

INTERIM REPORT for first nine months of 2011 Medika Group



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

Comment on the result for the first nine months of 2011

As at 30 September 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), Zdravstvena ustanova Ljekarne lnes Škoko (Požega) and Zdravstvena ustanova Ljekarne Atalić (Osijek). These subsidiaries are wholly owned by ZU Ljekarne Prima Pharme.

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

Consolidated sales revenue of Medika Group in the first nine months of 2011 is by 7.20% higher comparing to the same period of previous year. Increase in sales is result of larger number of pharmacies in Prima Pharme Group. Total number of pharmacies across Croatia as at 30 September 2011 is 62, while as at 30 September 2010 there were 52 pharmacies. Associate ZU Ljekarne Jagatić as at 30 September 2011 has 7 pharmacies (1 pharmacy more than on 30 September 2010).

The operative profit rate EBIT amounts to HRK 37.1 mil or 2.27% and EBITDA amounts to HRK 50.5 mil or 3.10%. The realized net profit amounts to HRK 10.4 million.

Key indicators	I-IX 2011	I-IX 2010	Change I-IX 2011 / I-IX 2010
Sales revenue (000 HRK)	1,624,724	1,515,597	7.20%
EBITDA margin	3.10%	3.19%	-0.9%
EBIT margin	2.27%	2.27%	0
Net profit (000 HRK)	10,423	12,726	-18.10%

Key events

Pharmaceutical market has shown growth in the first nine months of 2011 comparing to the same period of previous year. Despite of sales revenue loss in Gradska Ljekarna Zagreb, sales revenue shows growth comparing to the same period of previous year. Since the percentage of sales revenue growth is higher than percentage of market growth, market share shows growth as well.



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 2011 the Company granted 285 of its treasury shares to key management as profit share. In August 2011 The Company has acquired 285 treasury shares.

Based on the General Assembly decision, legal reserves are increased in amount of HRK 4.5 million.

In March Ljekarna Ines Buhač was merged to ZU Ljekarne Prima Pharme and Ljekarna Mladenka Čobanov was merged in July. Group Prima Pharme was enlarged with ZU Ljekarne Ines Škoko which has 6 pharmacies and ZU Ljekarne Atalić which has 3 pharmacies.

Balance sheet

Total assets have grown by 8.32% comparing to previous year. Growth is result of increased short term receivables.

Intangible assets of Medika Group amount to HRK 172.2 million. Increase in amount of HRK 38.4 million relates to increase in licenses for pharmacies in Zdravstvena ustanova Ljekarne Prima Pharme.

Inventory balance is lower for HRK 25.1 million or 10.32% comparing to beginning of the year due to the increased sales.

Short-term assets amount to HRK 1 billion 459 million, whereof HRK 1 billion 174 million relate to trade receivables. Trade receivables increased by 15.07% 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 45.5 million, whereof HRK 10.4 million relates to bills of exchange receivables and HRK 34.6 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 894 thousand.

There was movement in treasury shares and capital gain/loss. Namely, in 2011 the Company released 285 treasury shares as employees' benefit program. In August 2011 the Company acquired 285 treasury shares.

Legal reserves are increased for HRK 4.5 million in accordance with decision of General Assembly on distribution of profit.



Long term liabilities decreased for HRK 23.0 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 307 million whereof HRK 1 billion 63 million relates to the liabilities to suppliers, HRK 180.1 million to debt (HRK 179.6 million relates to short term loans and HRK 511 thousand relates to finance lease), and HRK 18.2 million to other short term liabilities (major part relates to liabilities for purchase of pharmacies) and HRK 34.6 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 has 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.

Development strategy of Prima Pharme is to expand network of pharmacies on whole territory of Croatia.

Jasminko Herceg, B.Econ.

