contractor with the selected auditor from this Decision.

10th ITEM

Executive Officer of the Company, Slavica Pekovic, said that at the General Meeting last year the decision on capital increase had been adopted and that the today's decision is of a formal nature. Changes in the share capital were implemented in July 2015, by making a registration in the Central Registry and registration with the Belgrade Exchange. Since Article 9 of the Statute specifies the date of registration with the Central Registry, the decision to amend the Statute could have been made only after such registration. The Board of Directors had the authorization of the General Meeting to prepare a revised text of the Statute and implement formal change with the Business Registers Agency (APR), but the APR rejected this change with an explanation that only at the General Meeting it can adopt decisions on amendments to the Statute.

The Company Law envisaged such a situation, so that the Company is not in default because it has made a decision on amending the Statute practically one year after the effected changes in the capital. The Law stipulates that at least once a year the provisions of the Statute related to the data on share capital should be adjusted with the actual situation, if there were changes in such data during the previous year.

With 1.606.217 votes *FOR*, the Council reached a unanimous decision, as follows:

DECISION **ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF** **„GALENKA-FITOFARMACIJA“ a.d. Belgrade**

I Articles of Association of „GALENKA-FITOFARMACIJA“ a.d. Belgrade dated June 26th 2014, is

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amended in Article 8 and Article 9 and now it reads:

“

Article 8

Share capital of the Company is registered and paid capital in the amount of RSD 3,511,200,000.00 (three billion five hundred eleven million two hundred thousand).

The share capital of the Company may be increased or reduced pursuant to the decision of the Company in cases and in manner prescribed under the Law.

Article 9

The share capital of the Company is divided into 2,640,000 shares, each nominal value of RSD 1,330.00 per share.

The Company shares are ordinary, bearer shares, transferable without limitation pursuant to the Law.

The Company shares are fully paid and have the following important elements:

- 1. Issuer „GALENKA – FITOFARMACIJA“ a.d., company registration no. 07725531, TIN 10001046;*
- 2. ISIN no. RSFITOE21521;*
- 3. CFI with ESVUFR;*
- 4. Date of registration in the Central Register: July 24th 2015.*

The Company may issue ordinary and preferred shares, in accordance with legal regulations and decision of the General Meeting, which specifies the procedure of issuance, type and class of shares which are issued.

In addition to issued shares, the Company may have approved shares as ordinary or preferred, whose number may not exceed the amount of 50% of the number of ordinary shares as of the date of adoption of the decision by the General Meeting.

The Company may acquire treasury shares pursuant to the Law.

“

II The company directors is authorized to prepare the revised text of the Articles of Association of the Company and to implement the registration procedure in the Serbian Business Registers Agency with the purpose of compliance with the provisions of the Companies Law.

Then the meeting was completed at 2:30 pm.

CHAIRMAN OF THE GENERAL MEETING: Zivorad Vojinovic

Recording secretary: Lidija Nikolic

Pursuant to Article 399 of the Law on Business Companies, and for the purpose of reporting to the shareholders at the regular Annual General Meeting, the Board of Directors of „GALENKA-FITOFARMACIJA“ a.d. (hereinafter referred to as: The Company) submits the

BOARD OF DIRECTORS REPORT FOR 2015

This report has been prepared on the basis of direct and indirect insights and analysis of all major aspects of the Company's business, which were performed by the Board of Directors during the reporting period.

In addition to executive management's detailed reporting, the Board of Directors has, for their assurance, considered and adopted the Company's Audit Committee Annual Report, which includes all business aspects from the area of reports of the Audit Committee positively evaluated.

The findings in this report have been finally formed also on the basis of the Company independent Auditor's report, UHY REVIZIJA d.o.o., in which it is assessed that the individual and consolidated financial statements have been prepared in accordance with the accounting regulations of the Republic of Serbia and that they objectively present the state of assets and liabilities as of Dec 31st 2015.

1. Accounting and financial reporting practice

Accounting policies which are being applied by the Company are described and disclosed in the notes, together with the financial statements.

The Board of Directors believes that the Company's accounting policies have been established in accordance with the legislation of the Republic of Serbia, and that the Company's Annual and Six-month Reports are prepared and disclosed in accordance with legislation and internal Company's rules.

The Board of Directors has reviewed and approved:

- Company's individual and consolidated six-month financial statements for 2015, on a session held on Aug 27th 2015
- Company's individual and Consolidated Annual financial statements for 2015, on a session held on Apr 22th 2016

The Company's independent auditor, UHY REVIZIJA d.o.o., Beograd, has expressed its unreserved opinion in his report both on annual individual and annual consolidated Company's financial statements for 2015 (Apr 18th 2016).

2. Company's compliance with Laws and other regulations

The Board of Directors believes that the Company's business is in compliance with Laws and other regulations and that the established internal control mechanisms are efficient and effective.

As the Company's activity is of high risk, the Company pays special attention to safety at work, health and environmental protection.

During the 2015, the Board of Directors did not identify any cases of Company's non-compliance with the laws and other regulations.

3. Qualification and independence of the Company's auditor with respect to the Company

By the decision of the Shareholders Assembly from June 26th 2015, the Company has contracted UHY REVIZIJA d.o.o., Belgrade, to audit its financial statements for the year of 2015.

UHY REVIZIJA d.o.o. (formerly EKI REVIZIJA d.o.o.) was founded in 2000 by the Institute of Economy in Belgrade. In 2012, it became a member of UHY International, a global network of independent accounting and consultancy companies, which provide auditing, accounting and tax and business consulting services.

UHY REVIZIJA d.o.o. is an independent legal entity with respect to the Company. In 2015, UHY REVIZIJA d.o.o. did not provide other services to the Company.

4. Contracts concluded between the Company and the directors, as well as related parties

In 2015, the Company did not conclude transactions of personal interest with the directors and related parties.