

Attachment 1.

Period:

1.1.2013

to

30.6.2013

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**Adress: **Pulac bb**e-mail: jgl@jgl.hrInternet adress: www.jgl.hrCode and name of city: **373** **Rijeka**Code and name of county: **8** **Primorsko-goranska**Number of employees **826**
(at the end of the period)Consolidated report: **YES**NKD code: **2120**

Companies in consolidation (in acc. with IFRS):

Headquarters:

MB:

Farmis d.o.o.**Sarajevo, BIH****Jadran-galenski laboratorij Beograd d.o.o.****Beograd, srbija****Jadran -galenski laboratorij Ljubljana d.o.o.****Ljubljana, Slovenija****Pablo d.o.o.****Zagreb****1162772****JGL North America LLC****New York, USA****Ljekarna(ZU) Pablo****Rijeka****1487434**

Accounting: _____

Contact: **Crnković Verica**

(enter surname and name of the contact person)

Phone: **051 660 710**Fax: **051 660 711**e-mail: verica.crnkovis@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)

CONSOLIDATED BALANCE SHEET
on 30th June 2013

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	355,250,218	365,205,028
I. INTANGIBLE ASSETS (004 - 009)	003	80,761,572	82,906,651
1. Expenditure for research and development	004	6,893,445	6,526,993
2. Patents, licences, concessions, trademarks, software and other rights	005	39,434,059	38,631,903
3. Goodwill	006	21,561,122	21,561,121
4. Advances on intangible assets	007		
5. Intangible assets-construction in progress	008	8,947,765	12,556,654
6. Other intangible assets	009	3,925,181	3,629,979
II. TANGIBLE ASSETS (011 - 019)	010	272,840,525	280,650,256
1. Land	011	6,102,522	6,102,522
2. Buildings	012	73,536,551	71,971,834
3. Equipment and machinery	013	95,902,825	93,416,801
4. Tools, power stock and transportation means	014	15,953,332	15,075,252
5. Biological assets	015		
6. Advances on tangible assets	016	892,498	1,487,495
7. Tangible assets-construction in progress	017	77,347,261	89,453,315
8. Other tangible assets	018	615,480	652,981
9. Investments in real estate	019	2,490,056	2,490,056
III. LONG TERM FINANCIAL ASSETS (021 - 028)	020	1,640,651	1,640,651
1. Shares in affiliated companies	021		
2. Loans to affiliated companies	022		
3. Participating interest	023	1,140,147	1,140,147
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	500,504	500,504
IV. RECEIVABLES (030 - 032)	029	7,470	7,470
1. Receivables from affiliated companies	030		
2. Receivables from sales on credit	031		
3. Other receivables	032	7,470	7,470
V. DEFERRED TAX ASSETS	033		
C) SHORT TERM ASSETS (035+043+050+058)	034	572,134,678	540,848,197
I. INVENTORIES (036 - 042)	035	164,082,258	187,786,379
1. Raw and other material	036	55,222,009	62,329,495
2. Production in progress	037		
3. Finished products	038	60,506,685	72,732,105
4. Trade goods	039	22,326,267	26,697,482
5. Advances on inventories	040		
6. Long term assets for sale	041	26,027,297	26,027,297
7. Biological assets	042		
II. RECEIVABLES (044 - 049)	043	386,187,915	295,437,727
1. Receivables from affiliated companies	044	4,906	
2. Receivables from buyers	045	364,168,763	265,746,378
3. Receivables from participating companies	046		
4. Receivables from employees and subsidiaries	047	62,376	272,606
5. Receivables from government and other institutions	048	19,715,572	16,479,695
6. Other receivables	049	2,236,298	12,939,048
III. SHORT TERM FINANCIAL ASSETS (051 - 057)	050	3,370,344	4,123,950
1. Shares in affiliated companies	051		
2. Loans to affiliated companies	052	278,000	278,000
3. Participating interest	053		
4. Loans given to companies with participating interest	054		
5. Securities investment	055	1,535,045	1,042,497
6. Given loans, deposits	056	1,557,299	2,803,453
7. Other short term financial assets	057		
IV. CASH AT BANKS AND IN HAND	058	18,494,161	53,500,141
D) PREPAYMENTS AND ACCRUED INCOME	059	6,151,578	6,364,984
E) TOTAL ASSETS (001+002+034+059)	060	933,536,474	912,418,209
F) OFF BALANCE SHEET ITEMS	061	110,313,814	105,931,292

