

**Attachment 1.**

Period:

1.1.2013

to

30.6.2013

**Quarterly financial report TFI-POD**Registration 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.hr](mailto:jgl@jgl.hr)Internet adress: [www.jgl.hr](http://www.jgl.hr)Code and name of city: **373** **Rijeka**Code and name of county: **8** **Primorsko-goranska**Number of employees **643**  
(at the end of the period)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.hr](mailto:verica.crnkovic@jgl.hr)Surname 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 2013

<b>JGL d.d.</b>			
Position	ADP mark	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR SHAREHOLDERS EQUITY, NON-PAID</b>	<b>001</b>		
<b>B) LONG TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	314,735,475	325,516,206
<b>I. INTANGIBLE ASSETS (004 - 009)</b>	<b>003</b>	29,394,507	31,618,726
1. Expenditure for research and development	<b>004</b>	6,893,445	6,526,993
2. Patents, licences, concessions, trademarks, software and other rights	<b>005</b>	13,553,297	12,535,079
3. Goodwill	<b>006</b>		
4. Advances on intangible assets	<b>007</b>		
5. Intangible assets-construction in progress	<b>008</b>	8,947,765	12,556,654
6. Other intangible assets	<b>009</b>		
<b>II. TANGIBLE ASSETS (011 - 019)</b>	<b>010</b>	253,892,329	262,448,841
1. Land	<b>011</b>	4,897,532	4,897,532
2. Buildings	<b>012</b>	61,396,253	60,000,872
3. Equipment and machinery	<b>013</b>	94,655,200	92,346,482
4. Tools, power stock and transportation means	<b>014</b>	11,663,277	11,218,443
5. Biological assets	<b>015</b>		
6. Advances on tangible assets	<b>016</b>	837,270	1,436,660
7. Tangible assets-construction in progress	<b>017</b>	77,347,261	89,453,315
8. Other tangible assets	<b>018</b>	605,480	605,481
9. Investments in real estate	<b>019</b>	2,490,056	2,490,056
<b>III. LONG TERM FINANCIAL ASSETS (021 - 028)</b>	<b>020</b>	31,448,639	31,448,639
1. Shares in affiliated companies	<b>021</b>	30,157,987	30,157,987
2. Loans to affiliated companies	<b>022</b>		
3. Participating interest	<b>023</b>	1,140,147	1,140,147
4. Loans to companies with participating interest	<b>024</b>		
5. Securities investments	<b>025</b>		
6. Given loans, deposits	<b>026</b>		
7. Other long term financial assets	<b>027</b>		
8. Investments (equity method)	<b>028</b>	150,505	150,505
<b>IV. RECEIVABLES (030 - 032)</b>	<b>029</b>	0	0
1. Receivables from affiliated companies	<b>030</b>		
2. Receivables from sales on credit	<b>031</b>		
3. Other receivables	<b>032</b>		
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>		
<b>C) SHORT TERM ASSETS (035+043+050+058)</b>	<b>034</b>	512,085,845	496,391,612
<b>I. INVENTORIES (036 - 042)</b>	<b>035</b>	143,073,305	162,631,004
1. Raw and other material	<b>036</b>	55,221,013	62,137,728
2. Production in progress	<b>037</b>		
3. Finished products	<b>038</b>	60,506,685	72,732,105
4. Trade goods	<b>039</b>	1,318,310	1,733,874
5. Advances on inventories	<b>040</b>		
6. Long term assets for sale	<b>041</b>	26,027,297	26,027,297
7. Biological assets	<b>042</b>		
<b>II. RECEIVABLES (044 - 049)</b>	<b>043</b>	357,349,854	317,911,238
1. Receivables from affiliated companies	<b>044</b>	55,335,653	76,658,344
2. Receivables from buyers	<b>045</b>	281,796,259	213,031,378
3. Receivables from participating companies	<b>046</b>		
4. Receivables from employees and subsidiaries	<b>047</b>	26,207	223,334
5. Receivables from government and other institutions	<b>048</b>	18,341,686	15,405,342
6. Other receivables	<b>049</b>	1,850,049	12,592,840
<b>III. SHORT TERM FINANCIAL ASSETS (051 - 057)</b>	<b>050</b>	1,069,172	468,281
1. Shares in affiliated companies	<b>051</b>		
2. Loans to affiliated companies	<b>052</b>	278,000	278,000
3. Participating interest	<b>053</b>		
4. Loans given to companies with participating interest	<b>054</b>		
5. Securities investment	<b>055</b>	600,000	
6. Given loans, deposits	<b>056</b>	191,172	190,281
7. Other short term financial assets	<b>057</b>		
<b>IV. CASH AT BANKS AND IN HAND</b>	<b>058</b>	10,593,514	15,381,089
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	6,018,272	6,101,968
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	832,839,592	828,009,786
<b>F) OFF BALANCE SHEET ITEMS</b>	<b>061</b>	110,313,814	105,931,292

