

“JADRAN”- GALENSKI LABORATORIJ, d.d. Rijeka
BALANCE SHEET AS OF 31 DECEMBER 2010

<i>TITLE</i>	<i>NOTE</i>	<i>2009</i>	<i>2010</i>
ASSETS			
A) RECEIVABLES FOR SHAREHOLDERS EQUITY, NON-PAID		0	0
B) LONG TERM ASSETS	6	196.082.568	217.762.590
I. INTANGIBLE ASSETS	6a	15.019.544	20.861.060
1 Expenditure for research and development		1.075.636	920.492
2 Patents, licences, concessions, trademarks, software and other rights		7.513.401	7.234.074
3 Goodwill		0	0
4 Advances on intangible assets		0	0
5 Intangible assets-construction in progress		6.430.507	12.706.494
6 Other intangible assets		0	0
II. TANGIBLE ASSETS	6a,b,c	147.361.239	165.529.162
1 Land		3.087.205	3.023.018
2 Buildings		42.286.263	46.119.541
3 Equipment and machinery		57.072.779	65.732.830
4 Tools, power stock and transportation means		5.929.313	7.295.689
5 Biological assets		0	0
6 Advances on tangible assets		468.938	927.163
7 Tangible assets-construction in progress		6.588.838	7.783.976
8 Other tangible assets		433.978	605.481
9 Investments in real estate		31.493.925	34.041.464
III LONG TERM FINANCIAL ASSETS	6d	33.701.785	31.372.368
1 Shares in affiliated companies		32.623.383	30.053.527
2 Loans to affiliated companies		0	0
3 Participating interest		1.078.402	1.318.841
4 Loans to companies with participating interest		0	0
5 Securities investments		0	0
6 Given loans, deposits		0	0
7 Other long term financial assets		0	0
8 Investments (equity method)		0	0
IV RECEIVABLES	6e	0	0
1 Receivables from affiliated companies		0	0
2 Receivables from sales on credit		0	0
3 Other receivables		0	0
V DEFERRED TAX ASSETS		0	0
C) SHORT TERM ASSETS	7	312.764.474	353.410.662
I. INVENTORIES	7a	54.117.458	54.351.789
1 Raw and other material		26.250.673	33.445.367
2 Production in progress		0	0
3 Finished products		26.112.559	19.393.070
4 Trade goods		1.754.226	1.513.352
5 Advances on inventories		0	0
6 Long term assets for sale		0	0
7 Biological assets		0	0
II. RECEIVABLES	7b	231.999.588	228.053.473
1 Receivables from affiliated companies		35.381.287	45.294.917
2 Receivables from buyers		182.057.639	159.236.102
3 Receivables from participating companies		675	1.216

