

Attachment 1.

Period:

1.1.2012

to

30.6.2012

Quarterly financial report TFI-PODRegistration number (MB): **03715957**Registration number (MBS): **040004561**Personal identification
number (OIB): **20950636972**Company: **JGL d.d.**Postal code and city: **51000****Rijeka**Address: **Pulac bb**e-mail: jgl@jgl.hrInternet address: www.jgl.hrCode and name of city: **373** **Rijeka**Code and name of county: **8** **Primorsko-goranska**Number of employees
(at the end of the period) **487**Consolidated report: **NO**NKD code: **2120**

Companies in consolidation (in acc. with IFRS):

Headquarters:

MB:

Accounting:

Contact: **Crnković Verica**
(enter surname and name of the contact person)Phone: **051 660 710**Fax: **051 660 711**e-mail: verica.crnkovic@jgl.hrSurname and name: **Usmiani Ivo**
(Person authorized to represent)**Documents to be published:**

1. Financial reports (balance sheet, income statement, cash flow statement, changes in equity statement and notes
2. Management report,
3. Statement of Persons Responsible for drafting reports.
4. Decision of the competent administration authority on forming the yearly financial reports
5. Decision on distribution of profit or coverage of loss

M.P.

(Person authorized to represent - signature)

BALANCE SHEET
on 30th June 2012

JGL d.d.			
Position	ADP mark	Previous period	Current period
1	2	3	4
A) RECEIVABLES FOR SHAREHOLDERS EQUITY, NON-PAID	001		
B) LONG TERM ASSETS (003+010+020+029+033)	002	262.878.872	329.322.395
I. INTANGIBLE ASSETS (004 - 009)	003	23.148.509	24.105.829
1. Expenditure for research and development	004	4.706.120	6.667.846
2. Patents, licences, concessions, trademarks, software and other rights	005	10.932.122	10.834.896
3. Goodwill	006		
4. Advances on intangible assets	007		
5. Intangible assets-construction in progress	008	7.510.267	6.603.087
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 - 019)	010	208.104.148	273.865.105
1. Land	011	3.569.728	3.569.728
2. Buildings	012	60.389.274	61.289.164
3. Equipment and machinery	013	92.331.158	93.001.486
4. Tools, power stock and transportation means	014	10.871.331	10.390.155
5. Biological assets	015		
6. Advances on tangible assets	016	827.683	2.640.172
7. Tangible assets-construction in progress	017	8.412.021	71.271.447
8. Other tangible assets	018	605.481	605.481
9. Investments in real estate	019	31.097.472	31.097.472
III. LONG TERM FINANCIAL ASSETS (021 - 028)	020	31.626.215	31.351.461
1. Shares in affiliated companies	021	30.157.987	30.157.987
2. Loans to affiliated companies	022		
3. Participating interest	023	1.140.146	1.140.146
4. Loans to companies with participating interest	024		
5. Securities investments	025		
6. Given loans, deposits	026		
7. Other long term financial assets	027		
8. Investments (equity method)	028	328.082	53.328
IV. RECEIVABLES (030 - 032)	029	0	0
1. Receivables from affiliated companies	030		
2. Receivables from sales on credit	031		
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033		
C) SHORT TERM ASSETS (035+043+050+058)	034	449.025.288	415.538.270
I. INVENTORIES (036 - 042)	035	124.717.793	143.864.321
1. Raw and other material	036	60.094.204	59.409.954
2. Production in progress	037		
3. Finished products	038	63.266.635	83.102.071
4. Trade goods	039	1.356.954	1.352.296
5. Advances on inventories	040		
6. Long term assets for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 - 049)	043	281.783.303	264.133.706
1. Receivables from affiliated companies	044	30.772.774	45.898.384
2. Receivables from buyers	045	231.773.168	199.384.279
3. Receivables from participating companies	046		
4. Receivables from employees and subsidiaries	047	8.680	151.119
5. Receivables from government and other institutions	048	17.548.562	15.061.094
6. Other receivables	049	1.680.119	3.638.830
III. SHORT TERM FINANCIAL ASSETS (051 - 057)	050	40.868.849	3.127.796
1. Shares in affiliated companies	051		
2. Loans to affiliated companies	052	13.600.000	
3. Participating interest	053		
4. Loans given to companies with participating interest	054	116.521	293.782
5. Securities investment	055	3.300.000	2.643.796
6. Given loans, deposits	056	23.852.328	190.218
7. Other short term financial assets	057		
IV. CASH AT BANKS AND IN HAND	058	1.655.343	4.412.447
D) PREPAYMENTS AND ACCRUED INCOME	059	4.503.520	5.268.268
E) TOTAL ASSETS (001+002+034+059)	060	716.407.680	750.128.933
F) OFF BALANCE SHEET ITEMS	061		