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	314,783,513	290,731,544
I. CALLED UP CAPITAL	063	5,625,000	58,310,000
II. CAPITAL RESERVES	064	1,926,364	8,553,251
III. INCOME RESERVES (066+067-068+069+070)	065	3,470,416	6,448,297
1. Compulsory reserves	066	420,819	3,000,000
2. Reserves for treasury shares	067	928,818	1,597,518
3. Treasury shares (deductible)	068	20,000	290,000
4. Statutory reserves	069		
5. Other reserves	070	2,140,779	2,140,779
IV. REVALUATION RESERVES	071		
V. RETAINED PROFIT OR TRANSFERRED LOSS (073-074)	072	236,333,938	244,087,498
1. Retained profit	073	236,333,938	244,087,498
2. Loss for current year	074		
VI. PROFIT/LOSS FOR CURRENT YEAR (076-077)	075	67,427,795	-26,667,502
1. Profit for current year	076	67,427,795	
2. Loss for current year	077		26,667,502
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 - 082)	079	917,341	917,341
1. Provisions for retirement and similar expenditures	080	917,341	917,341
2. Provisions for taxes and contributions	081		
3. Other provisions	082		
C) LONG TERM LIABILITES (084 - 092)	083	295,565,735	394,045,665
1. Liabilities for affiliated companies	084		
2. Liabilities for loans, deposits	085		
3. Liabilities for bank loans and other financial institutions	086	156,121,068	254,600,998
4. Liabilities for advances	087		
5. Accounts payables	088		
6. Securities payables	089	139,444,667	139,444,667
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	312,973,010	222,411,431
1. Liabilities for affiliated companies	094		
2. Liabilities for loans, deposits	095	5,373,651	2,707,098
3. Liabilities for bank loans and other financial institutions	096	123,753,834	64,217,182
4. Liabilities for advances	097	500,616	
5. Accounts payables	098	149,867,440	136,922,985
6. Securities payables	099	1,200,000	2,850,000
7. Liabilities for companies with participating interest	100	11,333	
8. Liabilities for employees	101	11,589,387	4,611,817
9. Liabilities for taxes, contributions and other	102	16,480,801	4,356,700
10. Liabilities for shares in result	103	18,000	27,000
11. Liabilities for short term assets intended for sale	104		
12. Other short term liabilities	105	4,177,948	6,718,649
E) ACCRUALS AND DEFERRED INCOME	106	9,296,875	4,312,228
F) TOTAL LIABILITIES (062+079+083+093+106)	107	933,536,474	912,418,209
G) OFF BALANCE SHEET ITEMS	108	110,313,814	105,931,292
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	314,783,513	290,731,544
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

