

GALENKA – FITOFARMACIJA A.D.
Batajnicket drum bb
11080 Zemun
MB 07725531
PIB 100001046

ANNUAL CONSOLIDATED REPORT 2015



Dear shareholders,

Here is Annual Consolidated Report 2015, prepared in accordance with Art.50 of the Capital Market Law („Official Gazette of RS”, no. 31/2011 and 112/2015) and in accordance with the Rules on the content, form and the way of publication annual, six-month and quarterly reports of public companies („Official Gazette of RS”, no. 14/2012 and 5/2015).

Annual Consolidated Report 2015 was not adopted because the Annual General Meeting has not held yet.

The Annual General Meeting is planned on second half of June 2016.

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I FINANCIAL CONSOLIDATED REPORT 2015

**BALANCE SHEET (IN 000 RSD)**

	2013	2014	2015
ASSETS			
Property, plant and equipment (PP&E)	1.814.674	1.768.064	1.879.275
Intangible assets	4.797	4.508	2.768
LT financial placements	15.165	14.442	258.843
<i>Fixed assets</i>	<u>1.834.636</u>	<u>1.787.014</u>	<u>2.140.886</u>
Prepaid tax, other expenses and accrued	46.365	66.333	58.575
Inventory and advanced payments	1.451.530	1.423.256	1.558.601
Receivables	326.734	527.309	486.845
ST financial placements	1.154.910	1.817.615	1.779.662
Cash and cash equivalents	455.895	267.586	283.768
<i>Current assets</i>	<u>3.435.434</u>	<u>4.102.099</u>	<u>4.167.451</u>
<i>Deferred tax assets</i>	22.240	24.644	25.486
<i>Operating assets</i>	5.292.310	5.913.757	6.333.823
<i>Losses in equity excess</i>	0	0	0
Total assets	<u>5.292.310</u>	<u>5.913.757</u>	<u>6.333.823</u>
Off-balance sheet assets	<u>158.282</u>	<u>279.922</u>	<u>413.092</u>
EQUITY AND LIABILITIES			
Shareholders' equity	1.755.600	1.755.600	3.511.200
Other equity	0	0	0
Reserves	851.353	851.353	833.560
Revaluation surplus	27.398	27.378	25.722
Un-realized gains on shares trading	0	0	0
Un-realized gains on shares trading	3	3	3
Retained earnings	1.960.687	2.522.433	1.451.330
Loss	0	2.939	1.518
<i>Equity</i>	<u>4.595.035</u>	<u>5.153.822</u>	<u>5.820.291</u>
LT reserved funds	0	0	0
LT Debt	0	0	0
Trade payables	138.673	283.301	379.609
ST financial liabilities	423.691	346.000	0
Liabilities for taxes, contributions and duties	30.618	8.315	19.879
Other ST liabilities	86.317	103.329	96.566
Accruals and deferred income	17.976	18.990	17.478
<i>Current (ST) liabilities</i>	<u>697.275</u>	<u>759.935</u>	<u>513.532</u>
<i>LT liabilities</i>	<u>697.275</u>	<u>759.935</u>	<u>513.532</u>
Total equity and liabilities	<u>5.292.310</u>	<u>5.913.757</u>	<u>6.333.823</u>
Off-balance sheet liabilities	<u>158.282</u>	<u>279.922</u>	<u>413.092</u>