<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	315,335,685	291,729,413
I. CALLED UP CAPITAL	<b>063</b>	5,625,000	58,310,000
II. CAPITAL RESERVES	<b>064</b>	1,926,364	8,553,251
III. INCOME RESERVES (066+067-068+069+070)	<b>065</b>	3,470,416	6,448,297
1. Compulsory reserves	<b>066</b>	420,819	3,000,000
2. Reserves for treasury shares	<b>067</b>	928,818	1,597,518
3. Treasury shares (deductible)	<b>068</b>	20,000	290,000
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>	2,140,779	2,140,779
IV. REVALUATION RESERVES	<b>071</b>		
V. RETAINED PROFIT OR TRANSFERRED LOSS (073-074)	<b>072</b>	236,383,705	242,956,024
1. Retained profit	<b>073</b>	236,383,705	242,956,024
2. Loss for current year	<b>074</b>		
VI. PROFIT/LOSS FOR CURRENT YEAR (076-077)	<b>075</b>	67,930,200	-24,538,159
1. Profit for current year	<b>076</b>	67,930,200	
2. Loss for current year	<b>077</b>		24,538,159
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 - 082)</b>	<b>079</b>	917,341	917,341
1. Provisions for retirement and similar expenditures	<b>080</b>	917,341	917,341
2. Provisions for taxes and contributions	<b>081</b>		
3. Other provisions	<b>082</b>		
<b>C) LONG TERM LIABILITES (084 - 092)</b>	<b>083</b>	285,175,751	383,670,600
1. Liabilities for affiliated companies	<b>084</b>		
2. Liabilities for loans, deposits	<b>085</b>		
3. Liabilities for bank loans and other financial institutions	<b>086</b>	145,731,084	244,225,933
4. Liabilities for advances	<b>087</b>		
5. Accounts payables	<b>088</b>		
6. Securities payables	<b>089</b>	139,444,667	139,444,667
7. Liabilities for companies with participating interest	<b>090</b>		
8. Other long-term liabilities	<b>091</b>		
9. Deferred tax liability	<b>092</b>		
<b>D) SHORT-TERM LIABILITIES (094 - 105)</b>	<b>093</b>	222,413,750	147,916,962
1. Liabilities for affiliated companies	<b>094</b>	5,011,156	4,051,574
2. Liabilities for loans, deposits	<b>095</b>	5,335,973	2,688,261
3. Liabilities for bank loans and other financial institutions	<b>096</b>	99,291,491	31,869,752
4. Liabilities for advances	<b>097</b>	493,847	548,926
5. Accounts payables	<b>098</b>	82,628,261	92,793,080
6. Securities payables	<b>099</b>	1,200,000	2,850,000
7. Liabilities for companies with participating interest	<b>100</b>	11,333	
8. Liabilities for employees	<b>101</b>	10,220,416	3,101,888
9. Liabilities for taxes, contributions and other	<b>102</b>	15,526,001	3,277,200
10. Liabilities for shares in result	<b>103</b>	18,000	27,000
11. Liabilities for short term assets intended for sale	<b>104</b>		
12. Other short term liabilities	<b>105</b>	2,677,272	6,709,281
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>106</b>	8,997,065	3,775,470
<b>F) TOTAL LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	832,839,592	828,009,786
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	110,313,814	105,931,292
<b>APPENDIX TO THE BALANCE SHEET (to be filled by the company drafting the annual consolidated financial statement)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Assigned to holders of the capital of the parent company	<b>109</b>		
2. Assigned to minority interest	<b>110</b>		

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 2013 and 30th June 2013

JGL d.d.