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	262.436.684	235.373.610
I. CALLED UP CAPITAL	063	5.625.000	5.625.000
II. CAPITAL RESERVES	064	102.964	441.785
III. INCOME RESERVES (066+067-068+069+070)	065	2.914.390	2.575.569
1. Compulsory reserves	066	420.819	420.819
2. Reserves for treasury shares	067	362.893	14.372
3. Treasury shares (deductible)	068	10.100	400
4. Statutory reserves	069		
5. Other reserves	070	2.140.778	2.140.778
IV. REVALUATION RESERVES	071		
V. RETAINED PROFIT OR TRANSFERRED LOSS (073-074)	072	189.555.047	237.298.151
1. Retained profit	073	189.555.047	237.298.151
2. Loss for current year	074		
VI. PROFIT/LOSS FOR CURRENT YEAR (076-077)	075	64.239.283	-10.566.895
1. Profit for current year	076	64.239.283	
2. Loss for current year	077		10.566.895
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 - 082)	079	0	0
1. Provisions for retirement and similar expenditures	080		
2. Provisions for taxes and contributions	081		
3. Other provisions	082		
C) LONG TERM LIABILITES (084 - 092)	083	217.186.461	269.098.159
1. Liabilities for affiliated companies	084		
2. Liabilities for loans, deposits	085		
3. Liabilities for bank loans and other financial institutions	086	77.909.794	129.098.159
4. Liabilities for advances	087		
5. Accounts payables	088		
6. Securities payables	089	139.276.667	140.000.000
7. Liabilities for companies with participating interest	090		
8. Other long-term liabilities	091		
9. Deferred tax liability	092		
D) SHORT-TERM LIABILITIES (094 - 105)	093	227.355.854	241.817.971
1. Liabilities for affiliated companies	094	1.973.042	3.213.599
2. Liabilities for loans, deposits	095	7.308.909	3.021.457
3. Liabilities for bank loans and other financial institutions	096	22.719.205	102.978.998
4. Liabilities for advances	097	625.115	219.891
5. Accounts payables	098	119.922.903	113.534.610
6. Securities payables	099	50.062.817	
7. Liabilities for companies with participating interest	100		
8. Liabilities for employees	101	9.460.974	5.143.605
9. Liabilities for taxes, contributions and other	102	14.660.578	7.711.197
10. Liabilities for shares in result	103	16.920	25.920
11. Liabilities for short term assets intended for sale	104		
12. Other short term liabilities	105	605.391	5.968.694
E) ACCRUALS AND DEFERRED INCOME	106	9.428.681	3.839.193
F) TOTAL LIABILITIES (062+079+083+093+106)	107	716.407.680	750.128.933
G) OFF BALANCE SHEET ITEMS	108		
APPENDIX TO THE BALANCE SHEET (to be filled by the company drafting the annual consolidated financial statement)			
A) CAPITAL AND RESERVES			
1. Assigned to holders of the capital of the parent company	109		
2. Assigned to minority interest	110		

Note 1.: Appendix to the balance sheet is to be filled by the company drafting the annual consolidated financial statement

INCOME STATEMENT
from 1st January 2012 and 30th June 2012

JGL d.d.

