

**INTERIM REPORT
for first quarter 2011
Medika Group**

April 2011

Report Submitted by Member of the Management Board – Medika d.d.

Comment on the result for first quarter of 2011

As at 31 March 2011 Medika Group consists of Medika d.d., mother company, subsidiaries are Primus Nekretnine d.o.o., registred in Zagreb and Zdravstvena ustanova Ljekarne Prima Pharme, registered in Split. Both subsidiaries are wholly owned by Medika d.d.

Zdravstvena ustanova Ljekarne Prima Pharme has subsidiaries: Zdravstvena ustanova Ljekarne Delonga (Okrug Gornji), Ljekarna Mladenka Čobanov (Šibenik) and Zdravstvena ustanova Ljekarne Ines Škoko (Požega). These subsidiaries are wholly owned by ZU Ljekarne Prima Pharme.

Zdravstvena ustanova Ljekarne Jagatić (Zagreb) is 49% owned by ZU Ljekarne Prima Pharme.

Sales revenue of Medika in the first quarter of 2011 is by 6.06% higher comparing to the same period of previous year. The number of pharmacies in Prima Pharme Group impacted on the increase of sales. Total number of pharmacies across Croatia as at 31 March 2011 is 58, while as at 31 March 2010 there were 49 pharmacies. Associate ZU Ljekarne Jagatić as at 31 Marsh has 7 pharmacies (2 pharmacies more than on 31 March 2010).

The operative profit rate EBIT amounts to HRK 15.7 mil or 2.96% and EBITDA amounts to HRK 20.4 mil or 3.84 %.

The realized net profit amounts to HRK 8.1 mil.

Key indicators	I-III 2011	I-III 2010	Change I-III 2011 / I-III 2010
Sales revenue (000 HRK)	529,195	498,974	6.06%
EBITDA margin	3.84	3.24	+0.60%
EBIT margin	2.96	2.30	+0.66%
Net profit (000 HRK)	8,076	6,271	28.78%

Key events

Pharmaceutical market has shown growth in the first three months of 2011 comparing to the same period of previous year. Despite of growth of sales revenue in the first three months comparing to the same period of previous year, market share of Medika is lower due to the lower sales revenue in the pharmacies. Reason for lower sales revenue and market share in pharmacies is loss of sales in Gradska Ljekarna Zagreb.

In February the long term loan in Medika d.d. in the amount of EUR 22.6 million was reprogrammed to a lower interest rate. At the same time, part of the loan in amount of EUR 6.7 million was converted to a short-term loan in Croatian kuna, which reduced currency risk exposure of Medika.

In March Ljekarna Ines Buhač was merged to ZU Ljekarne Prima Pharme, and Group Prima Pharme was enlarged with ZU Ljekarne Ines Škoko which has 6 pharmacies.

Balance sheet

Total assets show growth of 4.4% comparing to beginning of the year. Increase is result of increased short-term receivables.

Intangible assets of Medika Group amount to HRK 149.8 million. Increase in amount of HRK 15.9 million relates to increase in licenses for pharmacies in Zdravstvena ustanova Ljekarne Prima Pharme.

Inventory balance is lower for HRK 4.7 million or 1.93% comparing to beginning of the year due to the increased sales.

Short-term assets amount to HRK 1 billion 414 million, whereof HRK 1 billion 119 million relate to trade receivables. Trade receivables increased by 8.57% comparing to the beginning of the year as a result of increased sales and slower collectability of receivables. A short-term financial assets amount to HRK 25.4 million whereof HRK 23.2 million relates to endorsed bills of exchange receivables. Bills of exchange as a payment instrument were endorsed to suppliers and one business bank. Given the fact that the risk of nonpayment is on the Company, at the same time, the Company recorded liability for endorsed bills of exchange in "Liabilities for securities". Comparing to the beginning of the year, receivables for endorsed bills of exchange are lower for HRK 12.2 million.

Long term liabilities decreased for HRK 53.2 million comparing to beginning of the year. Decrease is result of reprogram of a long term loan in euro. Part of the loan in amount of EUR 6.7 million was converted to a short-term loan in Croatian kuna at lower interest rate, which reduced currency risk exposure of Medika.

Short-term liabilities amount to HRK 1 billion 274 million whereof HRK 1 billion 48 million relates to the liabilities to suppliers, HRK 153.5 million to debt (HRK 151.3 million relates to short term loans and HRK 2.2 million relates to finance lease), and HRK 34.9 million to other short term liabilities (major part relates to liabilities for purchase of pharmacies) and HRK 23.2 million to liabilities for securities, as explained earlier.