**BALANCE SHEET (IN EUR)**

	2013	2014	2015
ASSETS			
Property, plant and equipment (PP&E)	16.039.190	15.072.251	15.565.571
Intangible assets	42.399	38.429	22.927
LT financial placements	134.037	123.114	2.143.933
<i>Fixed assets</i>	<u>16.215.627</u>	<u>15.233.795</u>	<u>17.732.431</u>
Prepaid tax, other expenses and accrued	409.802	565.470	485.162
Inventory and advanced payments	12.829.503	12.132.859	12.909.508
Receivables	2.887.873	4.495.162	4.032.417
ST financial placements	10.207.796	15.494.660	14.740.501
Cash and cash equivalents	4.029.477	2.281.096	2.350.380
<i>Current assets</i>	<u>30.364.451</u>	<u>34.969.247</u>	<u>34.517.969</u>
<i>Deferred tax assets</i>	196.571	210.083	211.094
<i>Operating assets</i>	46.776.648	50.413.125	52.461.493
<i>Losses in equity excess</i>	0	0	0
Total assets	<u>46.776.648</u>	<u>50.413.125</u>	<u>52.461.493</u>
Off-balance sheet assets	<u>1.398.992</u>	<u>2.386.257</u>	<u>3.421.539</u>
EQUITY AND LIABILITIES			
Shareholders' equity	15.517.059	14.965.999	29.082.403
Other equity	0	0	0
Reserves	7.524.775	7.257.546	6.904.172
Revaluation surplus	242.160	233.390	213.049
Un-realized gains on shares trading	0	0	0
Un-realized gains on shares trading	27	26	25
Retained earnings	17.329.742	21.503.036	12.021.008
Loss	0	25.054	12.573
<i>Equity</i>	<u>40.613.709</u>	<u>43.934.892</u>	<u>48.208.035</u>
LT reserved funds	0	0	0
LT Debt	0	0	0
Trade payables	1.225.676	2.415.062	3.144.208
ST financial liabilities	3.744.838	2.949.553	0
Liabilities for taxes, contributions and duties	270.620	70.883	164.653
Other ST liabilities	762.922	880.851	799.832
Accruals and deferred income	158.883	161.884	144.766
<i>Current (ST) liabilities</i>	<u>6.162.940</u>	<u>6.478.233</u>	<u>4.253.459</u>
<i>LT liabilities</i>	<u>6.162.940</u>	<u>6.478.233</u>	<u>4.253.459</u>
Total equity and liabilities	<u>46.776.648</u>	<u>50.413.125</u>	<u>52.461.493</u>
Off-balance sheet liabilities	<u>1.398.992</u>	<u>2.386.257</u>	<u>3.421.539</u>

**INCOME STATEMENT (IN 000 RSD)**

	2013	2014	2015
OPERATING REVENUES			
Sales	3.303.914	3.654.346	3.824.229
Other operating revenues	4.581	25.898	28.678
<i>Total operating revenues</i>	<u>3.308.495</u>	<u>3.680.244</u>	<u>3.852.907</u>
OPERATING EXPENSES			
Cost of goods sold (COGS)	464.775	441.904	426.906
Income from sales products and services rendered	5.048	7.115	6.343
Change in inventory value	-159.399	72.104	-147.070
Cost of material	1.460.482	1.543.985	1.782.118
Salaries/Other personal expenses	366.204	366.774	394.807
Amortization expense	82.478	78.376	74.115
Other operating expenses	298.157	375.743	444.209
<i>Total operating expenses</i>	<u>2.507.649</u>	<u>2.871.771</u>	<u>2.968.742</u>
OPERATING PROFIT	800.846	808.473	884.165
Financial revenues	121.617	231.209	108.715
Financial expenses	34.444	37.532	47.610
<i>Profit/loss financial</i>	<u>87.173</u>	<u>193.677</u>	<u>61.105</u>
Income from assets valuation adjustments	0	0	0
Expenses from assets valuation adjustments	453.892	496.128	438.318
<i>Profit/loss valuation adjustments</i>	<u>-453.892</u>	<u>-496.128</u>	<u>-438.318</u>
Other revenues	413.324	350.431	478.208
Other expenses	3.607	13.288	21.230
<i>Nonoperating profit/loss</i>	<u>409.717</u>	<u>337.143</u>	<u>456.978</u>
Earnings before tax (EBT)	843.844	843.165	963.930
Tax	83.361	83.933	96.821
NET PROFIT	<u>760.483</u>	<u>759.232</u>	<u>867.109</u>