Position	ADP mark	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. BUSINESS REVENUE (112+113)</b>	<b>111</b>	224,447,318	0	233,629,757	0
1. Sales revenue	112	220,036,843		228,574,933	
2. Other operational revenue	113	4,410,475		5,054,824	
<b>II. BUSINESS EXPENSE (115+116+120+124+125+126+129+130)</b>	<b>114</b>	225,159,349	0	246,865,536	0
1. Change in value of inventories for production and goods	115	-20,032,390		-14,381,324	
2. Operating costs (117 - 119)	116	155,603,695	0	161,057,158	0
a) Costs of raw material	117	87,735,636		87,292,503	
b) Costs of goods sold	118	2,014,497		1,553,621	
c) Other external costs	119	65,853,562		72,211,034	
3. Costs for employees (121 - 123)	120	50,357,597	0	58,708,133	0
a) Net salaries and wages	121	31,099,857		36,891,200	
b) Taxes, social and pension funds	122	11,389,817		13,331,243	
c) Contributions for salaries	123	7,867,923		8,485,690	
4. Depreciation	124	11,381,198		11,719,545	
5. Other costs	125	13,482,647		14,940,009	
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 costs	130	14,366,602		14,822,015	
<b>III. FINANCIAL REVENUE (132 - 136)</b>	<b>131</b>	7,494,705	0	5,104,474	0
1. Interests, exchange rate differentials, dividends and similar revenues from relations with affiliated companies	132	573		300	
2. Interests, exchange rate differentials, dividends and similar revenues from relations with unaffiliated companies and other persons	133	6,921,593		4,804,780	
3. Revenue from participating interest and subsidiaries	134				
4. Non-realized revenue	135				
5. Other financial revenue	136				
<b>IV. FINANCIAL EXPENSE (138 - 141)</b>	<b>137</b>	17,349,569	0	16,407,938	0
1. Interests, exchange rate differentials, dividends and similar expenses from relations with unaffiliated companies and other persons	138	466		666	
2. Interests, exchange rate differentials, dividends and similar expenses from relations with unaffiliated companies and other persons	139	16,883,633		15,742,041	
4. Non-realized loss from financial assets	140				
5. Other financial expenses	141				
<b>V. SHARE IN PROFIT FROM AFFILIATED COMPANIES</b>	<b>142</b>			1	
<b>VI. SHARE IN LOSS FROM AFFILIATED COMPANIES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY REVENUE</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY EXPENSE</b>	<b>145</b>				
<b>IX. TOTAL REVENUE (111+131+142 + 144)</b>	<b>146</b>	231,942,023	0	238,735,315	0
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	242,508,918	0	263,273,474	0
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	-10,566,895	0	-24,538,159	0
1. Profit before tax (146-147)	149	0	0	0	0
2. Loss before tax (147-146)	150	10,566,895	0	24,538,159	0
<b>XII. INCOME TAX</b>	<b>151</b>	2,169,326		1,841,526	
<b>XIII. PROFIT OR LOSS OF THE PERIOD (148-151)</b>	<b>152</b>	-12,736,221	0	-26,379,685	0
1. Profit of the period (149-151)	153	0	0	0	0
2. Loss of the period (151-148)	154	12,736,221	0	26,379,685	0