Position	ADP mark	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. BUSINESS REVENUE (112+113)	111	204.372.227	0	224.447.318	0
1. Sales revenue	112	201.804.657		220.036.843	
2. Other operational revenue	113	2.567.570		4.410.475	
II. BUSINESS EXPENSE (115+116+120+124+125+126+129+130)	114	182.448.989	0	225.159.349	0
1. Change in value of inventories for production and goods	115	-14.052.263		-20.032.390	
2. Operating expense(117 - 119)	116	120.894.589	0	155.603.695	0
a) Cost of raw material	117	68.590.677		87.735.636	
b) Costs of goods sold	118	908.346		2.014.497	
c) Other external costs	119	51.395.566		65.853.562	
3. Expense for employees (121 - 123)	120	46.596.285	0	50.357.597	0
a) Net salaries and wages	121	28.623.110		31.099.857	
b) Taxes, social and pension funds	122	10.546.922		11.389.817	
c) Contributions for salaries	123	7.426.253		7.867.923	
4. Depreciation	124	7.217.551		11.381.198	
5. Other expense	125	11.981.024		13.482.647	
6. Revalorisation (127+128)	126	0	0	0	0
a) of long term assets (excluding financial assets)	127				
b) of short term assets (excluding financial assets)	128				
7. Provisions	129				
8. Other operational expenses	130	9.811.803		14.366.602	
III. FINANCIAL REVENUE (132 - 136)	131	1.078.914	0	7.494.705	0
1. Interests, exchange rate differentials, dividends and similar revenues from relations with affiliated companies	132	327.452		573.112	
2. Interests, exchange rate differentials, dividends and similar revenues from relations with unaffiliated companies and other persons	133	751.462		6.921.593	
3. Revenue from participating interest and subsidiaries	134				
4. Non-realized revenue	135				
5. Other financial revenue	136				
IV. FINANCIAL EXPENSE (138 - 141)	137	7.887.723	0	17.349.569	0
1. Interests, exchange rate differentials, dividends and similar expenses from relations with unaffiliated companies and other persons	138			465.936	
2. Interests, exchange rate differentials, dividends and similar expenses from relations with unaffiliated companies and other persons	139	7.887.723		16.883.633	
4. Non-realized loss from financial assets	140				
5. Other financial expenses	141				
V. SHARE IN PROFIT FROM AFFILIATED COMPANIES	142				
VI. SHARE IN LOSS FROM AFFILIATED COMPANIES	143				
VII. EXTRAORDINARY REVENUE	144				
VIII. EXTRAORDINARY EXPENSE	145				
IX. TOTAL REVENUE (111+131+142 + 144)	146	205.451.141	0	231.942.023	0
X. TOTAL EXPENSES (114+137+143 + 145)	147	190.336.712	0	242.508.918	0
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	15.114.429	0	-10.566.895	0
1. Profit before tax (146-147)	149	15.114.429	0	0	0
2. Loss before tax (147-146)	150	0	0	10.566.895	0
XII. INCOME TAX	151	1.374.874		2.169.326	
XIII. PROFIT OR LOSS OF THE PERIOD (148-151)	152	13.739.555	0	-12.736.221	0
1. Profit of the period (149-151)	153	13.739.555	0	0	0
2. Loss of the period (151-148)	154	0	0	12.736.221	0
APPENDIX TO INCOME STATEMENT 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				
2. Assigned to minority interest	156				
REPORT OF OTHER COMPREHENSIVE INCOME (to be filled by the company in accordance with the IFRS)					
I. PROFIT OR LOSS OF THE PERIOD (= 152)	157				
II. OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (159 do 165)	158	0	0	0	0
1. Exchange rate differentials from foreign business calculations	159				
2. Changes in revalorisation reserves for long term tangible and intangible assets	160				
3. Profit or loss from revalorisation of financial assets intended for sale	161				
4. Profit or loss from efficient cash flow protection	162				
5. Profit or loss from efficient investment protection	163				
6. Share in comprehensive profit/loss of affiliated companies	164				
7. Actuarial profit/loss according to planed income	165				
III. TAX ON OTHER COMPREHENSIVE PROFIT OF THE PERIOD	166				
IV. OTHER NET COMPREHENSIVE PROFIT/LOSS OF THE PERIOD	167	0	0	0	0
V. COMPREHENSIVE PROFIT/LOSS OF THE PERIOD (157+167)	168	0	0	0	0
APPENDIX TO REPORT OF OTHER COMPREHENSIVE INCOME Form (to be filled by the company drafting the annual consolidated financial statement)					
VI. COMPREHENSIVE PROFIT OR LOSS OF THE PERIOD					
1. Assigned to holders of the capital of the parent company	169				
2. Assigned to minority interest	170				