“JADRAN”- GALENSKI LABORATORIJ, d.d., Rijeka
BALANCE SHEET AS OF 31 DECEMBER 2010

TITLE	NOTE	2009	2010
4 Receivables from employees and subsidiaries		109.167	19.070
5 Receivables from government and other institutions		12.644.688	14.763.467
6 Other receivables		1.806.132	8.738.701
III SHORT TERM FINANCIAL ASSETS	7c	21.212.674	52.917.996
1 Shares in affiliated companies		0	0
2 Loans to affiliated companies		745.906	189.213
3 Participating interest		0	0
4 Loans given to companies with participating interest		0	200.000
5 Securities investment		12.205.885	20.029.330
6 Given loans, deposits		8.260.883	26.495.557
7 Other short term financial assets		0	6.003.896
IV CASH AT BANKS AND IN HAND	7d	5.434.754	18.087.404
D) PREPAYMENTS AND ACCRUED INCOME	8	5.761.513	7.615.544
E) TOTAL ASSETS		514.608.555	578.788.796
F) OFF BALANCE SHEET ITEMS		0	0
LIABILITIES			
A) CAPITAL AND RESERVES	9	167.968.988	202.106.280
I CALLED UP CAPITAL		5.625.000	5.625.000
II CAPITAL RESERVES		103.309	103.309
III INCOME RESERVES		2.561.598	2.561.598
1 Compulsory reserves		420.819	420.819
2 Reserves for treasury shares		3.101.475	881.286
3 Treasury shares (deductible)		3.101.475	881.286
4 Statutory reserves			0
5 Other reserves		2.140.779	2.140.779
IV REVALUATION RESERVES		-42.400	0
V RETAINED PROFIT OR TRANSFERRED LOSS		132.698.983	157.754.269
1 Retained profit		132.698.983	157.754.269
2 Transferred loss		0	0
VI PROFIT (LOSS) FOR CURRENT YEAR		27.022.498	36.062.104
1 Profit for current year		27.022.498	36.062.104
2 Loss for current year		0	0
VII MINORITY INTEREST		0	0
B) PROVISIONS		0	0
1 Provisions for retirement and similar expenditures		0	0
2 Provisions for taxes and contributions		0	0
3 Other provisions		0	0
C) LONG TERM LIABILITES	10	137.643.971	219.880.177
1 Liabilities for affiliated companies		0	0
2 Liabilities for loans, deposits		0	0
3 Liabilities for bank loans and other financial institutions	10a	12.638.145	94.880.177
4 Liabilities for advances		0	0
5 Accounts payables		0	0
6 Securities payables	10b	125.000.000	125.000.000
7 Liabilities for companies with participating interest			
8 Other long-term liabilities		0	0
9 Deferred tax liability		5.826	0

“JADRAN”- GALENSKI LABORATORIJ, d.d., Rijeka
BALANCE SHEET AS OF 31 DECEMBER 2010

TITLE	NOTE	2009	2010
D) SHORT-TERM LIABILITIES	11	201.842.789	152.540.979
1 Liabilities for affiliated companies	11a	1.279.914	1.078.690
2 Liabilities for loans, deposits		0	0
3 Liabilities for bank loans and other financial institutions	11b	117.851.369	42.029.435
4 Liabilities for advances	11e	1.030.695	3.628.277
5 Accounts payables	11c	69.861.609	88.657.576
6 Securities payables	11d	0	1.100.000
7 Liabilities for companies with participating interest	11c	5.808	8.199
8 Liabilities for employees	11e,12	4.115.528	5.965.438
9 Liabilities for taxes, contributions and other	11e	6.844.737	10.039.054
10 Liabilities for shares in result	11e	12.120	14.370
11 Liabilities for short term assets intended for sale		0	0
12 Other short term liabilities	11e	841.009	19.940
E) ACCRUALS AND DEFERRED INCOME	13	7.152.807	4.261.360
F) TOTAL LIABILITIES		514.608.555	578.788.796
G) OFF BALANCE SHEET ITEMS		0	0