<b>APPENDIX TO INCOME STATEMENT Form (to be filled by the company drafting the annual consolidated financial statement)</b>					
<b>XIV. PROFIT OR LOSS OF THE PERIOD</b>					
1. Assigned to holders of the capital of the parent company	155				
2. Assigned to minority interest	156				
<b>REPORT OF OTHER COMPREHENSIVE INCOME (to be filled by the company in accordance with the IFRS)</b>					
<b>I. PROFIT OR LOSS OF THE PERIOD (= 152)</b>	<b>157</b>	-12,736,221		-26,379,685	
<b>II. OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	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				
<b>III. TAX ON OTHER COMPREHENSIVE PROFIT OF THE PERIOD</b>	<b>166</b>				
<b>IV. OTHER NET COMPREHENSIVE PROFIT/LOSS OF THE PERIOD</b>	<b>167</b>	0	0	0	0
<b>V. COMPREHENSIVE PROFIT/LOSS OF THE PERIOD (157+167)</b>	<b>168</b>	-12,736,221	0	-26,379,685	0
<b>APPENDIX TO REPORT OF OTHER COMPREHENSIVE INCOME Form (to be filled by the company drafting the annual consolidated financial statement)</b>					
<b>VI. COMPREHENSIVE PROFIT OR LOSS OF THE PERIOD</b>					
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
<b>CASH FLOW FROM BUSINESS ACTIVITIES</b>			
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	
<b>I. Total increase of cash flow from business activities (001 do 006)</b>	<b>007</b>	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	
<b>II. Total decrease of cash flow from operating activities (008 - 011)</b>	<b>012</b>	0	0
<b>A1) NET INCREASE OF CASH FLOW FROM BUSINESS ACTIVITIES (007-012)</b>	<b>013</b>	0	0
<b>A2) NET DECREASE OF CASH FLOW FROM BUSINESS ACTIVITIES (012-007)</b>	<b>014</b>	0	0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
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		
<b>III. Total cash inflow from investing activities (015 - 019)</b>	<b>020</b>	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		
<b>IV. Total cash outflow from investing activities (021 - 023)</b>	<b>024</b>	0	0
<b>B1) NET CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>	0	0
<b>B2) NET CASH OUTFLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>026</b>	0	0
<b>CASH FLOW FROM FINANCE ACTIVITIES</b>			
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		
<b>V. Total cash inflow from finance activities (027 - 029)</b>	<b>030</b>	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	
<b>VI. Total cash outflow for finance activities (031 - 035)</b>	<b>036</b>	0	0
<b>C1) NET CASH FLOW INCREASE FROM FINANCE ACTIVITIES (030-036)</b>	<b>037</b>	0	0
<b>C2) NET CASH FLOW DECREASE FROM FINANCE ACTIVITIES (036-030)</b>	<b>038</b>	0	0
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	0	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	0	0
Cash and cash equivalents at the beginning of the period	<b>041</b>	0	
Increase of cash and cash equivalents	<b>042</b>	0	
Decrease of cash and cash equivalents	<b>043</b>	0	
Cash and cash equivalents at the end of the period	<b>044</b>	0	0