Board member

Appendix 1. Reporting period:		1.1.2011	to	30.9.2011	
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	Quarta	rly financ	ial statements TFI-PO	D	
Registration number (MB):	03209741]			
Identification number of company (MBS):	080027531	_			
Personal identification	94818858923				
number (OIB): Issuer: N	IEDIKA D.D.				
Postal code and city:	10000	يًا ل	ZAGREB		
Address: C	APRAŠKA 1				
e-mail: <u>m</u>	nedika@medika.hr				
web page: w	ww.medika.hr				
Code and name of municipality/city:	133 ZAGREB				
Code and county name:	21 GRAD ZAG	REB		Number of employees:	683
Consolidated statements:	YES			(end of reporting period) Code of NKD:	4646
Consolidating entities (acc	cording to IFRS):		Headquarters:	MB:	
ZU Lje	ekarne Prima Pharma		Split	0694975	
	ZU Ljekarne Delonga		Okrug gornji	1605747	
Pris	mus nekretnine d.o.o.		Zagreb	2534983	
ZU	Ljekarne Ines Škoko		Požega	02708396	
	ZU Ljekarne Atalić		Osijek	0845124	
Bookkeeping service:					
Contact person; R	ADMILOVIĆ DIJANA				
(o Telephone number: 01	nly surname and name	of contact per		012371441	
	edika@medika.hr		rax.	0123/1441	
Corann	ERCEG JASMINKO				11/1/2014
L	uthorised person)				
Documentation for 1. Financial stateme and Notes to financia	nts (Balance sheet, Pro	ofit and loss ac	count, Cash flow statements, St	atements of changes in equity	ý
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3. Statement of Liab	ility.			Clika da	***************************************
		M.P.		nature of authorised person)-	
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BALANCE SHEET balance as at 30.09.2011

Issuer: MEDIKA D.D.			
Description	AOP	Previous	
	mark	period	Current perior
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL			
B) NON-CURRENT ASSETS (003+010+020+029+033)	001		
J. INTANGIBLE ASSETS (004 to 009)	002	328.468.502	363,169,82
Research and development	003	133.845.657	172.213.34
Concessions, patents, licences, trademarks, software and other rights	004	95.631.738	05 400 44
3. Goodwill	005	38.063.806	95.122.11 76.846.47
Advances for intangible assets	007	30.063.606	/0.840.47
5. Intangible assets under construction	008	150.113	105.86
6. Other intangible assets	009	150.115	138.87
II. TANGIBLE ASSETS (011 to 019)	010	172.600.037	168,799.93
1. Land	011	16.515.477	16.515.47
2. Buildings	012	131.117.126	128.051.59
3. Equipment and machinery	013	7.742.665	7.271.87
Furniture, fittings and vechicles	014	13.246.831	13.443,46
5. Biological assets	015	1	
6. Advances for tangible assets	016	84.780	25.99
7. Tangible assets under construction	017	3.097.407	2.722.29
8. Other tangible assets	018	795.751	769.22
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028) 1. Investment in subsidiaries and associates	020	19.290.772	19.417.862
2. Loans to related parties	021	17.267.223	17.530.78
3. Loans given to minority interest	022		
4. Loans given to minionly interest	023		· ····································
5. Investment in securities	024		
6. Loans given, deposits and similar	025	2 022 540	1.887.078
7. Other non-current financial assets	020	2.023.549	1.007.070
8. Investments at equity method	028		
IV. RECEIVABLES (030 to 032)	029	n	
Receivables from related parties	030	'	
2. Receivables for credit sales	031		
3. Other receivables	032		
V. DEFFERED TAX ASSET	033	2.732,036	2.738.680
C) CURRENT ASSETS (035+043+050+058)	034	1.354.266.652	1,458,979,13
I. INVENTORY (036 To 042)	035	243.283.950	218,169,660
1. Raw material	036	471.517	450.655
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	238.821.264	215.978.38
5. Advances for inventories	040	3.991.169	1.740.623
Non-current assets available for sale Biological assets	041		
II. RECEIVABLES (044 to 049)	042		
Receivables from related parties	043	1.041.464.985	1.183.744.748
2. Trade receivables	044	11.333.959	1.498.368
Receivables from participaring parties	045 046	1.019.981.026	1,173.713,666
4. Receivables from employees	047	4.139.567	604,696
5. Receivables from the state and other institutions	048	4.139.880	3.960.156
6. Other receivables	049	1.870.553	3.967.863
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	38.266.670	45.514.509
Investment in subsidiaries and associates	051	00.200.010	
2. Loans to related parties	052		
3. Equity investments	053		
Loans given to participating parties	054		
5. Investment in securities	055	36.096.257	44.992.843
6. Loans given, deposits and similar	056	2.170.413	521.666
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	31.251.047	11.550.220
D) PREAPID EXPENSES AND ACCRUED INCOME	059	1.217.043	1.829.652
E) TOTAL ASSETS (001+002+034+059)	060	1.683.952,197	1.823.978.611
G) OFF BALANCE SHEET ITEMS	061	124.975.856	154.498.635