CASH FLOW STATEMENT - Indirect method
for the period from to

Position	ADP mark	Previous period	Current period
1	2	3	4
CASH FLOW FROM BUSINESS ACTIVITIES			
1. Profit before tax	001	0	
2. Depreciation	002	0	
3. Increase in short term liabilities	003	0	
4. Decrease in short term liabilities	004	0	
5. Decrease in inventories	005	0	
6. Other increase of cash flow	006	0	
I. Total increase of cash flow from business activities (001 do 006)	007	0	0
1. Decrease in short term liabilities	008	0	
2. Increase in short term liabilities	009	0	
3. Increase in inventories	010	0	
4. Other decrease in cash flow	011	0	
II. Total decrease of cash flow from operating activities (008 - 011)	012	0	0
A1) NET INCREASE OF CASH FLOW FROM BUSINESS ACTIVITIES (007-012)	013	0	0
A2) NET DECREASE OF CASH FLOW FROM BUSINESS ACTIVITIES (012-007)	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash proceeds from sale of long terms intangible and tangible assets	015	0	
2. Cash proceeds from sale of equity and debt security instruments	016	0	
3. Cash proceeds from interest payment	017	0	
4. Cash proceeds of dividend payment	018	0	
5. Other cash proceeds from investing activities	019		
III. Total cash inflow from investing activities (015 - 019)	020	0	0
1. Cash outflow for acquisition of long term tangible and intangible assets	021	0	
2. Cash outflow for acquisition of equity and debt security instruments	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflow from investing activities (021 - 023)	024	0	0
B1) NET CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	0
B2) NET CASH OUTFLOW FROM INVESTING ACTIVITIES (024-020)	026	0	0
CASH FLOW FROM FINANCE ACTIVITIES			
1. Cash inflow from issuing equity and debt financial instruments	027		
2. Cash inflow from loan principals, debentures, credits and other borrowings	028	0	
3. Other cash inflows from finance activities	029		
V. Total cash inflow from finance activities (027 - 029)	030	0	0
1. Cash outflow for repayment of loan principal and bonds	031	0	
2. Cash outflow for dividend payment	032	0	
3. Cash outflow for finance lease	033	0	
4. Cash outflow for buyback of own shares	034	0	
5. Other cash outflow from finance activities	035	0	
VI. Total cash outflow for finance activities (031 - 035)	036	0	0
C1) NET CASH FLOW INCREASE FROM FINANCE ACTIVITIES (030-036)	037	0	0
C2) NET CASH FLOW DECREASE FROM FINANCE ACTIVITIES (036-030)	038	0	0
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	0
Cash and cash equivalents at the beginning of the period	041	0	
Increase of cash and cash equivalents	042	0	
Decrease of cash and cash equivalents	043	0	
Cash and cash equivalents at the end of the period	044	0	0

CASH FLOW STATEMENT - Direct method
For the period from 1st January 2012 till 3th June 2012