CONSOLIDATED 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	310,377,241	0	326,590,316	0
1. Sales revenue	112	298,669,224		313,165,208	
2. Other operational revenue	113	11,708,017		13,425,108	
II. BUSINESS EXPENSE (115+116+120+124+125+126+129+130)	114	310,610,740	0	340,928,013	0
1. Change in value of inventories for production and goods	115	-20,032,390		-14,381,324	
2. Operating expense(117 - 119)	116	224,630,369	0	237,285,532	0
a) Cost of raw material	117	88,800,415		88,368,943	
b) Costs of goods sold	118	68,304,341		73,607,111	
c) Other external costs	119	67,525,613		75,309,478	
3. Expense for employees (121 - 123)	120	62,046,432	0	71,858,510	0
a) Net salaries and wages	121	37,753,710		44,536,635	
b) Taxes, social and pension funds	122	14,817,826		17,161,643	
c) Contributions for salaries	123	9,474,896		10,160,232	
4. Depreciation	124	12,368,364		12,901,548	
5. Other expense	125	15,742,064		17,746,304	
6. Revalorisation (127+128)	126	0	0	239,670	0
a) of long term assets (excluding financial assets)	127				
b) of short term assets (excluding financial assets)	128			239,670	
7. Provisions	129				
8. Other operational expenses	130	15,855,901		15,277,773	
III. FINANCIAL REVENUE (132 - 136)	131	7,597,044	0	5,390,567	0
1. Interests, exchange rate differentials, dividends and similar	132				
2. Interests, exchange rate differentials, dividends and similar	133	7,597,044		5,390,567	
3. Revenue from participating interest and subsidiaries	134				
4. Non-realized revenue	135				
5. Other financial revenue	136				
IV. FINANCIAL EXPENSE (138 - 141)	137	19,019,514	0	17,724,277	0
1. Interests, exchange rate differentials, dividends and similar	138			0	
2. Interests, exchange rate differentials, dividends and similar	139	19,019,514		17,724,277	
4. Non-realized loss from financial assets	140				
5. Other financial expenses	141				
V. SHARE IN PROFIT FROM AFFILIATED COMPANIES	142			3,905	
VI. SHARE IN LOSS FROM AFFILIATED COMPANIES	143				
VII. EXTRAORDINARY REVENUE	144				
VIII. EXTRAORDINARY EXPENSE	145				
IX. TOTAL REVENUE (111+131+142 + 144)	146	317,974,285	0	331,984,788	0
X. TOTAL EXPENSES (114+137+143 + 145)	147	329,630,254	0	358,652,290	0
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	-11,655,969	0	-26,667,502	0
1. Profit before tax (146-147)	149	0	0	0	0
2. Loss before tax (147-146)	150	11,655,969	0	26,667,502	0
XII. INCOME TAX	151	2,350,789		1,841,526	
XIII. PROFIT OR LOSS OF THE PERIOD (148-151)	152	-14,006,758	0	-28,509,028	0
1. Profit of the period (149-151)	153	0	0	0	0
2. Loss of the period (151-148)	154	14,006,758	0	28,509,028	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	-14,006,758		-28,509,028	
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	-14,006,758		-28,509,028	
II. OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (159 do	158	0	0	0	0
1. Exchange rate differentials from foreign business calculations	159				
2. Changes in revalorisation reserves for long term tangible and	160				
3. Profit or loss from revalorisation of financial assets intended for	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	-14,006,758	0	-28,509,028	0
APPENDIX TO REPORT OF OTHER COMPREHENSIVE INCOME Form (to be filled by the company drafting the annual consolidated					
VI. COMPREHENSIVE PROFIT OR LOSS OF THE PERIOD					
1. Assigned to holders of the capital of the parent company	169	-14,006,758		-28,509,028	
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 2013 till 30st June 2013