SHARE CAPITAL	EQUITY AND LIABILITIES			
SHARE CAPITAL 663	A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	315.376.800	325.506.275
IL CAPITAL RESERVES 064	I SHARE CAPITAL	ļ		
IR RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)	II. CAPITAL RESERVES		· I	
1. Legal reserves	III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)			
2. Reserves for freasury shares				
3. Treasury shares 4. Statutury reserves 5. Other reserves 7. REVALUATION RESERVES 7. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074) 7. Revaluated loss 7. Les desired earnings 7. Accumulated loss 7. Les desired earnings 7	2. Reserves for treasury shares			
4. Statututory reserves 5. Other reserves 7070 7176 7176 7176 7177 7176 7176 7176	3. Treasury shares	1		
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V. RETANED EARNINGS OR ACCUMULATED LOSS (073-074) 1. Retained earnings 2. Accumulated loss 1074 1. Retained earnings 2. Accumulated loss 1075 2. Loss for the period 1076 2. Loss for the period 3. Other provisions 3. Other provisions 3. Other provisions 3. Other provisions 3. Liabilities to related parties 3. Liabilities to banks and other financial institutions 4. Liabilities for securities 5. Trade payables 6. Liabilities for participating parties 8. Other non-current liabilities 9. Defored tax liabi	IV. REVALUATION RESERVES		01.100.430	31.190.490
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9. Deferred tax liabilitity D) CURRENT LIABILITIES (094 to 105) 1. Liabilities to related parties 2. Borrowings and deposits 3. Liabilities to banks and other financial institutions 4. Liabilities for advances received 5. Trade payables 6. Liabilities for securities 7. Liabilities to participating parties 8. Liabilities to participating parties 8. Liabilities to participating parties 9. Liabilities to participating parties 9. Liabilities for race and contributions 9. Liabilities for race and contributions 9. Liabilities for taxes and contributions 9. Liabilities for taxes and contributions 9. Liabilities for non-current assets available for sale 10. Dividend payables 10. Dividend payables 10. Other current liabilities 10. Other current liabilities 10. Other current liabilities 10. Dividend Payables 10. Other current liabilities 10. Other BALANCE SHEET (for consolidated financial statements) A) CAPITAL AND RESERVES 1. Altributable to equity holders 10. Satisation 10.				
Discrimination CURRENT LIABILITIES (094 to 105) 093	9. Deferred tax liability		10.650.265	10 050 270
1. Liabilities to related parties 094 2. Borrowings and deposits 095 3. Liabilites to banks and other financial institutions 096 92.771.459 180.080.585 4. Liabilities for advances received 097 1.867.125 5 5. Trade payables 098 984.558.130 1.063.175.583 6. Liabilities for securities 099 35.482.060 34.588.206 7. Liabilities to participating parties 100 101 7.592.790 7.097.452 9. Liabilities to employees 101 7.592.790 7.097.452 9. Liabilities for taxes and contributions 102 4.701.840 3.607.349 10. Dividend payables 103 84.977 1.997 11. Liabilities for non-current assets available for sale 104 104 12. Other current liabilities 105 26.116.803 18.201.901 12. Other current liabilities 106 3.818.037 3.302.251 13. TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 13. OFF BALANCE SHEET (for consolidated financial statements) A) CAPITAL AND RESERVES L. Altributable t	I		11	· · · · · · · · · · · · · · · · · · ·