**INCOME STATEMENT (IN EUR)**

	2013.	2014.	2015.
OPERATING REVENUES			
Sales	29.201.998	31.152.278	31.675.145
Other operating revenues	40.490	220.773	237.533
<i>Total operating revenues</i>	<u>29.242.487</u>	<u>31.373.051</u>	<u>31.912.678</u>
OPERATING EXPENSES			
Cost of goods sold (COGS)	4.107.964	3.767.108	3.535.957
Income from sales products and services rendered	44.617	60.653	52.538
Change in inventory value	-1.408.865	614.666	-1.218.145
Cost of material	12.908.626	13.162.040	14.760.844
Salaries/Other personal expenses	3.236.733	3.126.646	3.270.089
Amortization expense	728.991	668.133	613.876
Other operating expenses	2.635.293	3.203.104	3.679.274
<i>Total operating expenses</i>	<u>22.164.124</u>	<u>24.481.045</u>	<u>24.589.358</u>
OPERATING PROFIT	7.078.363	6.892.006	7.323.321
Financial revenues	1.074.925	1.970.992	900.460
Financial expenses	304.437	319.950	394.342
<i>Profit/loss financial</i>	<u>770.488</u>	<u>1.651.042</u>	<u>506.118</u>
Income from assets valuation adjustments	0	0	0
Expenses from assets valuation adjustments	4.011.773	4.229.352	3.630.480
<i>Profit/loss valuation adjustments</i>	<u>-4.011.773</u>	<u>-4.229.352</u>	<u>-3.630.480</u>
Other revenues	3.653.208	2.987.326	3.960.879
Other expenses	31.881	113.276	175.843
<i>Nonoperating profit/loss</i>	<u>3.621.328</u>	<u>2.874.050</u>	<u>3.785.036</u>
Earnings before tax (EBT)	7.458.406	7.187.746	7.983.994
Tax	736.795	715.505	801.944
NET PROFIT	<u>6.721.610</u>	<u>6.472.241</u>	<u>7.182.050</u>

Values are presented in RSD and in EUR, using average value for RSD middle exchange rate:

in 2015 120,73 RSD/EUR

in 2014 117,31 RSD/EUR

in 2013 113,14 RSD/EUR



II AUDITORS REPORT 2015
INDEPENDENT AUDITOR: UHY REVIZIJA d.o.o.,
Belgrade, ID No. 17082175

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INDEPENDENT AUDITORS' REPORT

**To the Shareholders and Management of the Shareholding Company “Galenika Fitofarmacija“,
Beograd, Zemun**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Shareholding Company Galenika Fitofarmacija, Beograd, Zemun (the "Group" or “Parent Company”) and its related parties (the "Subsidiaries"), which comprise the consolidated balance sheet as at December 31, 2015 and the related consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting regulations of the Republic of Serbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and the Law on Audit of the Republic of Serbia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continued)

INDEPENDENT AUDITORS' REPORT

**To the Shareholders and Management of the Shareholding Company "Galenika Fitofarmacija",
Beograd, Zemun (continued)**

Report on the Consolidated Financial Statements (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with the accounting regulations of the Republic of Serbia.

Report on Other Legal and Regulatory Requirements

We performed a review of the consolidated annual business report of the Group. The annual business report of the Parent company is integral part of the consolidated annual business report of the Group. The management of the Group is responsible for the preparation and presentation of the consolidated annual business report, in accordance with the requirements of the Law on Accounting and the Law on the Capital Market (Official Gazette of Serbia No. 62/2013 and 31/2011). Our responsibility is to express an opinion on the compliance of the consolidated annual business report with the consolidated financial statements for the 2015. In this respect, our procedures are limited to assessing compliance of accounting information contained in the consolidated annual business report with the consolidated financial statements. Accordingly, our procedures did not include a review of other information contained in the consolidated annual business report arising from the information and records that were not subject to audit.

In our opinion, the accounting information presented in the consolidated annual business report, in all material respects, are consistent with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

