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TRANSLATION

TO THE SHAREHOLDERS

NIS A.D. NOVI SAD

We audited the separate and consolidated financial statements of NIS a.d. Novi Sad (“the Company”), which comprise the balance sheet as at 31 December 2014, the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information and issued our unmodified audit opinion on 4 March 2015.

Additional obligation in accordance with the Law on Accounting of the Republic of Serbia (Official Gazette of the Republic of Serbia number 62/2013).

In addition to the provision of the aforementioned independent audit opinions, the independent auditor is also required to comment upon the consistency of the attached annual business report with those audited financial statements.

We set out management’s and our own responsibility in this regard, along with our opinion as follows:

Management’s Responsibility

The Management is responsible for preparing the accompanying Annual Business Report in accordance with the requirements of the Law on Accounting of the Republic of Serbia (Official Gazette of the Republic of Serbia number 62/2013).

Auditors’ Responsibility

Our responsibility is to express an opinion on the compliance of the Annual Business Report with the financial statements for the business year 2014. In this respect, our procedures are conducted in accordance with the International Standard on Auditing 720 - The Auditor’s Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements, and we are limited only to the assessment of the compliance of the annual business report with the financial statements and the specific guidance on the wording of our opinion as provided by Chamber of Authorized Auditors.

Opinion

In our opinion, the Annual Business Report is in compliance with the financial statements which were the subject of the audit and as referenced above.

Other matter

This opinion should be read in conjunction with the annual financial statements of the company and independent audit opinions thereon.

Belgrade, 6 April 2015

KPMG d.o.o. Beograd

(L.S.)

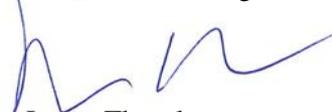
James Thornley
Certified Auditor

This is a translation of the original Independent Auditors' Report issued in the Serbian language. All due care has been taken to produce a translation that is as faithful as possible to the original. However, if any questions arise related to interpretation of the information contained in the translation, the Serbian version of the document shall prevail.

Belgrade, 6 April 2015



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James Thornley
Certified Auditor