2. Borrowings and deposits 095 3. Liabilites to banks and other financial institutions 096 92.771.459 180.080.585 4. Liabilities for advances received 097 1.867.125 1.867.125 5. Trade payables 098 984.558.130 1.063.175.583 6. Liabilities for securities 099 35.482.060 34.588.206 7. Liabilities to participating parties 100 100 100 8. Liabilities to employees 101 7.592.790 7.097.452 9. Liabilities for taxes and contributions 102 4.701.840 3.607.349 10. Dividend payables 103 84.977 1.997 11. Liabilities for non-current assets available for sale 104 105 26.116.803 18.201.901 12. Other current liabilities 105 26.116.803 18.201.901 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000 1.000			1.100.110,104	1,000,733,073
3. Liabilites to banks and other financial institutions 096 92.771.459 180.080.585 4. Liabilites for advances received 097 1.867.125 5. Trade payables 098 984.558.130 1.063.175.583 6. Liabilitis for securities 099 35.482.060 34.588.206 7. Liabilities to participating parties 100 8. Liabilities to employees 101 7.592.790 7.097.452 9. Liabilities for taxes and contributions 102 4.701.840 3.607.349 10. Dividend payables 103 84.977 1.997 11. Liabilities for non-current assets available for sale 104 12. Other current liabilities 105 26.116.803 18.201.901 12. Other current liabilities 106 3.818.037 3.302.251 13. OFF BALANCE SHEET ITEMS 108 127.975.856 157.498.635 SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements) A) CAPITAL AND RESERVES 109 315.376.800 325.506.275				
4. Liabilites for advances received 097 1.867 125 5. Trade payables 098 984 558 130 1.063.175.583 6. Liabilities for securities 099 35.482 060 34.588.206 7. Liabilities to participating parties 100 101 7.592.790 7.097.452 9. Liabilities for taxes and contributions 102 4.701.840 3.607.349 10. Dividend payables 103 84.977 1.997 11. Liabilities for non-current assets available for sale 104 104 12. Other current liabilities 105 26.116.803 18.201.901 E) DEFFERED INCOME AND ACCRUED EXPENSES 106 3.818.037 3.302.251 F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 3) OFF BALANCE SHEET (For consolidated financial statements) 108 127.975.856 157.498.635 SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements) 325.506.275			02 771 450	190 090 505
5. Trade payables 098 984 558 130 1.063.175.583 6. Liabilities for securities 099 35.482 060 34.588.206 7. Liabilities to participating parties 100 100 8. Liabilities to employees 101 7.592.790 7.097.452 9. Liabilities for taxes and contributions 102 4.701.840 3.607.349 10. Dividend payables 103 84.977 1.997 11. Liabilities for non-current assets available for sale 104 104 12. Other current liabilities 105 26.116.803 18.201.901 E) DEFFERED INCOME AND ACCRUED EXPENSES 106 3.818.037 3.302.251 F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 3) OFF BALANCE SHEET ITEMS 108 127.975.856 157.498.635 SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements) A) CAPITAL AND RESERVES 109 315.376.800 325.506.275	4. Liabilities for advances received			
6. Liabilities for securities 099 35.482 060 34.588.206 7. Liabilities to participating parties 100 8. Liabilities to employees 101 7.592.790 7.097.452 9. Liabilities for taxes and contributions 102 4.701.840 3.607.349 10. Dividend payables 103 84.977 1.997 11. Liabilities for non-current assets available for sale 104 12. Other current liabilities 105 26.116.803 18.201.901 12. Other current liabilities 105 26.116.803 18.201.901 12. Other current liabilities 106 3.818.037 3.302.251 12. OTHER EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 13. OFF BALANCE SHEET (for consolidated financial statements) A) CAPITAL AND RESERVES 109 315.376.800 325.506.275	5. Trade payables		{ ····	1.062.175.592