JGL d.d.			
Position	ADP mark	Previous period	Current period
1	2	3	4
CASH FLOW FROM BUSINESS ACTIVITIES			
1. Cash proceeds from buyers	001	218.148.533	242.348.746
2. Cash proceeds from royalties, fees, commissions, etc	002		
3. Cash proceeds from insurance claims	003	139.802	662.331
4. Cash proceeds from tax return	004	19.754.297	29.999.837
5. Other cash proceeds	005	1.241.429	2.106.568
I. Total increase of cash flow from operating activities (001 - 005)	006	239.284.061	275.117.482
1. Novčani izdaci dobavljačima	007	162.879.024	200.599.721
2. Novčani izdaci za zaposlene	008	38.022.164	43.910.394
3. Novčani izdaci za osiguranje za naknade šteta	009	2.402.093	3.077.073
4. Novčani izdaci za kamate	010	10.725.676	13.060.082
5. Novčani izdaci za poreze	011	23.171.543	28.035.347
6. Ostali novčani izdaci	012	3.418.244	3.493.548
II. Ukupno novčani izdaci od poslovnih aktivnosti (007 do 012)	013	240.618.744	292.176.165
A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH	014	0	0
A2) NETO SMANJENJE NOVČANOG TIJEKA OD POSLOVNIH	015	1.334.683	17.058.683
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Cash proceeds from sale of long terms intangible and tangible assets	016	274.384	287.175
2. Cash proceeds from sale of equity and debt security instruments	017		
3. Cash proceeds from interest payment	018	37.649	247.661
4. Cash proceeds of dividend payment	019		274.754
5. Other cash proceeds from investing activities	020	30.389.258	13.700.739
III. Total cash inflow from investing activities (015 - 019)	021	30.701.291	14.510.329
1. Cash outflow for acquisition of long term tangible and intangible assets	022	21.435.940	74.362.285
2. Cash outflow for acquisition of equity and debt security instruments	023		
3. Other cash outflows from investing activities	024	44.000.000	278.000
IV. Total cash outflow from investing activities (021 - 023)	025	65.435.940	74.640.285
B1) NET CASH FLOW FROM INVESTING ACTIVITIES (020-024)	026	0	0
B2) NET CASH OUTFLOW FROM INVESTING ACTIVITIES (024-020)	027	34.734.649	60.129.956
CASH FLOW FROM FINANCE ACTIVITIES			
1. Cash inflow from issuing equity and debt financial instruments	028	148.719.592	
2. Cash inflow from loan principals, debentures, credits and other borrowings	029		145.991.509
3. Other cash inflows from finance activities	030		32.990.402
V. Total cash inflow from finance activities (027 - 029)	031	148.719.592	178.981.911
1. Cash outflow for repayment of loan principal and bonds	032	28.521.281	16.600.488
2. Cash outflow for dividend payment	033	4.288.165	16.835.700
3. Cash outflow for finance lease	034	5.884.235	5.600.195
4. Cash outflow for buyback of own shares	035	79.629	
5. Other cash outflow from finance activities	036	83.358.299	59.794.493
VI. Total cash outflow for finance activities (031 - 035)	037	122.131.609	98.830.876
C1) NET CASH FLOW INCREASE FROM FINANCE ACTIVITIES (030-036)	038	26.587.983	80.151.035
C2) NET CASH FLOW DECREASE FROM FINANCE ACTIVITIES (036-030)	039	0	0
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	040	0	2.962.396
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	041	9.481.349	0
Cash and cash equivalents at the beginning of the period	042	18.087.404	1.450.051
Increase of cash and cash equivalents	043		2.962.396
Decrease of cash and cash equivalents	044	9.481.349	
Cash and cash equivalents at the end of the period	045	8.606.055	4.412.447

CHANGES IN EQUITY
for the period from 1.1.2012 to 30.6.2012

Position	ADP mark	Previous period	Current period
1	2	3	4
1. Called up capital	001	5.625.000	5.625.000
2. Capital reserves	002	103.308	441.785
3. Reserves from equity	003	2.561.598	2.575.569
4. Retained profit or transferred loss	004	190.131.789	237.298.151
5. Profit or loss of the period	005	15.114.430	-10.566.895
6. Revalorisation of long term tangible assets	006		
7. Revalorisation of long term intangible assets	007		
8. Revalorisation of financial assets for sale	008		
9. Other revalorisation	009		
10. Total capital and reserves (ADP 001 - 009)	010	213.536.125	235.373.610
11. Exchange rate differentials from foreign net investments	011		
12. Current and deferred tax	012		
13. Cash flow protection	013		
14. Changes in accounting policies	014		
15. Correction of errors from past periods	015		
16. Other changes in equity	016	11.429.846	21.837.485
17. Total increase or decrease of equity (ADP 011 - 016)	017	11.429.846	21.837.485
17.a Assigned to holders of the capital of the parent company	018		
17. b Assigned to minority interest	019		

Positions that reduce capital are entered with a negative sign

Information from ADP 001 - 009 are situations on the date of the balance sheet

Notes

(1) Notes contain additional and supplemental information that is not presented in the balance sheet, income statement, cash flow statement and statement of changes in equity in accordance with the provisions of the relevant financial reporting standards.

JADRAN – GALENSKI LABORATORIJ, joint stock company, Rijeka

REVIEW OF BUSINESS RESULT ON 30th JUNE 2012.