Risks

The most significant risk for Medika d.d. business within market risks is a long collection period of receivables, especially HZZO and HZZO related receivables. Therefore, a significant amount of working capital is not available what has an influence on cash flows and timely settlement of Medika d.d. liabilities.

As these receivables are either dependent from or owned by State, risk of collection is not high, but this increases the need for future financing, which increases finance expenses.

Significant risk for Medika d.d. business is a continuous decrease in the price of prescription medication on HZZO list and administrative approach in determining prices and margins of medication. To lower this risk, Medika d.d. focused on increase of variety of products which are not limited by law in respect of the price of the product.

Currency risk is a significant financial risk. Most of inventories are purchased from foreign suppliers in foreign currencies. Additionally, part of borrowings from banks have exchange rate clauses. The Company does not use financial instruments to protect itself from currency risk.

Interest risk of the Company arises from received long term and short term borrowing, with a variable interest rate.

Majority of the credit risk relates to trade receivables. Credit risk is higher when dealing with pharmacies, which have potential going concern issue. Hospitals which have longer collection period do not have a going concern issue and collection issue.

Expectations

Medika d.d. business plan for next 2011 stipulates annual growth of sales of 1%, with further growth potential in following years. In accordance with the growth of sales, a higher market share is expected. The Company will continue with its core business: distribution of medications and medical products and will strongly develop operations with products that make the core business of the firm.

Jasminko Herceg B.Econ.
Board member

Medika d.d.
ZAGREB, Caprašká



Appendix 1.

Reporting period:

1.1.2011

do

31.3.2011

Quarterly financial statements TFI-POD

Registration number (MB): 03209741

Identification number of company (MBS): 080027531

Personal identification number (OIB): 94818858923

Issuer: MEDIKA D.D.

Postal code and city: 10000

ZAGREB

Address: CAPRAŠKA 1

e-mail: medika@medika.hr

web page: www.medika.hr

Code and name of municipality/city: 133 ZAGREB

Code and county name: 21 GRAD ZAGREB

Number of employees: 653
(end of reporting period)

Consolidated statements: YES

Code of NKD: 4646

Consolidating entities (according to IFRS):

Headquarters:

MB:

ZU Ljekarne Prima Pharma

Split

0694975

ZU Ljekarne Delonga

Okrug gornji

1605747

Primus nekretnine d.o.o.

Zagreb

2534983

ZU Ljekarne Ines Škoko

Požega

02708396

Ljekarna Mladenka Čobanov

Šibenik

2912958388302

Bookkeeping service:

Contact person: RADMILOVIĆ DIJANA

(only surname and name of contact person)

Telephone number: 012412551

Telefaks: 012371441

e-mail: medika@medika.hr

Name: HERCEG JASMINKO

(authorised person)

Documentation for publishing:

1. Financial statements (Balance sheet, Profit and loss account, Cash flow statements, Statements of changes in equity and Notes to financial statements)
2. Interim report,
3. Statement of Liability.

Medika d.d.
ZAGREB
M.P.

(signature of authorised person)