7. Liabilities to participating parties 100 8. Liabilities to employees 101 7.592.790 7.097.452 9. Liabilities for taxes and contributions 102 4.701.840 3.607.349 10. Dividend payables 103 84.977 1.997 11. Liabilities for non-current assets available for sale 104 12. Other current liabilities 105 26.116.803 18.201.901 E) DEFFERED INCOME AND ACCRUED EXPENSES 106 3.818.037 3.302.251 F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 G) OFF BALANCE SHEET ITEMS 108 127.975.856 157.498.635 EUPPLEMENT TO BALANCE SHEET (for consolidated financial statements) A) CAPITAL AND RESERVES L Attributable to equity holders 109 315.376.800 325.506.275	6. Liabilitis for securities		} ···· {	l l
8. Liabilities to employees 101 7.592.790 7.097.452 9. Liabilities for taxes and contributions 102 4.701.840 3.607.349 10. Dividend payables 103 84.977 1.997 11. Liabilities for non-current assets available for sale 104			33.402.000	34.366.206
9. Liabilites for taxes and contributions 102 4.701.840 3.607.349 10. Dividend payables 103 84.977 1.997 11. Liabilites for non-current assets available for sale 12. Other current liabilites 105 26.116.803 18.201.901 12. Other current liabilities 106 3.818.037 3.302.251 13. OFFERED INCOME AND ACCRUED EXPENSES 106 3.818.037 3.302.251 14. TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 108 127.975.856 157.498.635 109 127.975.856 157.498.635 109 127.975.856 157.498.635 109 127.975.856 157.498.635 109 127.975.856 157.498.635 109 127.975.856 157.498.635			7 592 790	7.007.452
10. Dividend payables 103 84.977 1.997 11. Liabilites for non-current assets available for sale 104 12. Other current liabilites 105 26.116.803 18.201.901 E) DEFFERED INCOME AND ACCRUED EXPENSES 106 3.818.037 3.302.251 F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 E) OFF BALANCE SHEET ITEMS 108 127.975.856 157.498.635 EUPPLEMENT TO BALANCE SHEET (for consolidated financial statements) A) CAPITAL AND RESERVES L Attributable to equity holders 109 315.376.800 325.506.275				
11. Liabilites for non-current assets available for sale 104 12. Other current liabilities 105 26.116.803 18.201.901 E) DEFFERED INCOME AND ACCRUED EXPENSES 106 3.818.037 3.302.251 F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 B) OFF BALANCE SHEET ITEMS 108 127.975.856 157.498.635 SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements) A) CAPITAL AND RESERVES I. Altributable to equity holders 109 315.376.800 325.506.275			i I	. 1
12. Other current liabilities 105 26.116.803 18.201.901 E) DEFFERED INCOME AND ACCRUED EXPENSES 106 3.818.037 3.302.251 F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 B) OFF BALANCE SHEET ITEMS 108 127.975.856 157.498.635 SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements) A) CAPITAL AND RESERVES I. Altributable to equity holders 109 315.376.800 325.506.275	11. Liabilites for non-current assets available for sale		04.011	1.557
DEFFERED INCOME AND ACCRUED EXPENSES 106 3.818.037 3.302.251 7.707AL EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 3.7075.856 108 127.975.856 157.498.635 1.823.978.611 1.823.978.6	12. Other current liabilities		26 116 803	18 201 001
TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) 107 1.683.952.197 1.823.978.611 1.9				
G) OFF BALANCE SHEET ITEMS SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements) A) CAPITAL AND RESERVES I. Altributable to equity holders 109 315.376.800 325.506.275			1	
A) CAPITAL AND RESERVES 1. Attributable to equity holders 109 315.376.800 325.506.275				ı
A) CAPITAL AND RESERVES I. Attributable to equity holders 109 315.376.800 325.506.275		100	127.973.000	157.450,033
1. Attributable to equity holders 109 315,376,800 325,506,275				
70.070.000	Altributable to equity holders	109	315 376 800	325 506 275
	2. Attributable to minority interest		3 1 3 . 3 . 3 . 3 . 3	520.000.270