**CASH FLOW STATEMENT - Direct method**  
For the period from 1st January 2013 till 3th June 2013

JGL d.d.		
Position	ADP mark	Previous period
1	2	3
<b>CASH FLOW FROM BUSINESS ACTIVITIES</b>		
1. Cash proceeds from buyers	<b>001</b>	242,348,746
2. Cash proceeds from royalties, fees, commissions, etc	<b>002</b>	
3. Cash proceeds from insurance claims	<b>003</b>	662,331
4. Cash proceeds from tax return	<b>004</b>	29,999,837
5. Other cash proceeds	<b>005</b>	2,106,568
<b>I. Total increase of cash flow from operating activities (001 - 005)</b>	<b>006</b>	275,117,482
1. Novčani izdaci dobavljačima	<b>007</b>	200,599,721
2. Novčani izdaci za zaposlene	<b>008</b>	43,910,394
3. Novčani izdaci za osiguranje za naknade šteta	<b>009</b>	3,077,073
4. Novčani izdaci za kamate	<b>010</b>	13,060,082
5. Novčani izdaci za poreze	<b>011</b>	28,035,347
6. Ostali novčani izdaci	<b>012</b>	3,493,548
<b>II. Ukupno novčani izdaci od poslovnih aktivnosti (007 do 012)</b>	<b>013</b>	292,176,165
<b>A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH</b>	<b>014</b>	0
<b>A2) NETO SMANJENJE NOVČANOG TIJEKA OD POSLOVNIH</b>	<b>015</b>	17,058,683
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
1. Cash proceeds from sale of long terms intangible and tangible assets	<b>016</b>	287,175
2. Cash proceeds from sale of equity and debt security instruments	<b>017</b>	
3. Cash proceeds from interest payment	<b>018</b>	247,661
4. Cash proceeds of dividend payment	<b>019</b>	274,754
5. Other cash proceeds from investing activities	<b>020</b>	13,700,739
<b>III. Total cash inflow from investing activities (015 - 019)</b>	<b>021</b>	14,510,329
1. Cash outflow for acquisition of long term tangible and intangible assets	<b>022</b>	74,362,285
2. Cash outflow for acquisition of equity and debt security instruments	<b>023</b>	
3. Other cash outflows from investing activities	<b>024</b>	278,000
<b>IV. Total cash outflow from investing activities (021 - 023)</b>	<b>025</b>	74,640,285
<b>B1) NET CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>026</b>	0
<b>B2) NET CASH OUTFLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>027</b>	60,129,956
<b>CASH FLOW FROM FINANCE ACTIVITIES</b>		
1. Cash inflow from issuing equity and debt financial instruments	<b>028</b>	
2. Cash inflow from loan principals, debentures, credits and other borrowings	<b>029</b>	145,991,509
3. Other cash inflows from finance activities	<b>030</b>	32,990,402
<b>V. Total cash inflow from finance activities (027 - 029)</b>	<b>031</b>	178,981,911
1. Cash outflow for repayment of loan principal and bonds	<b>032</b>	16,600,488
2. Cash outflow for dividend payment	<b>033</b>	16,835,700
3. Cash outflow for finance lease	<b>034</b>	5,600,195
4. Cash outflow for buyback of own shares	<b>035</b>	
5. Other cash outflow from finance activities	<b>036</b>	59,794,493
<b>VI. Total cash outflow for finance activities (031 - 035)</b>	<b>037</b>	98,830,876
<b>C1) NET CASH FLOW INCREASE FROM FINANCE ACTIVITIES (030-036)</b>	<b>038</b>	80,151,035
<b>C2) NET CASH FLOW DECREASE FROM FINANCE ACTIVITIES (036-030)</b>	<b>039</b>	0
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	<b>040</b>	2,962,396
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	<b>041</b>	0
Cash and cash equivalents at the beginning of the period	<b>042</b>	1,450,051
Increase of cash and cash equivalents	<b>043</b>	2,962,396
Decrease of cash and cash equivalents	<b>044</b>	
Cash and cash equivalents at the end of the period	<b>045</b>	4,412,447

<b>Current period</b>
<b>4</b>
284,622,906
79,212
32,049,910
1,140,066
317,892,094
208,444,599
53,825,325
13,264,457
34,590,951
2,827,961
312,953,293
4,938,801
0
269,198
20,574
1,084
3,300,000
3,590,856
26,073,376
3,300,000
29,373,376
0
25,782,520
7,231,587
133,147,375
140,378,962
105,240,985
5,802,000
3,215,983
488,700
114,747,668
25,631,294
0
4,787,575
0
10,593,514
4,787,575
15,381,089