JADRAN-GALENSKI LABORATORIJ - GROUP			
Position	ADP mark	Previous period	Current period
1	2	3	4
CASH FLOW FROM BUSINESS ACTIVITIES			
1. Cash proceeds from buyers	001	367,029,409	393,596,811
2. Cash proceeds from royalties, fees, commissions, etc	002		
3. Cash proceeds from insurance claims	003	662,331	79,212
4. Cash proceeds from tax return	004	29,999,837	32,049,910
5. Other cash proceeds	005	2,106,568	1,140,066
I. Total increase of cash flow from operating activities (001 - 005)	006	399,798,145	426,865,999
1. Cash outflow for liabilities	007	303,323,235	310,577,144
2. Cash outflow for employees	008	50,564,247	60,435,340
3. Cash outflow to insurance for indemnification of damage	009	3,077,073	
4. Cash outflow for interests	010	13,961,097	14,295,752
5. Cash outflow for taxes	011	31,735,900	37,362,640
6. Other cash outflow	012	8,590,069	6,521,215
II. Total cash outflow from business activities (007 do 012)	013	411,251,621	429,192,091
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (006-013)	014	0	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (013-006)	015	11,453,476	2,326,092
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Cash proceeds from sale of long terms intangible and tangible assets	016	287,175	269,198
2. Cash proceeds from sale of equity and debt security instruments	017		
3. Cash proceeds from interest payment	018	83,612	20,574
4. Cash proceeds of dividend payment	019	274,754	1,084
5. Other cash proceeds from investing activities	020	100,739	
III. Total cash inflow from investing activities (015 - 019)	021	746,280	290,856
1. Cash outflow for acquisition of long term tangible and intangible assets	022	84,191,097	26,182,652
2. Cash outflow for acquisition of equity and debt security instruments	023		
3. Other cash outflows from investing activities	024	278,000	5,000,000
IV. Total cash outflow from investing activities (021 - 023)	025	84,469,097	31,182,652
B1) NET CASH FLOW FROM INVESTING ACTIVITIES (020-024)	026	0	0
B2) NET CASH OUTFLOW FROM INVESTING ACTIVITIES (024-020)	027	83,722,817	30,891,796
CASH FLOW FROM FINANCE ACTIVITIES			
1. Cash inflow from issuing equity and debt financial instruments	028		7,231,587
2. Cash inflow from loan principals, debentures, credits and other borrowings	029	167,991,509	163,147,375
3. Other cash inflows from finance activities	030	32,990,402	
V. Total cash inflow from finance activities (027 - 029)	031	200,981,911	170,378,962
1. Cash outflow for repayment of loan principal and bonds	032	22,105,745	127,440,985
2. Cash outflow for dividend payment	033	16,835,700	5,802,000
3. Cash outflow for finance lease	034	5,600,195	3,215,983
4. Cash outflow for buyback of own shares	035		488,700
5. Other cash outflow from finance activities	036	59,795,648	
VI. Total cash outflow for finance activities (031 - 035)	037	104,337,288	136,947,668
C1) NET CASH FLOW INCREASE FROM FINANCE ACTIVITIES (030-036)	038	96,644,623	33,431,294
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	1,468,330	213,406
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	041	0	0
Cash and cash equivalents at the beginning of the period	042	9,058,460	6,151,578
Increase of cash and cash equivalents	043	1,468,330	213,406
Decrease of cash and cash equivalents	044		
Cash and cash equivalents at the end of the period	045	10,526,790	6,364,984

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	58,310,000
2. Capital reserves	002	441,785	8,553,251
3. Reserves from equity	003	2,575,580	6,448,297
4. Retained profit or transferred loss	004	237,344,826	244,087,498
5. Profit or loss of the period	005	-11,655,969	-26,667,502
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	234,331,222	290,731,544
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	20,163,432	-24,051,969
17. Total increase or decrease of equity (ADP 011 - 016)	017	20,163,432	-24,051,969
17.a Assigned to holders of the capital of the parent company	018	20,163,432	-24,051,969
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.

GROUP JADRAN – GALENSKI LABORATORIJ, joint stock company, Rijeka

REVIEW OF BUSINESS RESULT ON 30th JUNE 2013.