Belgrade, April 18 2016



Jelena Latinkić

Jelena Latinkić
Certified Auditor



III CONSOLIDATED BUSINESS REPORT 2015



I GENERAL INFORMATION

1. Basic info

Company name:	GALENIKA – FITOFARMACIJA a.d., Batajnicketi drum bb, 11080 Belgrade - Zemun
No. Of Decision of serbian Business Registers Agency:	BD 307/2005 dated January 27, 2005
ID No.:	7725531
Tax ID No.:	100001046
Registered activity:	Manufacture of agricultural chemicals, Activity Code 2020
Web site & email:	www.fitofarmacija.rs ; office@fitofarmacija.rs
Share capital:	RSD 3.511.200.000 at June 30, 2015
Number of issued shares:	2.640.000 (ordinary); ISIN No.: RSFITOE21521; CFI code: ESVUFR; BELEX: FITO
Number of own shares:	None
Subsidiaries:	ENVIPACK d.o.o., Belgrade, ID No. 2080115, Activity Code 7022 Consultancy activities in connection with business and other management GALENIKA – FITOFARMACIJA zastupanje i trgovina d.o.o., Ljubljana, Slovenia; ID No. 6813313000; Activity Code 46.900 Non-specialized wholesale trade
Auditor:	UHY REVIZIJA d.o.o., Belgrade, ID No.: 17082175

2. Company Management

Members of Board of Directors:

non-executive:	Nedeljko Puhar, Chairman, owner of 6,39% of Company shares Mirjana Bogicevic, independent director, Branislav Medakovic, Dusan Mojsilovic, owner of Agromarket d.o.o., Zivorad Vojinovic, owner of 21,56% of shares, owner of 75% of Mikend d.o.o.
executive:	Dragan Nenadovic, Chief Executive Officer, owner of 5,72% of shares Slavica Pekovic, Chief Corporate Affairs Officer

Company Secretary: Lidija Nikolic

**3. Top ten shareholders by number of shares and votes on the time of preparation of this report:**

No.	Shareholder	No. shares	%
1.	Vojinović Živorad	569.196	21,56%
2.	Agromarket d.o.o.	439.296	16,64%
3.	Puhar Nedeljko	168.583	6,39%
4.	Nenadović Dragan	150.950	5,72%
5.	Unicredit bank Srbija a.d. - kastodi račun	129.000	4,89%
6.	Mikend doo	100.554	3,81%
7.	Terra capital cayman	82.744	3,13%
8.	Herma investments co., ltd.	80.122	3,03%
9.	Komp. Dunav osiguranje a.d.o.	71.706	2,72%
10.	Sempiola invest limited	56.328	2,13%
Total:		1.848.479	70,02%

4. General information of subsidiaries

Company name:	ENVIPACK d.o.o., Batajnicki drum bb, Belgrade - Zemun
ID No.:	20801115
Tax ID No.:	107430272
Registered activity:	Consultancy activities in connection with business and other management, Activity Code 7022
Legal representative:	Aleksandar Sosevic
Web site & email:	www.envipack.rs; office@envipack.rs

ENVIPACK d.o.o was founded in February 2012. godine in 100% owned by GALENIKA – FITOFARMACIJA a.d..

ENVIPACK operates as a specialized subsidiary, under the already authorized operator for packaging waste management EKOSTAR PAK. The primary focus of ENVIPACK is the management for pesticide packaging.

Company name:	GALENIKA - FITOFARMACIJA, zastupanje i trgovina, d.o.o., Tržaška cesta 515, 1351 Brezovica pri Ljubljani, Republica of Slovenia
ID No.:	6813313000
Tax ID No.:	90008847
Registered activity:	Non-specialized wholesale trade, Activity Code 46.900
Legal representative:	Slavica Pekovic

GALENIKA – FITOFARMACIJA d.o.o., Slovenija, was founded in March, 2015 in 100% owned by GALENIKA – FITOFARMACIJA a.d., for administrative purposes of registration of the products from the parent company product range in the EU member countries.

In accordance with applicable regulations of the EU, in order for a company to be able to submit an application for registration of plant protection product in the EU (the applicant company), it must have its registered office in one of the EU member states, and a company in which the plant protection product is produced (place of production) may be located anywhere in the world.



II BUSINESS PERFORMANCE

A detailed Business Report 2015, which includes a review of Company's development, the general policies, a description of global and domestic market for crop protection products, development activities and Company's plans, main business risks and plan for the future, as well as activities of ENVIPACK d.o.o., can be found on Company's website, in the section: For investors / Information. Also, this Business Report is an integral part of the individual Company's Annual Report which is published on Company's website and website of the Belgrade Stock Exchange.