**CHANGES IN EQUITY**  
for the period from 1.1.2013 to 30.6.2013

Position	ADP mark	Previous period	Current period
1	2	3	4
1. Called up capital	<b>001</b>	5,625,000	58,310,000
2. Capital reserves	<b>002</b>	441,785	8,553,251
3. Reserves from equity	<b>003</b>	2,575,569	6,448,297
4. Retained profit or transferred loss	<b>004</b>	237,298,151	242,956,024
5. Profit or loss of the period	<b>005</b>	-10,566,895	-24,538,159
6. Revalorisation of long term tangible assets	<b>006</b>		
7. Revalorisation of long term intangible assets	<b>007</b>		
8. Revalorisation of financial assets for sale	<b>008</b>		
9. Other revalorisation	<b>009</b>		
<b>10. Total capital and reserves (ADP 001 - 009)</b>	<b>010</b>	235,373,610	291,729,413
11. Exchange rate differentials from foreign net investments	<b>011</b>		
12. Current and deferred tax	<b>012</b>		
13. Cash flow protection	<b>013</b>		
14. Changes in accounting policies	<b>014</b>		
15. Correction of errors from past periods	<b>015</b>		
16. Other changes in equity	<b>016</b>	21,837,485	-23,606,272
<b>17. Total increase or decrease of equity (ADP 011 - 016)</b>	<b>017</b>	21,837,485	-23,606,272
17.a Assigned to holders of the capital of the parent company	<b>018</b>		
17. b Assigned to minority interest	<b>019</b>		

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.

REVIEW OF BUSINESS RESULT ON 30th JUNE 2013.

Table 1.: JGL – Income statement

Position	Previous period	Current period	Index
<b>BUSINESS REVENUE</b>	<b>224,447,318.08</b>	<b>233,629,757.92</b>	<b>104</b>
Business revenue from domestic sales	77,005,622.28	71,138,264.61	92
Business revenue from foreign sales	143,031,221.13	157,436,668.84	110
Revenue from compensation, subsidies and grants	0,00	0,00	0,00
Revenue from using own products	2,184,578.15	2,721,753.36	125
Other business revenue	2,225,896.52	2,333,071.11	105
<b>BUSINESS EXPENSES</b>	<b>225,159,348.98</b>	<b>246,865,536.62</b>	<b>110</b>
Increase in inventories	-20,032,390.05	-14,381,323.83	72
Material costs and services	155,603,694.44	161,083,678.76	104
Cost of raw material	87,735,635.47	87,292,503.14	99
Cost of sold goods	2,014,497.44	1,553,621.22	77
Cost of services	65,853,561.53	72,237,554.40	110
Staff costs	50,357,596.99	58,708,133.68	117
Net salaries	31,099,857.31	36,891,200.07	119
Income tax and contributions from salaries	19,257,739.68	21,816,933.61	113
Depreciation	11,381,198.09	11,719,544.72	103
Other costs	13,482,647.06	14,913,488.62	111
Value adjustment	0,00	0,00	0,00
Provisions	0,00	0,00	0,00
Other business expenses	14,366,602.45	14,822,014.67	103
<b>FINANCIAL INCOME</b>	<b>7,494,704.68</b>	<b>5,105,557.61</b>	<b>68</b>
<b>FINANCIAL EXPENSES</b>	<b>17,349,568.82</b>	<b>16,407,937.87</b>	<b>95</b>
<b>OTHER REVENUES</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>OTHER EXPENSES</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>TOTAL REVENUES</b>	<b>231,942,022.76</b>	<b>238,735,315.53</b>	<b>103</b>
<b>TOTAL EXPENSES</b>	<b>242,508,917.80</b>	<b>263,273,474.49</b>	<b>109</b>
<b>PROFIT / LOSS BEFORE TAXATION</b>	<b>-10,566,895.04</b>	<b>-24,538,158.96</b>	<b>232</b>
Paid income tax	-	-	-
<b>PROFIT / LOSS OF THE PERIOD</b>	<b>-10,566,895.04</b>	<b>-24,538,158.96</b>	<b>207</b>
<b>NUMBER OF EMPLOYEES</b>	<b>565</b>	<b>642</b>	<b>114</b>

In the first half of the 2013 continued the growth trend of the year 2012, and the sales revenue increased 4% when compared to the same period in the previous year. Foreign sales are up by 10%, 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 21,706,187. The reason for this is increased employee costs generated because of the increased hiring of new employees (employee costs increased by 17% or HRK 8,35,536). Total expenses amounted to HRK 263,273,474, while total revenues were HRK 238,735,315 resulting in the loss of a period of HRK 24,538,158. 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 14% more employees than in the same period last year, 40 new employees were hired in the first half of 2013.