Table 1.: JGL – Income statement

INCOME STATEMENT			
P O S I T I O N	30.6.2011.	30.6.2012.	INDEX
A BUSINESS REVENUE	204.372.226,68	224.447.318,08	110
I DOMESTIC SALES REVENUE	72.560.275,49	77.005.622,28	106
II ABROAD SALES REVENUE	129.244.381,51	143.031.221,13	111
III REVENUE FROM USE OF OWN PRODUCTS	1.533.770,97	2.184.578,15	142
IV OTHER BUSINESS REVENUE	1.033.798,71	2.225.896,52	215
B BUSINESS EXPENSE	182.448.988,39	225.159.348,98	123
I INCREASE IN VALUE OF INVENTORIES	14.052.262,77	20.032.390,05	143
II DECREASE IN VALUE OF INVENTORIES	-	-	0
III OPERATING EXPENSE	120.894.588,82	155.603.694,44	129
a) COST OF RAW MATERIAL	68.590.676,48	87.735.635,47	128
b) COST OF GOODS SOLD	908.346,50	2.014.497,44	222
c) COST OF SERVICES	51.395.565,84	65.853.561,53	128
IV EXPENSE FOR EMPLOYEES	46.596.284,41	50.357.596,99	108
a) NET SALARIES AND WAGES	28.623.110,00	31.099.857,31	109
b) TAXES, SOCIAL AND PENSION FUNDS	17.973.174,41	19.257.739,68	107
V DEPRECIATION OF LONG TERM ASSETS	7.217.550,77	11.381.198,09	158
VI OTHER EXPENSES	11.981.024,31	13.482.647,06	113
VII REVALORISATION OF ASSETS	-	-	0
VIII PROVISIONS	-	-	0
IX OTHER BUSINESS EXPENSE	9.811.802,85	14.366.602,45	146
C FINANCIAL REVENUE	1.078.914,54	7.494.704,68	695
D FINANCIAL EXPENSE	7.887.723,29	17.349.568,82	220
E OTHER REVENUE	-	-	0
F OTHER EXPENSE	-	-	0
TOTAL REVENUE	205.451.141,22	231.942.022,76	113
TOTAL EXPENSE	190.336.711,68	242.508.917,80	127
PROFIT OR LOSS BEFORE TAX	15.114.429,54	(10.566.895,04)	-70
INCOME TAX	1.374.874,41	2.169.325,80	158
PROFIT OR LOSS OF THE PERIOD	13.739.555,13	(12.736.220,84)	-93
NUMBER OF EMPLOYEES	508	565	111

In the first half of year 2012 the sales revenue increased by 10% in comparison with the same period last year. Sales abroad increased by 11% or 18 milion HRK and 50% of that revenue is export in Switzerland. Export of contractual production and licencing in Switzerland increased in year 2012 (95% more export than last year). Export in CIS countries increased by 2%, a much greater increase is expected in the second half of the year 2012 because of the seasonality of sales in CIS. Sales on the domestic market increased by a total of 6% and the highest revenue growth (9%) reported Perscripton programme.

Operating expenses increased by 23%, or HRK 42.710.360,00. The reason for this is increased material costs (28%) generated in order to ensure sufficient inventory levels for the planned sale in the second half of the year. Total expenses amounted to HRK 242.508.917,00, while total revenues were HRK 231.942.022,00 resulting in the loss of a period of 10,566,895 HRK. Due to the already established seasonality large exports were realized to the CIS region in the last quarter of 2011. Accordingly, increased supplies are expected in the second half of 2012. Total revenues and profit after tax are expected to increase to a level higher than last year. Intensive employment trend of previous years continues, 57 new employees were employed in the first half of 2012.

