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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 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 overall presentation of the 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 Financial Statements (continued)

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 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 annual business report of the Company. The management of the Company is responsible for the preparation and presentation of the 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 annual business report with the financial statements for the 2015. In this respect, our procedures are limited to assessing compliance of accounting information contained in the annual business report with the financial statements which were the audit subject. Accordingly, our procedures did not include a review of other information contained in the annual business report arising from the information and records that were not subject to audit.

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

Belgrade, April 18, 2016



Mira Krža
Certified auditor