

Independent Auditor's Report

To the Shareholders of Bosnalijek d.d. Sarajevo:

We have audited the accompanying financial statements of Bosnalijek d.d. Sarajevo (the "Company"), set out on pages 3 to 35, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the statutory financial reporting framework in Federation of Bosnia and Herzegovina, and for such internal controls as Management determines is necessary to enable 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 the Law on Accounting and Auditing, and standards on auditing applicable in Federation of Bosnia and Herzegovina. 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 controls relevant to the Company'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 Company's internal controls. 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 opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and the results of its performance and its cash flows for the year then ended, in accordance with the statutory financial reporting framework in Federation of Bosnia and Herzegovina.

Deloitte d.o.o.

Sead Bahtanović, director and licensed auditor

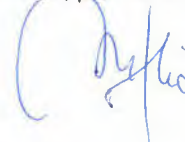


Sarajevo, Bosnia and Herzegovina

10 April 2017



Sabina Softić, partner and licensed auditor



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