Table 1.: Group JGL – Consolidated income statement

CONSOLIDATED INCOME STATEMENT			
POSITION	30.6.2012	30.6.2013	INDEX
A BUSINESS REVENUE	310,377,241.31	326,590,315.59	105
I DOMESTIC SALES REVENUE	164,401,544.43	167,855,307.93	102
II ABROAD SALES REVENUE	134,267,880.00	145,279,900.09	108
III REVENUE FROM USE OF OWN PRODUCTS	2,199,954.70	2,932,842.21	133
IV OTHER BUSINESS REVENUE	9,508,062.18	10,492,265.36	110
B BUSINESS EXPENSE	310,610,740.53	340,928,012.97	110
I INCREASE IN VALUE OF INVENTORIES	20,032,390.05	14,381,323.83	72
II DECREASE IN VALUE OF INVENTORIES	-	-	0
III OPERATING EXPENSE	224,630,369.20	237,285,531.84	106
a) TROŠKOVI SIROVINA I MATERIJALA	88,800,415.33	88,368,942.88	100
b) TROŠKOVI PRODANE ROBE	88,304,340.98	73,607,110.89	108
c) TROŠKOVI USLUGA	67,525,612.89	75,309,478.07	112
IV EXPENSE FOR EMPLOYEES	62,046,431.69	71,858,509.62	116
a) NAKNADE I PLAĆE - NETO	37,753,710.07	44,536,634.61	118
b) TROŠKOVI POREZA I DOPRINOSA	24,292,721.62	27,321,875.01	112
V DEPRECIATION OF LONG TERM ASSETS	12,368,364.37	12,901,548.33	104
VI OTHER EXPENSES	15,742,064.02	17,746,303.77	113
VII REVALORISATION OF ASSETS	-	239,669.88	#VALUE!
VIII OTHER BUSINESS EXPENSE	15,855,901.30	15,277,773.36	96
C FINANCIAL REVENUE	7,597,043.80	5,394,472.50	71
D FINANCIAL EXPENSE	19,019,513.95	17,724,276.69	93
E OTHER REVENUE	-	-	0
F OTHER EXPENSE	-	-	0
TOTAL REVENUE	317,974,285.11	331,984,788.09	104
TOTAL EXPENSE	329,630,254.48	358,652,289.66	109
PROFIT OR LOSS BEFORE TAX	(11,655,969.37)	(26,667,501.57)	229
INCOME TAX	2,350,788.62	1,841,526.48	78
PROFIT OR LOSS OF THE PERIOD	(14,006,757.99)	(28,509,028.05)	204
NUMBER OF EMPLOYEES	781	826	106

In the first half of the 2013 continued the growth trend of the year 2012, and the sales revenue increased 5% when compared to the same period in the previous year. Foreign sales are up by 8%, due mostly to continue the positive trend of growth in our largest market, Russia by 11%. The stagnation of revenue is present in the market of Southeast Europe, where the realization of income is almost identical to the first half of last year. Visible revenue decline is present on the Croatian market of nearly 8% when compared to the same period in 2012. This can be explained by the persistence of bad macroeconomic indicators due to the economics crisis in Croatia as well as the reduction in prices of some key drugs. Global markets also recorded sales growth of 8% as a result of the most significant contribution of exports to Switzerland (10% increase compared to the previous year) due to the export of contractual production and licensing programme. Exports to CIS countries grew at a rate of 6% in the first half of 2013, which is normal considering that the majority of sales

in these markets are traditionally implemented in the second half of the year under the influence of seasonal sales portfolio.

Operating expenses increased by 10%, or HRK 30,317,272. The reason for this is increased employee costs generated because of the increased hiring of new employees (employee costs increased by 16% or HRK 9,812,077). Total expenses amounted to HRK 358,652,289, while total revenues were HRK 331,984,788 resulting in the loss of a period of HRK 28,509,028. Due to the already established seasonality large exports were realized to the CIS region in the last quarter of 2012. Accordingly, increased supplies are expected in the second half of 2012. Intensive employment trend continued as in previous periods and in the first half of 2013 there are 6% more employees than in the same period last year, 45 new employees were hired in the first half of 2013.