**Table 2.: JGL – Balance sheet**

Position	Previous period	Current period	Index
<b>TOTAL ASSETS</b>	<b>750,128,933.27</b>	<b>828,634,995.89</b>	<b>110.47</b>
<b>LONG TERM ASSETS</b>	<b>329,322,395.14</b>	<b>325,586,083.60</b>	<b>98.87</b>
Intangible assets	24,105,828.16	31,618,726.05	131.17
Tangible assets	273,865,105.59	262,518,718.89	95.86
Long term financial assets	31,351,461.39	31,448,638.66	100.31
<b>SHORT TERM ASSETS</b>	<b>415,538,270.48</b>	<b>496,391,611.70</b>	<b>119.46</b>
Inventories	143,864,320.77	162,631,003.88	113.04
Receivables	264,133,706.54	317,911,238.13	120.36
Short term financial assets	3,127,795.81	468,280.85	14.97
Cash at banks and in hand	4,412,447.36	15,381,088.84	348.58
<b>PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>5,268,267.65</b>	<b>6,657,300.59</b>	<b>126.37</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>750,128,933.27</b>	<b>828,634,995.89</b>	<b>110.47</b>
<b>CAPITAL AND RESERVES</b>	<b>235,373,609.91</b>	<b>291,729,413.01</b>	<b>123.94</b>
Called up capital	5,625,000.00	58,310,000.00	1,036.62
Premium on issued shares	441,784.62	8,553,251.18	1,936.07
Treasury shares	-400.00	-290,000.00	72,500.00
Reserves	2,575,969.66	6,738,296.46	261.58
Retained profit + undistributed profits of last year	237,298,150.67	242,956,024.33	102.38
<b>PROFIT / LOSS OF THE PERIOD</b>	<b>-10,566,895.04</b>	<b>-24,538,158.96</b>	<b>232.22</b>
<b>LONG TERM PROVISIONS</b>	<b>0,00</b>	<b>917,341.00</b>	<b>0,00</b>
<b>LONG TERM LIABILITIES</b>	<b>269,098,159.54</b>	<b>384,225,932.76</b>	<b>142.78</b>
Liabilities for bonds	140,000,000.00	140,000,000.00	100.00
Other long term liabilities	129,098,159.54	244,225,932.76	189.18
<b>SHORT TERM LIABILITIES</b>	<b>241,817,971.12</b>	<b>147,916,961.83</b>	<b>61.17</b>
Liabilities towards related parties	3,213,598.95	4,051,573.66	126.08
Short term financial liabilities	106,000,454.85	34,558,013.02	32.60
Liabilities for securities	0,00	2,850,000.00	0,00
Trade payables	113,754,501.49	93,926,631.48	82.57
Liabilities towards employees	5,143,605.47	3,101,887.87	60.31
Liabilities for taxes and contributions	7,711,196.76	3,277,200.37	42.50
Liabilities due to share in result	25,920.00	27,000.00	104.17
Other short term liabilities	5,968,693.60	6,124,655.43	102.61
<b>DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>3,839,192.70</b>	<b>3,845,347.29</b>	<b>100.16</b>

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 (8%) 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 11% 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 3% compared to the previous period due to a decrease in trade receivables by 11% compared to last year. 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 34%), primarily due to the financing of the construction of new production and storage capacities – project Svilno 2. The decrease in short-term liabilities of 51% 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.



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## *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 20<sup>th</sup> August 2013*

*For and on behalf of the Management Board*

*Ivo Usmiani, MPharm. spec.*