BALANCE SHEET
balance as at 31.03.2011

Issuer: MEDIKA D.D.			
Description	AOP mark	Previous period	Current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	328.468.502	342.716.705
I. INTANGIBLE ASSETS (004 to 009)	003	133.845.657	149.781.583
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	95.601.190	111.601.851
3. Goodwill	006	38.063.806	38.063.808
4. Advances for intangible assets	007		
5. Intangible assets under construction	008	150.113	115.924
6. Other intangible assets	009	30.548	
II. TANGIBLE ASSETS (011 to 019)	010	172.600.037	170.454.737
1. Land	011	16.515.477	16.515.477
2. Buildings	012	131.117.126	130.110.354
3. Equipment and machinery	013	7.742.665	7.690.564
4. Furniture, fittings and vehicles	014	13.246.831	12.566.432
5. Biological assets	015		
6. Advances for tangible assets	016	84.780	104.051
7. Tangible assets under construction	017	3.097.407	2.702.513
8. Other tangible assets	018	795.751	765.346
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	19.290.772	19.754.816
1. Investment in subsidiaries and associates	021	17.254.244	17.400.072
2. Loans to related parties	022		
3. Loans given to minority interest	023		
4. Zajmovi dani poduzetnicima u kojima postoje sudjelujući interesi	024		
5. Investment in securities	025	12.979	12.979
6. Loans given, deposits and similar	026	2.023.549	2.341.765
7. Other non-current financial assets	027		
8. Investments at equity method	028		
IV. RECEIVABLES (030 to 032)	029	0	0
1. Receivables from related parties	030		
2. Receivables for credit sales	031		
3. Other receivables	032		
V. DEFFERED TAX ASSET	033	2.732.036	2.725.569
C) CURRENT ASSETS (035+043+050+058)	034	1.354.266.909	1.414.445.278
I. INVENTORY (036 To 042)	035	243.283.950	238.578.916
1. Raw material	036	471.517	509.955
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	238.821.264	235.064.833
5. Advances for inventories	040	3.991.169	3.004.128
6. Non-current assets available for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	1.041.465.987	1.128.730.856
1. Receivables from related parties	044		
2. Trade receivables	045	1.031.315.730	1.119.718.978
3. Receivables from participating parties	046		
4. Receivables from employees	047	4.139.567	3.671.684
5. Receivables from the state and other institutions	048	4.140.137	2.648.423
6. Other receivables	049	1.870.553	2.691.771
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	38.266.670	25.365.195
1. Investment in subsidiaries and associates	051		
2. Loans to related parties	052		
3. Equity investments	053		
4. Loans given to participating parties Zajmovi dani poduzetnicima u kojima postoje sudjelujući	054		
5. Investment in securities	055	36.096.257	23.254.552
6. Loans given, deposits and similar	056	2.170.413	2.110.643
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	31.250.302	21.770.311
D) PREAPID EXPENSES AND ACCRUED INCOME	059	1.217.043	1.548.854
E) TOTAL ASSETS (001+002+034+059)	060	1.683.952.454	1.758.710.837
G) OFF BALANCE SHEET ITEMS	061	127.975.856	149.384.521

EQUITY AND LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	315.376.800	323.452.608
I. SHARE CAPITAL	063	60.388.000	60.388.000
II. CAPITAL RESERVES	064	-4.258.313	-4.258.313
III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)	065	82.275.985	82.275.985
1. Legal reserves	066	2.729.945	2.729.945
2. Reserves for treasury shares	067	60.000.000	60.000.000
3. Treasury shares	068	12.250.450	12.250.450
4. Statutory reserves	069		
5. Other reserves	070	31.796.490	31.796.490
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	152.232.994	176.971.128
1. Retained earnings	073	152.232.994	176.971.128
2. Accumulated loss	074		
VI. PROFIT OR LOSS FOR THE PERIOD (076-077)	075	24.738.134	8.075.808
1. Profit for the period	076	24.738.134	8.075.808
2. Loss for the period	077		
VII. MAJORITY INTERESTS	078		
B) PROVISIONS (080 To 082)	079	402.284	402.284
1. Provisions for retirement	080	402.284	402.284
2. Tax provisions	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 to 092)	083	210.976.855	157.770.243
1. Liabilities to related parties	084		
2. Borrowings and deposits	085		
3. Liabilities to banks and other financial institutions	086	200.326.490	147.119.873
4. Liabilities for advances received	087		
5. Trade payables	088		
6. Liabilities for securities	089		
7. Liabilities to participating parties	090		
8. Other non-current liabilities	091		
9. Deferred tax liability	092	10.650.365	10.650.370
D) CURRENT LIABILITIES (094 to 105)	093	1.153.378.478	1.273.959.525
1. Liabilities to related parties	094		
2. Borrowings and deposits	095		
3. Liabilities to banks and other financial institutions	096	92.771.459	153.515.026
4. Liabilities for advances received	097	1.867.124	
5. Trade payables	098	984.558.130	1.048.278.956
6. Liabilities for securities	099	35.482.060	23.247.442
7. Liabilities to participating parties	100		
8. Liabilities to employees	101	7.795.827	7.909.131
9. Liabilities for taxes and contributions	102	4.702.097	6.128.798
10. Dividend payables	103	84.977	10.234
11. Liabilities for non-current assets available for sale	104		
12. Other current liabilities	105	26.116.804	34.869.938
E) DEFERRED INCOME AND ACCRUED EXPENSES	106	3.818.037	3.126.177
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.683.952.454	1.758.710.837
G) OFF BALANCE SHEET ITEMS	108	127.975.856	149.384.521
SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements)			
A) KAPITAL I REZERVA			
1. Attributable to equity holders	109		
2. Attributable to minority interest	110		

Note 1.: Supplement to balance sheet is filled for consolidated financial statements.

PROFIT AND LOSS
in period 01.01.2011. to 31.03.2011.