“JADRAN”- GALENSKI LABORATORIJ, d.d., Rijeka
INCOME STATEMENT FOR 2010

<i>TITLE</i>	<i>NOTE</i>	<i>2009</i>	<i>2010</i>
I. BUSINESS REVENUE	14	365.669.619	489.240.185
1 Sales revenue		351.775.699	478.218.222
2 Other operational revenue		13.893.920	11.021.963
II. BUSINESS EXPENSE	15	317.744.527	438.824.359
1 Change in value of inventories for production and goods		4.192.497	6.719.489
2 Operating expense		186.959.399	243.381.416
a) Cost of raw material		99.579.156	123.157.582
b) Costs of goods sold		6.175.058	1.335.449
c) Other external costs		81.205.185	118.888.385
3 Expense for employees		68.850.558	86.066.513
a) Net salaries and wages		40.875.090	51.463.571
b) Taxes, social and pension funds		17.948.058	22.284.744
c) Contributions for salaries		10.027.410	12.318.198
4 Depreciation		11.675.354	13.697.831
5 Other expense		45.630.017	73.347.033
6 Revalorisation		436.702	15.612.077
a) of long term assets (excluding financial assets)		5,037	0
b) of short term assets (excluding financial assets)		431,665	15.612.077
7 Provisions		0	0
8 Other operational expenses		0	0
III FINANCIAL REVENUE	16	5.772.137	11.084.359
1 Interests, exchange rate differentials, dividends and similar revenues from relations with affiliated companies		483.211	401.286
2 Interests, exchange rate differentials, dividends and similar revenues from relations with unaffiliated companies and other persons		4.556.406	4.856.133
3 Revenue from participating interest and subsidiaries		51.938	704
4 Non-realized revenue		0	0
5 Other financial revenue		680.582	5.826.236
IV FINANCIAL EXPENSE	17	24.293.893	22.307.959
1 Interests, exchange rate differentials, dividends and similar expenses from relations with affiliated companies		195.884	100.124
2 Interests, exchange rate differentials, dividends and similar expenses from relations with unaffiliated companies and other persons		24.098.009	20.786.123
3 Non-realized loss (expenses) of financial assets		0	0
4 Other financial expenses		0	1.421.712
V SHARE IN PROFIT FROM AFFILIATED COMPANIES		0	0
VI SHARE IN LOSS FROM AFFILIATED COMPANIES		0	0
VII EXTRAORDINARY REVENUE		0	0
VIII EXTRAORDINARY EXPENSE		0	0
IX TOTAL REVENUE		371.441.756	500.324.544
X TOTAL EXPENSES		342.038.420	461.132.318
XI PROFIT OR LOSS BEFORE TAX		29.403.336	39.192.226
1 Profit before tax		29.403.336	39.192.226
2 Loss before tax			
XII INCOME TAX	18	2.380.838	3.130.122

XII PROFIT OR LOSS OF THE PERIOD		27.022.498	36.062.104
1 Profit of the period		27.022.498	36.062.104
2 Loss of the period		0	0

The financial statement was drafted in accordance with legal provision, revised IAS and IFRS.

Legal representative of the entrepreneur

“JADRAN”- GALENSKI LABORATORIJ, d.d., Rijeka
CASH FLOW STATEMENT FOR 2010

TITLE	NOTE	2009	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
1 Profit before tax		29.403.336	39.192.226
2 Depreciation		11.675.354	13.697.831
3 Increase in short term liabilities			19.625.975
4 Decrease in short term liabilities		14.818.449	3.946.115
5 Decrease in inventories		6.013.839	0
6 Other increase of cash flow		3.541.230	0
I. Total increase of cash flow from operating activities		65.452.208	76.462.147
1 Decrease in short term liabilities		3.772.467	0
2 Increase in short term liabilities			0
3 Increase in inventories			234.331
4 Other decrease in cash flow		3.027.058	10.423.030
II. Total decrease of cash flow from operating activities		6.799.525	10.657.361
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES		58.652.683	65.804.786
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	19	0	0
CASH INFLOWS FROM INVESTING ACTIVITIES			
1 Cash proceeds from sale of long terms intangible and tangible assets		415.590	1.086.524
2 Cash proceeds from sale of equity and debt security instruments			1.217.700
3 Cash proceeds from interest payment		1.160.345	37.549
4 Cash proceeds of dividend payment		881	704
5 Other cash proceeds from investing activities		172.645	452.677
III Total cash inflow from investing activities		1.749.461	2.795.154
1 Cash outflow for acquisition of long term tangible and intangible assets		19.577.057	25.417.149
2 Cash outflow for acquisition of equity and debt security instruments		28.000.000	
3 Other cash outflows from investing activities			1.314.921
IV Total cash outflow from investing activities		47.577.057	26.732.070
B1) NET CASH FLOW FROM INVESTING ACTIVITIES		0	0
B2) NET CASH OUTFLOW FROM INVESTING ACTIVITIES	19	45.827.596	23.936.916
CASH FLOW FROM FINANCE ACTIVITIES			
1 Cash inflow from issuing equity and debt financial instruments		26.679.453	90.648.010
2 Cash inflow from loan principals, debentures, credits and other borrowings		52.020.913	12.591.733
3 Other cash inflows from finance activities		122.631.439	0
V Total cash inflow from finance activities		201.331.805	103.239.743
1 Cash outflow for repayment of loan principal and bonds		134.681.398	81.779.986
2 Cash outflow for dividend payment		3.882.600	4.185.150
3 Cash outflow for finance lease		6.133.749	9.408.823
4 Cash outflow for buyback of own shares		2.173.100	681.996
5 Other cash outflow from finance activities		77.799.545	36.399.008
VI Total cash outflow for finance activities		224.670.392	132.454.963
C1) NET CASH FLOW INCREASE FROM FINANCE ACTIVITIES	19	0	0
C2) NET CASH FLOW DECREASE FROM FINANCE ACTIVITIES		23.338.587	29.215.220
Total increase of cash flow	19	0	12.652.650