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

PROFIT AND LOSS in period 01.01.2011. to 30.09.2011.

Issuer: MEDIKA D.D.

Description	AOP mark	Previous	s period	Curren	period
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I. OPERATING REVENUES (112+113)	111	1.521.954.629	508.471.207	1.633.191.745	545.621.22
1. Revenues from sale	112	1.515.596.984	507.121.407	1.624.724.128	543.296.69
2. Other operating revenues	113	6.357.645	1.349.800	8.467.617	2.324.53
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	1.487.404.018	490.280 151	1.596.102.487	532.471.74
Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	1.370.986.676	451.225.410	1.481.799.632	498.262.39
a) Raw materials	117	7.488.014	2.452.756	1	2.788.41
b) Cost of goods sold	118	1.342.272.325	441.131.942		488.146.43
c) Other expenses	119	21,226,337	7,640,712	23,374,462	7.327.54
3. Employee expenses (121 to 123)	120	62,635,132	21.168.841	65,677,786	22.570.45
a) Net salaries	121	35,354,327	12,159,636	37.858,698	12,993.39
b) Tax and contributions from salaries	122	18,156,707	5.931.092	18.241.918	6.285.46
c) Contributions on salaries	123	9.124.098	3,078,113	9.577.170	3.291.60
4. Depreciation and amortization	124	13.946.245	4.589.650		4.314.05
5. Other expenses	125	29.018.569	8.479.707	25.277.615	7.324.83
6. Impairement (127+128)	126	10.365,776	4.364.923	9.887.671	1.024.00
a) of non-current assets (financial assets excluded)	127	10.000.75	4.004.020	5.501.011	
b) of current assets (financial assets excluded)	128	10,365,776	4,364,923	9.887,671	
7. Provisions	129	451.G20	451.620	5.007,071	,
8. Other operating expenses	130	101.020	401.020		
II. FINANCE INCOME (132 to 136)	131	9.783.113	-2.133.385	3.328.270	-605.11
1. Interests, foreign exchanges and dividend from related parties	132	3.700,115	-2.133.363	3.326.270	-605.11
2. Interests, foreign exchanges and dividend from non-related parties	133	9.783.113	-2.133.385	3.328.270	-605,11
3. Share of profit from associate	134	5.105.113	-2.105.365	3.326.270	-505, 11
4. Unrealised gains	135				
5. Other financial income	136				
V. FINANCE EXPENSES (138 to 141)	137	26,798,009	11.929,011	25.838.236	13,415,62
1. Interests, foreign exchanges and dividend from related parties	138	20,750,000	11.525,011	20.030.230	13.415.621
2. Interests, foreign exchanges and dividend from non-related parties	139	26.798,009	11.929.011	05 000 000	in eer on
3. Unrealised losses	140	20.790,009	11.923.011	25.838.236	13,415.629
4. Other finance expenses					
/. SHARE OF PROFIT FROM ASSOCIATE	141				
/I. SHARE OF LOSS FROM ASSOCIATE		-			
/II. EXTRAORDINARY - OTHER INCOME	143				
/III. EXTRAORDINARY - OTHER EXPENSES	144				***
X. TOTAL INCOME (111+131+142 + 144)	145	4 694 707 710			
C. TOTAL EXPENSES (114+137+143 + 145)	146	1.531.737.742	506.337.822	1.636.520.015	545,016,111
G. PROFIT OR LOSS BEFORE TAX (146-147)	147	1.514.202.027	502.209.162	1.621.940.723	545,887,370
1. Profil before tax (146-147)	148	17.535,715	4.128.660	14.579.292	-871.259
2. Loss before tax (147-146)	149	17.535.715	4.128.660	14,579,292	
(II. INCOME TAX	150	0	0	0	871.259
(III. PROFIT OR LOSS FOR THE PERIOD (148-151)	151	4.809.644	999 115	4.155.467	-232.53
	152	12.726.071	3.129.545	10.423.825	-638.72
1. Profit for the period (149-151)	153	12.726.071	3.129.545	10.423.825	
2. Loss for the period (151-148)	154	. 0	0	0	638.72

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)		······································			
. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	12.726,071	3,129,545	10.423.825	-638.72
I. OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (159 to 165)	158			n	
Exchage 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	* * * * * * * * * * * * * * * * * * * *			
Share in other comprehensive profit/loss of associates	164				
7. Actuarial gains/losses on defined benefit plans	165				
II. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
V. NET OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (158-166)	167	0	0	0	
/. COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (157+167)	168	12.726.071	3.129.545	10.423.825	-638.72
APPENDIX to Other comprehensive income report (to be filled for consolidated financial st	atements)		1		
/I. COMPREHENSIVE PROFIT OR LOSS	,				
1. Attributable to equity holders	169	1		I	
2. Attributable to minority interest	170				

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STATEMENT OF CASH FLOW - Indirect method in period 01.01.2011. do 30.09.2011.