Issuer: MEDIKA D.D.

Description	AOP mark	Previous period		Current period	
		Kumulativno	Tromjesečje	Kumulativno	Tromjesečje
1	2	3	4	5	6
I. OPERATING REVENUES (112+113)	111	500.893.070	500.893.070	531.143.487	531.143.487
1. Revenues from sale	112	498.974.180	498.974.180	529.195.143	529.195.143
2. Other operating revenues	113	1.918.890	1.918.890	1.948.344	1.948.344
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	489.329.114	489.329.114	515.413.649	515.413.649
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	452.866.197	452.866.197	478.473.890	478.473.890
a) Raw materials	117	2.336.586	2.336.586	2.791.753	2.791.753
b) Cost of goods sold	118	444.468.874	444.468.874	467.956.962	467.956.962
c) Other expenses	119	6.060.737	6.060.737	7.725.175	7.725.175
3. Employee expenses (121 to 123)	120	20.512.768	20.512.768	21.149.544	21.149.544
a) Net salaries	121	11.434.798	11.434.798	12.198.963	12.198.963
b) Tax and contributions from salaries	122	6.087.410	6.087.410	5.867.598	5.867.598
c) Contributions on salaries	123	2.990.560	2.990.560	3.082.983	3.082.983
4. Depreciation and amortization	124	4.694.342	4.694.342	4.647.988	4.647.988
5. Other expenses	125	8.255.807	8.255.807	6.198.392	6.198.392
6. Impairment (127+128)	126	3.000.000	3.000.000	4.943.835	4.943.835
a) of non-current assets (financial assets excluded)	127				
b) of current assets (financial assets excluded)	128	3.000.000	3.000.000	4.943.835	4.943.835
7. Provisions	129				
8. Other operating expenses	130				
III. FINANCE INCOME (132 to 136)	131	4.904.358	4.904.358	995.461	995.461
1. Interests, foreign exchanges and dividend from related parties	132				
2. Interests, foreign exchanges and dividend from non-related parties	133	4.904.358	4.904.358	935.317	935.317
3. Share of profit from associate	134				
4. Unrealised gains	135				
5. Other financial income	136			60.144	60.144
IV. FINANCE EXPENSES (138 to 141)	137	7.609.781	7.609.781	5.304.049	5.304.049
1. Interests, foreign exchanges and dividend from related parties	138				
2. Interests, foreign exchanges and dividend from non-related parties	139	7.609.781	7.609.781	5.304.049	5.304.049
3. Unrealised losses	140				
4. Other finance expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATE	142				
VI. SHARE OF LOSS FROM ASSOCIATE	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142 + 144)	146	505.797.428	505.797.428	532.138.948	532.138.948
X. TOTAL EXPENSES (114+137+143 + 145)	147	496.938.895	496.938.895	520.717.698	520.717.698
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	8.858.533	8.858.533	11.421.250	11.421.250
1. Profit before tax (146-147)	149	8.858.533	8.858.533	11.421.250	11.421.250
2. Loss before tax (147-146)	150	0	0	0	0
XII. INCOME TAX	151	2.587.949	2.587.949	3.345.442	3.345.442
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	6.270.584	6.270.584	8.075.808	8.075.808
1. Profit for the period (149-151)	153	6.270.584	6.270.584	8.075.808	8.075.808
2. Loss for the period (151-148)	154	0	0	0	0

SUPPLEMENT TO PROFIT AND LOSS (for consolidated financial statements)

XIV. PROFIT OR LOSS FOR THE PERIOD

1. Attributable to equity holders	155				
2. Attributable to minority interest	156				

OTHER COMPREHENSIVE INCOME REPORT (for IFRS reporting)

I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	6.270.584	6.270.584	8.075.808	8.075.808
II. OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (159 to 165)	158	0	0	0	0
1. Exchange differences on translation of foreign operations	159				
2. Changes in revaluation reserves for non-current tangible and intangible assets	160				
3. Profit or loss from revaluation of financial assets available for sale	161				
4. Gains or losses from efficient cash flow hedging	162				
5. Gains or losses from efficient hedge of net investment abroad	163				
6. Share in other comprehensive profit/loss of associates	164				
7. Actuarial gains/losses on defined benefit plans	165				
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (158-166)	167	0	0	0	0
V. COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (157+167)	168	6.270.584	6.270.584	8.075.808	8.075.808

APPENDIX to Other comprehensive income report (to be filled for consolidated financial statements)

VI. COMPREHENSIVE PROFIT OR LOSS

1. Attributable to equity holders	169				
2. Attributable to minority interest	170				

STATEMENT OF CASH FLOW - Indirect method
in period 01.01.2011. do 31.03.2011.

