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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