In period 01.01.2011. do 30.09.2011.			····
Description	AOP mark	Previous period	Current period
CASH FLOW FROM OPERATING ACTIVITIES	2	3	4
1. Profit before tax			<u></u>
2. Depreciation and amortisation	001	17.535.715	
3. Increase of current liabilities	002	13.946.245	
Decrease of current receivables	003		66.266.764
5. Decrease of inventories	004	73.084.425	
6. Other increase of cash flow	005		25.114.290
I. Total increase of cash flow from operating activities (001 to 006)	006	6.832,090	
Decrease of current liabilities	007	111.398.475	119.420.129
2. Increase of current receivables	800		
3. Increase of inventories	009	79.466.848	142.279.763
4. Other decrease of cash flow	010	2.991.080	
II. Total decrease of cash flow from operating activities (008 to 011)	011	5.806.131	10.138.797
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	012	88.264.059	152.418.560
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	013	23.134.416	0
CASH FLOW FROM INVESTING ACTIVITIES	014] 0	32.998.431
Proceeds from sale of tangible and intangible assets			
Proceeds from sale of equity and debt securities	015	712.200	346.064
3. Interest received	016		
4. Dividends received	017	997.487	247.906
5. Other proceeds from investing activities	018		
III. Total proceeds from investing activities (015 to 019)	019		
Purchase of tangible and intangible assets	020	1.709.687	593.970
Purchase of equity and debt securities	021	31.614.348	48,027.362
Other purchases resulting from investing activities	022		
IV. Total purchases resulting from investing activities (021 to 023)	023		
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)	024	31.614.348	48.027.362
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)	025	. 0	0
CASH FLOW FROM FINANCING ACTIVITIES (024-020)	026	29.904.661	47.433.392
Proceeds from issuance of equity and debt securities	1	T T	
2. Proceeds from borrowings	027		
3. Other proceeds from financing activities	028	169.324.325	171.135.169
V. Total proceeds from financing activities (027 to 029)	029	3.545.244	
Repayments of borrowings	030	172.869.569	171,135,169
Dividends paid	031	171.028.250	106.212.904
Repayments of finance lease	032		377.389
Purchase of treasury shares	033	1.874.577	1.828.880
Other purchases resulting from financing activities	034		1.985.000
	035		
VI. Ukupno novčani izdaci od financijskih aktivnosti (031 to 035) C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	036	172.902.827	110,404,173
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-036)	037	0	60.730.996
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	038	33.258	. 0
Total decrease of cash flow (014 – 013 + 026 – 025 + 037 – 036)	039	0	0
Cash and cash equivalents at beginning of the period	040	6.803.503	19.700.827
Increase of cash and cash equivalents	041	49.838.047	31,251,047
Decrease of cash and cash equivalents	042	0.000.500	40.700.00
Cash and cash equivalents at end of the period	043	6.803.503	19.700.827
Guori and Guori equivalents at end of the period	044	43.034.544	11.550.220

STATEMENT OF CHANGES IN EQUITY rom 1.1.2011 to 30.9.2011 for period from

Description	AOP	Previous	Current
	mark	period	period
	7	3	4
1. Share capital	001	60.388.000	60.388.000
2. Capital reserves	002	-4.258.313	-6.863.284
3. Reserves from retained earnings	003	82,275,985	89.428.724
4. Retained earnings or accumulated loss	004	152.232.994	172 129 010
5. Profit or loss for the period	005	24 738 134	10 423 825
6. Revaluation of tangible assets	900		210.01
7. Revaluation of intangible assets	200		
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	600		
10. Total capital and reserves (AOP 001 to 009)	010	315.376.800	325 506 275
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	0.14		
15. Correction of material mistakes from previous period	0.0		11.1
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	100 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Charles Later			

Stavke koje umanjuju kapital upisuju se s negativnim predznakom Podaci pod AOP oznakama 001 do 009 upisuju se kao stanje na datum bilance



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Zagreb, 27 October 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 30 September 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 30 September 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