Issuer: _MEDIKA D.D.			
Description	AOP mark	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	8.858.533	11.421.250
2. Depreciation and amortisation	002	4.694.342	4.647.988
3. Increase of current liabilities	003	43.937.268	72.146.841
4. Decrease of current receivables	004		
5. Decrease of inventories	005	6.683.372	4.705.034
6. Other increase of cash flow	006		
I. Total increase of cash flow from operating activities (001 to 006)	007	64.173.515	92.921.113
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	77.803.705	87.264.869
3. Increase of inventories	010		
4. Other decrease of cash flow	011	2.587.948	4.168.409
II. Total decrease of cash flow from operating activities (008 to 011)	012	80.391.653	91.433.278
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	0	1.487.835
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	16.218.138	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of tangible and intangible assets	015	183.705	99.016
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	112.659	101.362
4. Dividends received	018		
5. Other proceeds from investing activities	019	479.594	
III. Total proceeds from investing activities (015 to 019)	020	775.958	200.378
1. Purchase of tangible and intangible assets	021	12.619.214	18.438.614
2. Purchase of equity and debt securities	022		
3. Other purchases resulting from investing activities	023		
IV. Total purchases resulting from investing activities (021 to 023)	024	12.619.214	18.438.614
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	11.843.256	18.238.236
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issuance of equity and debt securities	027		
2. Proceeds from borrowings	028	56.323.997	66.489.874
3. Other proceeds from financing activities	029	4.587.622	
V. Total proceeds from financing activities (027 to 029)	030	60.911.619	66.489.874
1. Repayments of borrowings	031	51.387.156	58.574.314
2. Dividends paid	032		74.743
3. Repayments of finance lease	033	560.728	570.407
4. Purchase of treasury shares	034		
5. Other purchases resulting from financing activities	035		
VI. Ukupno novčani izdaci od finansijskih aktivnosti (031 to 035)	036	51.947.884	59.219.464
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	8.963.735	7.270.410
C2) NET DECREASE OF CASH FLOW FROM FINANCING 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	19.097.659	9.479.991
Cash and cash equivalents at beginning of the period	041	49.838.047	31.250.302
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043	19.097.659	9.479.991
Cash and cash equivalents at end of the period	044	30.740.388	21.770.311

STATEMENT OF CHANGES IN EQUITY
for period from **1.1.2011** to **31.3.2011**

Description 1	AOP mark 2	Previous period 3	Current period 4
1. Share capital	001	60.388.000	60.388.000
2. Capital reserves	002	-4.258.313	-4.258.313
3. Reserves from retained earnings	003	82.275.985	82.275.985
4. Retained earnings or accumulated loss	004	152.232.994	176.971.128
5. Profit or loss for the period	005	24.738.134	8.075.808
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	009		
10. Total capital and reserves (AOP 001 to 009)	010	315.376.800	323.452.608
11. Foreign exchanges from the foreign investments	011		
12. Current and defferd tax (part)	012		
13. Cash flow hedge	013		
14. Cghanges of accounting policies	014		
15. Correction of material mistakes from previous period	015		
16. Other changes of equity	016		
17. Total increase or decrease of equity (AOP 011 to 016)	017	0	0
17 a. Attributable to equity holders	018		
17 b. Attributable to minority interest	019		

Stavke koje umanjuju kapital upisuju se s negativnim predznakom

Podaci pod AOP oznakama 001 do 009 upisuju se kao stanje na datum bilance



Medika

Dioničko društvo za trgovinu lijekovima i sanitetskim materijalom

A Capraška 1, HR - 10000 Zagreb
T +385 1 2412 555
E medika@medika.hr
I www.medika.hr

Zagreb, 29 April 2011

Pursuant to the articles 407. to 410. of the Capital market Law (Official Gazette 88/08 and 146/08) Management Board member Jasminko Herceg provides

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

Consolidated and unconsolidated financial statements of Medika d.d. have been prepared pursuant to the International Financial Reporting Standards (IFRS) and Croatian Accounting Law.

Consolidated and unconsolidated financial statements for the period ended 31 March 2011 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Company and the Group.

The interim management report for the period ended 31 March 2011 presents true and fair presentation of development and results of the operations of the Company and the Group with description of significant risks and uncertainties for the Company and the Group.

Jasminko Herceg
Management Board member

Medika d.d.
ZAGREB, Capraška 1