Table 2.: Group JGL – Consolidated balance sheet

CONSOLIDATED BALANCE SHEET				
POSITION		31.12.2012.	30.06.2013.	INDEX
A	LONG-TERM ASSETS	355,250,218.10	365,205,028.21	103
I	INTANGIBLE ASSETS	80,791,572.21	82,906,651.07	103
II	TANGIBLE ASSETS	272,840,524.71	280,650,256.15	103
III	FINANCIAL ASSETS	1,648,121.18	1,648,120.99	100
B	SHORT-TERM ASSETS	572,134,678.04	540,848,196.25	95
I	INVENTORIES	164,082,257.77	187,786,378.56	114
II	RECEIVABLES	386,187,916.00	295,437,726.78	77
III	FINANCIAL ASSETS	3,370,343.58	4,123,950.24	122
IV	CASH AT BANKS AND IN HAND	18,494,160.69	53,500,140.67	289
C	PREPAYMENTS AND ACCRUED INCOME	7,179,965.36	6,920,317.06	96
TOTAL ASSETS		934,564,861.50	912,973,541.52	98
A	CAPITAL AND RESERVES	314,783,513.75	290,731,544.06	92
I	CALLED UP CAPITAL	5,625,000.00	58,310,000.00	1037
II	CAPITAL RESERVES	1,926,364.18	8,553,251.18	444
III	TREASURY SHARES	(20,000.00)	(290,000.00)	1450
IV	REVALUATION RESERVES	3,490,415.50	6,738,296.46	193
V	RETAINED PROFIT OR TRANSFERRED LOSS	236,333,938.56	244,087,497.99	103
VI	PROFIT/LOSS FOR CURRENT YEAR	67,427,795.51	(26,667,501.57)	-40
B	LONG-TERM RESERVATIONS	917,341.00	917,341.00	100
C	LONG-TERM LIABILITIES	297,074,519.42	394,600,997.47	133
I	SECURITIES PAYABLES	140,000,000.00	140,000,000.00	100
II	OTHER LONG TERM LIABILITIES	157,074,519.42	254,600,997.47	162
D	SHORT-TERM LIABILITIES	313,211,021.59	222,411,430.52	71
I	LIABILITIES FOR AFFILIATED COMPANIES	-	6,078,895.17	0
II	SHORT TERM FINANCIAL LIABILITIES	129,365,497.11	66,924,279.93	52
III	SECURITIES PAYABLES	1,200,000.00	2,850,000.00	238
IV	ACCOUNTS PAYABLES	149,878,772.89	136,352,841.10	91
V	LIABILITIES FOR EMPLOYEES	11,589,387.14	4,611,816.61	40
VI	LIABILITIES FOR TAXES AND CONTRIBUTIONS	16,480,800.68	4,356,699.78	26
VII	LIABILITIES FOR SHARE IN RESULT	18,000.00	27,000.00	150
VIII	OTHER SHORT TERM LIABILITIES	4,678,563.77	1,209,897.93	26
D	ACCRUALS AND DEFERRED INCOME	8,578,465.74	4,312,228.47	50
TOTAL LIABILITIES		934,564,861.50	912,973,541.52	98

Total increase in long-term assets in the first half of 2013 amounts to 3%. Long-term assets recorded increase mostly in the category intangible assets (3%) which is the result of investment in software (Mepis and Cognos) and purchase of new licences which are not yet in production. Furthermore, internal projects of development of new products or significant improvement of the existing is intensified, and are stated as intangible assets in preparation until they reach production phase. Decrease in receivables of 23% in comparison to the end of 2012 confirms the seasonality of our sales, increase of the sales at the end of the year results in increased receivables at the first half of the next year.

Short-term assets decreased by 5% compared to the previous period but the decrease in receivables of 23% balanced out with the increase in money in hand by 189%. Significant changes in liabilities are in the growth of share capital due to the significant increase in the share capital of the Company for 53,685,000 HRK. There is also a significant change in the position of long-term liabilities (increase of 32%), primarily due to the financing of the construction of new production and storage capacities – project Svilno 2. The decrease in short-term liabilities of 41% was realized upon return of short-term loan obligations and the partial refinancing and replacing short-term debt with sources of more quality.

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 Group and its financial results for the given period.

Following the audit's completion, the Management duly expects the Group 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 Group will continue its business in not applicable.*

The Management Board is responsible for managing relevant accounting records, which shows the financial position of the Group 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 Group's assets and undertaking justified actions for preventing and revealing fraud and other faults.

Rijeka, dated 20th August 2013

For and on behalf of the Management Board

Ivo Usmiani, MPharm. spec.