Total decrease of cash flow		10.513.500	0
Cash and cash equivalents at the beginning of the period		15.948.254	5.434.754
Increase of cash and cash equivalents		0	12.652.650
Decrease of cash and cash equivalents		10.513.500	0
Cash and cash equivalents at the end of the period		5.434.754	18.087.404

The financial statement was drafted in accordance with legal provision, revised IAS and IFRS.

Legal representative of the entrepreneur

INCOME STATEMENT

from 1 January 2010 and 31 December 2010

Tax payer: 03715957: „Jadran“ – Galenski laboratorij d.d. Rijeka

Name of the position	ADP* Mark	No. Note	Previous period	Current period
1	2	3	4	5
I. BUSINESS REVENUE (108 - 110)	111	14	365.669.619	489.240.185
1. Sales revenue	112		351.775.699	478.218.222
2. Other operational revenue	113		13.893.920	11.021.963
II. BUSINESS EXPENSE	114	16	317.744.527	438.824.359
(112+113+114+118+122+123+124+127+128)				
1. Change in value of inventories for production and goods	115		4.192.497	6.719.489
2. Operating expense	116		186.959.399	243.381.416
a) Cost of raw material	117		99.579.156	123.157.582
b) Costs of goods sold	118		6.175.058	1.335.449
c) Other external costs	119		81.205.185	118.888.385
3. Expense for employees	120		68.850.558	86.066.513
a) Net salaries and wages	121		40.875.090	51.463.571
b) Taxes, social and pension funds	122		17.948.058	22.284.744
c) Contributions for salaries	123		10.027.410	12.318.198
4. Depreciation	124		11.675.354	13.697.831
5. Other expense	125		45.630.017	73.347.033
6. Revalorisation	126		436.702	15.612.077
a) of long term assets (excluding financial assets)	127		5.037	0
b) of short term assets (excluding financial assets)	128		431.665	15.612.077
7. Provisions	129		0	0
8. Other operational expenses	130		0	0
III. FINANCIAL REVENUE (130 - 134)	131	16	5.772.137	11.084.359
1. Interests, exchange rate differentials, dividends and similar revenues from relations with affiliated companies	132		483.211	401.286
2. Interests, exchange rate differentials, dividends and similar revenues from relations with unaffiliated companies and other persons	133		4.556.406	4.856.133
3. Revenue from participating interest and subsidiaries	134		51.938	704
4. Non-realized revenue	135		0	0
5. Other financial revenue	136		680.582	5.826.236
IV. FINANCIAL EXPENSE (136-139)	137	17	24.293.893	22.307.959
1. Interests, exchange rate differentials and other expenditures with affiliated companies	138		195.884	100.124
2. Interests, exchange rate differentials and other expenditures from relations with unaffiliated companies and other persons	139		24.098.009	20.786.123
3. Non-realised loss (expenses) of financial assets	140		0	0
4. Other financial expenses	141		0	1.421.712
V. SHARE IN PROFIT FROM AFFILIATED COMPANIES	142		0	0
VI. SHARE IN LOSS FROM AFFILIATED COMPANIES	143		0	0
VII. EXTRAORDINARY REVENUE	144		0	0
VIII. EXTRAORDINARY EXPENSE	145		0	0
IX. TOTAL REVENUE	146		371.441.756	500.324.544
X. TOTAL EXPENSES	147		342.038.420	461.132.318
XI. PROFIT OR LOSS BEFORE TAX	148		29.403.336	39.192.226
1. Profit before tax	149		29.403.336	39.192.226
2. Loss before tax	150		0	0
XII. INCOME TAX	151	18	2.380.838	3.130.122