1. Business analysis

in 000 RSD

	2015.	2014.	2013.
Total revenues	4.439.830	4.196.895	4.007.883
Total expenses	3.475.900	3.353.730	3.164.039
Earnings before tax (EBT)	963.930	843.165	843.844
Operating revenues	3.852.907	3.615.255	3.472.942
Sales of products	3.824.229	3.654.346	3.303.914
EBITDA	958.280	886.849	883.324
Return on total equity (ROI)	13,66%	12,84%	14,37 %
Return on equity (ROE)	14,90%	14,73%	16,55 %
First liquidity ratio	0,54	0,35	0,65
Second liquidity ratio	5,08	3,53	2,85

2. Main indicators

In 000 RSD

	2015.	2014.	2013.
Fixed assets	2.140.886	1.787.014	1.834.636
Current assets	4.167.451	4.102.099	3.435.434
LT Debt	0	0	0
Current (ST) liabilities	513.532	759.935	697.275
Net profit	867.109	759.232	760.483

III SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

There were no significant transactions with related parties, last year.

IV STATEMENT ON THE IMPLEMENTATION THE CORPORATE GOVERNANCE CODE

Board of Directors adopted the Corporate Governance Code of Company, which is published on Company's website.

With its own Code of Corporate Governance, the Company established the principles of corporate governance practices and organizational culture in line with which the Company's corporate governance holders are acting. Principles in particular regard to the openness and transparency of operations of the Company, exercising the shareholders' rights, the framework and modus operandi of the Company's corporate governance holders and control of their of work.

The aim of the Code is to promote good business practices in the domain of corporate governance, which should ensure an effective system of control over the operations of the Company and increase confidence of investors and shareholders in the Company, with a view of securing a long-term business development of the Company.



In the implementation of the Corporate Governance Code there were no significant departures from established principles during 2015.

V INFORMATION ON THE ACQUISITION OF OWN SHARES

The Company does not have and it didn't acquire own shares from the creation of the previous Annual Report.

VI RESEARCH AND DEVELOPMENT ACTIVITIES

In 2015 the Company registered 5 new products (1 herbicid, 3 fungicides and 1 insecticides). Prerequisites for the registration of 8 new products in 2016.

Pursuant with their strategic focus, more particularly described in a single Business Report 2015, the Company currently manages the activities of the establishment of the registration file according on EU criteria for the four products. All necessary laboratory tests and field trials are taking place abroad.

VII SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

As of the date of this report, there were no significant events that would affect the credibility of the financial consolidated statements or the Company's business.

CHIEFF CORPORATE
AFFAIRS OFFICER

M. Sc. Slavica Pekovic



IV STATEMENT OF PERSONS RESPONSIBLE FOR THE PREPARATION OF ANNUAL CONSOLIDATED REPORT



Financial Consolidated Report 2015, according to the best of our knowledge, have been prepared with the application of relevant International Financial Reporting Standards and give us a true and objective information about the assets, liabilities, financial position and operations, profits and losses, cash flows and changes in equity.

Annual Report 2015, according to the best of our knowledge, give us credible review of the development, operating results and financial position, as well as a credible description of the expected development of the Company, the most significant risks and uncertainties which the Company's operations are exposed.

Head of Financial and Accounting Division,
B.SC.Ecc. Gordana Arlov

Chief Corporate Affairs Officer,
M.Sc. Slavica Pekovic

Chief Executive Officer,
B.Sc.Ecc. Dragan Nenadovic



**V DECISION OF SUPERVISORS ON THE ADOPTION
OF THE ANNUAL CONSOLIDATED REPORT
(NOTE)**

**VI DECISION ON PROFIT DISTRIBUTION
OR LOSS COVERING
(NOTE)**



Note:

The Annual Consolidated Report was approved by Board of Directors, on meeting held on April 22, 2016.

The Annual Consolidated Report was not adopted by supervisors, General Meeting, because the Annual General Meeting has not held yet.

The Annual General Meeting will make a decision on profit distribution.

The Company will issue a decision on the adoption of the Annual Consolidated Report for 2015 and a decision on profit distribution for 2015 after the date of the General Meeting.

Head of Financial and Accounting Division,
B.SC.Ecc. Gordana Arlov

Chief Corporate Affairs Officer,
M.Sc. Slavica Pekovic

Chief Executive Officer,
B.Sc.Ecc. Dragan Nenadovic