Table 2.: JGL – Balance sheet

BALANCE SHEET				
POSITION		30.6.2011.	30.6.2012.	INDEX
A	LONG TERM ASSETS	242.470.162,92	329.322.395,14	136
I	INTANGIBLE ASSETS	22.054.901,35	24.105.828,16	109
II	TANGIBLE ASSETS	188.938.433,63	273.865.105,59	145
III	FINANCIAL ASSETS	31.476.827,94	31.351.461,39	100
B	SHORT TERM ASSETS	383.290.736,74	415.538.270,48	108
I	INVENTORIES	89.182.430,57	143.864.320,77	161
II	RECEIVABLES	227.618.940,53	264.133.706,54	116
III	FINANCIAL ASSETS	57.883.310,41	3.127.795,81	5
IV	CASH AT BANKS AND IN HAND	8.606.055,23	4.412.447,36	51
C	PREPAYMENTS AND ACCRUED INCOME	6.430.638,75	5.268.267,65	82
TOTAL ASSETS		632.191.538,41	750.128.933,27	119
A	CAPITAL AND RESERVES	213.536.124,59	235.373.609,91	110
I	CALLED UP CAPITAL	5.625.000,00	5.625.000,00	100
II	CAPITAL RESERVES	320.607,62	441.784,62	138
III	TREASURY SHARES	(4.300,00)	(400,00)	9
IV	REVALUATION RESERVES	2.348.598,66	2.575.969,66	110
V	RETAINED PROFIT OR TRANSFERRED LOSS	190.131.788,77	237.298.150,67	125
VI	PROFIT/LOSS FOR CURRENT YEAR	15.114.429,54	(10.566.895,04)	-70
B	LONG TERM LIABILITES	286.158.850,72	269.098.159,54	94
I	SECURITIES PAYABLES	190.150.000,00	140.000.000,00	74
II	OTHER LONG TERM LIABILITIES	96.008.850,72	129.098.159,54	134
C	SHORT TERM LIABILITES	131.911.019,13	241.817.971,12	183
I	LIABILITIES FOR AFFILIATED COMPANIES	5.910.610,61	8.655.385,86	146
II	SHORT TERM FINANCIAL LIABILITES	9.435.603,83	106.000.454,85	1123
III	SECURITIES PAYABLES	-	-	0
IV	ACCOUNTS PAYABLES	110.117.708,48	113.534.610,72	103
V	LIABILITIES FOR EMPLOYEES	2.490.498,70	5.143.605,47	207
VI	LIABILITIES FOR TAXES AND CONTRIBUTIONS	2.824.090,78	7.711.196,76	273
VII	LIABILITIES FOR SHARE IN RESULT	505.075,00	25.920,00	5
VIII	OTHER SHORT TERM LIABILITIES	627.431,73	746.797,46	119
D	ACCRUALS AND DEFERRED INCOME	585.543,97	3.839.192,70	656
TOTAL LIABILITIES		632.191.538,41	750.128.933,27	119

Total increase in fixed assets in the first half of 2012 amounts to 36%. Tangible assets recorded 45% increase in value because of the purchase and investment in new production facility in Svilno, Čavle. The increase in intangible assets of 9% is the result of significant investment in software and licenses. Compared to the previous period, current assets increased by 8% due to the increase in inventories and receivables. Receivables increased by 16% compared to last year due to increased sales in the country and abroad. Short term liabilities recorded a significant increase in the first half of 2012 which is the result of increased production of goods.

JADRAN – GALENSKI LABORATORIJ, joint stock company, Rijeka

Ivo Usmiani, MPharm. spec.

Report on Management Board responsibility

In accordance with the legal requests of the financial reporting framework, applicable in the Republic of Croatia, the Management Board is responsible for financial reports and their accordance with International Financial Reporting Standards (IFRS) as determined by the Financial Reporting Standards Committee. Financial reports provide a true and fair view of the Company and its financial results for the given period.

Following the audit's completion, the Management duly expects the Company to dispose of relevant resources, therefore, while drafting financial reports, further adopts the principle of dynamic transitional environment of business.

The Management Board's responsibility while drafting the financial reports is to:

- chose and apply consistent accounting policies*
- provide justified and reasonable judgements and estimations*
- Act in accordance with valid accounting standards, with publishing and explaining of all materially relevant deviations in financial reports and*
- draft financial reports under the presumption of dynamic transitional environment, unless the presumption that the Company will continue its business in not applicable.*

The Management Board is responsible for managing relevant accounting records, which shows the financial position of the Company in each moment with relevant punctuality. Also, the Management Board is obliged to ensure that the financial reports are in accordance with the Accounting Act. Besides that, the Management is responsible for keeping the Company's assets and undertaking justified actions for preventing and revealing fraud and other faults.

Rijeka, dated 20th August 2012

For and on behalf of the Management Board

Ivo Usmiani, MPharm. spec.