XII PROFIT OR LOSS OF THE PERIOD	152	27.022.498	36.062.104
1. Profit of the period	153	27.022.498	36.062.104
2. Loss of the period	154	0	0

APPENDIX TO RDG Form (to be filled by the company drafting the annual consolidated financial statement)

XIV. PROFIT OR LOSS OF THE PERIOD

1. Assigned to holders of the capital of the parent company	155	0	0
2. Assigned to minority interest	156	0	0

BALANCE SHEET

on 31 December 2010

Tax payer: 03715957: „Jadran“ – Galenski laboratorij d.d. Rijeka

Name of the position	ADP* Mark	Note No.	Previous year (net)	Current year (net)
1	2	3	4	5
ASSETS				
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		0	0
B) LONG-TERM ASSETS (003+010+020+028+032)	002	6	196.082.568	217.762.590
I. INTANGIBLE ASSETS (004 - 009)	003	6a	15.019.544	20.861.060
1. Expenditure for research and development	004		1.075.636	920.492
2. Patents, licences, concessions, trademarks, software and other rights	005		7.513.401	7.234.074
3. Goodwill	006		0	0
4. Advances on intangible assets	007		0	0
5. Intangible assets-construction in progress	008		6.430.507	12.706.494
6. Other intangible assets	009		0	0
II. TANGIBLE ASSETS (011 - 019)	010	6a,b,c	147.361.239	165.529.162
1. Land	011		3.087.205	3.023.018
2. Buildings	012		42.286.263	46.119.541
3. Equipment and machinery	013		57.072.779	65.732.830
4. Tools, plant and transportation equipment	014		5.929.313	7.295.689
5. Biological assets	015		0	0
6. Advances for tangible assets	016		468.938	927.163
7. Tangible assets-construction in progress	017		6.588.838	7.783.976
8. Other tangible assets	018		433.978	605.481
9. Investment in real estate	019		31.493.925	34.041.464
III. LONG TERM FINANCIAL ASSETS (021 - 027)	020	6d	33.701.785	31.372.368
1. Shares in affiliated companies	021		32.623.383	30.053.527
2. Loans to affiliated companies	022		0	0
3. Participating interests	023		1.078.402	1.318.841
4. Loans to companies with participating interest	024		0	0
5. Securities investments	025		0	0
6. Given loans, deposits	026		0	0
7. Other long term financial assets	027		0	0
8. Investments (equity method)				
IV. RECEIVABLES (029 - 031)	028	6e	0	0
1. Receivables from affiliated companies	029		0	0
2. Receivables from sales on credit	030		0	0
3. Other receivables	031		0	0
V. DEFERRED TAX ASSETS	032		0	0
C) SHORT TERM ASSETS (034+042+049+057)	033	7	312.764.474	353.410.662
I. INVENTORIES (035 - 041)	034	7a	54.117.458	54.351.789
1. Raw and other material	035		26.250.673	33.445.367
2. Production in progress	036		0	0
3. Finished products	037		26.112.559	19.393.070
4. Trade goods	038		1.754.226	1.513.352
5. Advances on inventories	039		0	0
6. Long term assets for sale	040		0	0
7. Biological assets	041		0	0
II. RECEIVABLES (043 - 048)	042	7b	231.999.588	228.053.473
1. Receivables from affiliated companies	043		35.381.287	45.294.917
2. Receivables from buyers	044		182.057.639	159.236.102
3. Receivables from participating companies	045		675	1.216
4. Receivables from employees and subsidiaries	046		109.167	19.070
5. Receivables from the government and other	047		12.644.688	14.763.467

institutions				
6. Other receivables	048		1.806.132	8.738.701
III. SHORT TERM FINANCIAL ASSETS (050 - 056)	049	7c	21.212.674	52.917.996
1. Shares in affiliated companies	050		0	0
2. Loans to affiliated companies	051		745.906	189.213
3. Participating interests	052		0	0
4. Loans to companies with participating interest	053		0	200.000
5. Securities investments	054		12.205.885	20.029.330
6. Given loans, deposits	055		8.260.883	26.495.557
7. Other short term financial assets	056		0	6.003.896
IV. CASH AT BANKS AND IN HAND	057	7d	5.434.754	18.087.404
D) PREPAYMENTS AND ACCRUED INCOME	058	8	5.761.513	7.615.544
E) TOTAL ASSETS	059		514.608.555	578.788.796
F) OFF BALANCE SHEET ITEMS	060		0	0
LIABILITIES	061			
A) CAPITAL AND RESERVES	062	9	167.968.988	202.106.280
(063+064+065+071+072+073+074+076)				
I. CALLED UP CAPITAL	063		5.625.000	5.625.000
II. CAPITAL RESERVES	064		103.309	103.309
III. INCOME RESERVES (066+067-068+069+070)	065		2.561.598	2.561.598
1. Compulsory Reserves	066		420.819	420.819
2. Reserves for treasury shares	067		3.101.475	881.286
3. Treasury shares (deductible)	068		3.101.475	881.286
4. Statutory reserves	069		0	0
5. Other reserves	070		2.140.779	2.140.779
IV. REVALUATION RESERVES	071		-42.400	0
V. RETAINED PROFIT OR TRANSFERRED LOSS	072		132.698.983	157.754.269
1 Retained profit	073		0	0
2 Transferred loss	074		27.022.498	36.062.104
VI. PROFIT (LOSS) FOR CURRENT YEAR	075		0	0
1 Profit for current year	076		0	0
2 Loss for current year	077			
VII. MINORITY INTEREST	078			
B) PROVISIONS (078 - 080)	079		0	0
1. Provisions for retirement and similar expenditures	080		0	0
2. Provisions for taxes and contributions	081		0	0
3. Other provisions	082		0	0
C) LONG TERM LIABILITIES (082-089)	083	10	137.643.971	219.880.177
1. Liabilities for affiliated companies	084		0	0
2. Liabilities for loans, deposits	085		0	0
3. Liabilities for banks and other financial institutions	086	10a	12.638.145	94.880.177
4. Liabilities for advances	087		0	0
5. Accounts payables	088		0	0
6. Securities payables	089	10b	125.000.000	125.000.000
7. Liabilities for companies with participating interest	090		0	0
8. Other long-term liabilities	091		0	0
9. Deferred tax liability	092		5.826	
D) SHORT TERM LIABILITIES (091 - 101)	093	11	201.842.789	152.540.979
1. Liabilities for affiliated companies	094	11a	1.279.914	1.078.690
2. Liabilities for loans, deposits	095		0	0
3. Liabilities for banks and other financial institutions	096	11b	117.851.369	42.029.435
4. Liabilities for advances	097	11e	1.030.695	3.628.277
5. Accounts payables	098	11c	69.861.609	88.657.576
6. Securities payables	099	11d	0	1.100.000
7. Liabilities for companies with participating interest	100	11c	5.808	8.199

8. Liabilities for employees	101	11e,12	4.115.528	5.965.438
9. Liabilities for taxes, contributions and other	102	11e	6.844.737	10.039.054
10. Liabilities for shares in result	103	11e	12.120	14.370
11. Liabilities for short term assets intended for sale	104		0	0
12. Other short term liabilities	105	11e	841.009	19.940
E) ACCRUALS AND DEFFERED INCOME	106	13	7.152.807	4.261.360
F) TOTAL - LIABILITIES (062+077+081+090+102)	107		514.608.555	578.788.796
G) OFF-BALANCE SHEET ITEMS	108		0	0
APPENDIX TO THE BALANCE SHEET (to be filled by the company drafting the annual consolidated financial statement)				
CAPITAL AND RESERVES				
1. Assigned to holders of the capital of the parent company	109		0	0
2. Assigned to minority interest	110		0	0