

**INTERIM REPORT
for I-IX 2013
Medika d.d. Zagreb**

October 2013

Report Submitted by Director

Comment on the business results for the first nine months of 2013

Medika d.d. („Company“) has realised total revenue in the first nine months of 2013 in amount of HRK 1 billion 679.9 million which is by 2.31% higher comparing to the same period of previous year.

Sales revenues which amount to HRK 1 billion 661.9 million for the first nine months of 2013 are by 2.52% higher comparing to the same period of previous year. Share of sales revenues in the total revenue is 98.92% and has not significantly changed comparing to the same period of previous year when it was 98.72%.

Other operating revenues which amount to HRK 14.5 million are higher comparing to the same period of previous year by 16.87%. Since the share of other operating revenues in total revenue was only 0.76% in the first nine months of 2012, and in the first nine months of 2013 is only 0.86%, this growth is not that significant.

Out of the total sales revenues, 99.92% revenues are generated on domestic market, while 0.08% is generated on the foreign market. This structure remained the same in the first nine months of 2013 comparing to the same period of previous year.

Material expenses amount to HRK 1 billion 548.8 million and are by 1.63% higher comparing to the same period of previous year. Since the operating expenses are growing slower, share of material expenses in the operating expenses is by 0.05% higher comparing to the same period of previous year and amounts to 95.04%.

Employee expenses are lower by 1.76% comparing to the same period of previous year and their share in the operating expenses is lower by 0.08%. This decrease is influenced by lower number of employees.

Finance expenses have decreased compared to the same period of previous year by 7.94% and their share in the total expenses is by 0.09% lower compared to the same period of previous year and amounts 0.91%. Net foreign exchange differences are negative and amount to HRK 2.3 million, while in the same period of previous year they were positive and amounted to HRK 4.5 million. Interest expenses amount to HRK 10.1 million, which is by 2.4 million kuna lower comparing to the same period of previous year. Lower interest expense is a result of lower interest rates in the first nine months of 2013 comparing to the same period of previous year.

Gross margin in the first nine months of 2012 amounted to 7.38% while in the first nine months of 2013 amounts 8.29% which is increase of 0.91%. Increase is result of increased net sales revenue which is by 2.52% higher while net cost of goods sold has grown slower, that is 1.51%. Increased sales revenue is a result of lower total credit notes given to the buyers, while total credit notes received from the suppliers are higher comparing to the same period of previous year. Due to these movements, price difference has increased.

Gross profit (profit before taxation) amounts to HRK 35.4 million, while in the same period of previous year amounted to HRK 21.5 million, which is increase of HRK 13.9 million. Higher gross profit is result of greater growth of total income (growth of 2.31% comparing to the same period of previous year) in relation to the growth of total expenses (growth of 1.48% comparing to the same period of previous year).

Operative earnings amount to HRK 46.8 million and are by HRK 17.7 million, or 60.63%, higher comparing to the same period of previous year because of higher growth of operating revenues in the first nine months of 2013 comparing to the same period of previous year (growth of 2.63%) in relation to the growth of operating expenses (growth of 1.58%).

Realised net profit amounts to HRK 24.8 million.

Transactions with the related parties in the first nine months of 2013 generated total revenue in amount of HRK 205.8 million, while in the same period of previous year total revenue amounted to HRK 186.4 million, which is increase of 10.37%. Increase is result of increased number of pharmacies in ZU Ljekarne Prima Pharme and their subsidiaries.

Trade goods purchased from the related parties amount to HRK 149.7 million, while in the same period of previous year they amounted to HRK 133.7 million. Increase is result of increased sales revenue and changes in VAT rates. Namely, as of 01 January changes to VAT Act are effective according to which VAT rate was changed for drugs and other merchandise. Since VAT rate applied on part of the merchandise that is purchased from the related parties was 0% and was changed form 01 January to 5%, this has resulted in higher gross amount of purchased merchandise.

Total assets are by 2.38% lower comparing to the beginning of the year which is mostly influenced by decrease of short term assets.

Long term assets are by 2.90% lower comparing to the beginning of the year. In the structure of the long term assets, long term material and immaterial assets are lower, while long term financial assets and deferred tax assets are almost at the same level comparing to the beginning of the year.

Since there were no major additions in 2013, long term material and immaterial assets are lower due to the depreciation and amortization.

Short term assets amount to HRK 1 billion 594.1 million and are by HRK 37.3 million, or 2.28%, lower comparing to the beginning of the year. In the structure of short term assets, inventory has increased, while receivables have decreased.

Inventory has increased by HRK 47.6 million comparing to the beginning of the year due to the increased purchase in the second quarter of 2013 as part of preparation process of joining EU. Since consignment warehouses for the producers which have their headquarters in EU member countries had to be closed, all merchandise form consignment warehouses was bought so the balance of these producers would be zero and consignment warehouses could be closed. Additionally, recommendation on prescribing the cheapest medicine issued by HZZO at the beginning of September has also influenced the increase in inventory. After the recommendation was issued, customers have substituted purchase of equivalent medicines of higher value with the ones of the lower value.

Total receivables amount to HRK 1 billion 356.8 million and are lower for HRK 71.8 million, which is 5.03%, comparing to the beginning of the year. Trade receivables and receivables from related parties amount to HRK 1 billion 353.1 million and have decreased by 4.80% comparing to the beginning of the year. Although in the second quarter recovery of health system was performed and trade receivables and receivables from related parties were as at 30.06.2013 for HRK 291.7 million, or 20.52%, lower comparing to the beginning of the year, due to the increased sales and slow collectability in the third quarter, trade receivables and receivables from related parties have increased by the end of the third quarter.

Receivables from the state and other institutions are lower by 3.7 million comparing to the beginning of the year because receivable for the overpaid prepayments for income tax for 2012 which as at 31.12.2012 amounted to 3.6 million.

Short term financial assets amount to HRK 123 thousand and relates to given loans and deposits. Comparing to 31.12.2012 financial assets have decreased for HRK 343 thousand due to the decrease in given loans and one returned deposit.

Share capital has increased for HRK 33.8 million and amounts to HRK 94.2 million.

In capital and reserves there is a change in treasury shares and capital reserves since 347 treasury shares were granted to the key management in the second quarter and in the third quarter 190 treasury shares were bought.

Long term liabilities are lower comparing to 31.12.2012 for HRK 114.6 million which is entirely influenced by decrease in liabilities to banks and other financial institutions. Decrease was financed from the increased cash inflow in the second quarter of 2013 as a result of recovery of health system.

Short term liabilities amount to HRK 1 billion 453.8 million out of which 1 billion 186.3 million relates to trade payables and liabilities to related parties, HRK 251.9 to indebtedness (HRK 251.2 million to short term loans and HRK 693 thousand to finance lease).

Trade payables and liabilities to related parties are lower for HRK 64.6 million comparing to 31.12.2012.

Total loans liabilities of Medika amounts to HRK 254.5 million which is decrease of HRK 5.3 million comparing to the beginning of the year. Out of the total liabilities, HRK 3.3 million relates to long term loans and HRK 251.2 million on short term loans. In the second quarter of 2013 indebtedness was decreased using cash inflow from recovery of health system and amounted to HRK 185 million. However, in the third quarter, cash inflow was significantly lower and indebtedness was increased for the liquidity purposes. All loans are in kuna and there is no exposure to foreign exchange risk at this balance sheet items.

Key events

Share capital has increased for HRK 33.8 million and amounts to HRK 94.2 million. Based on the decision passed by General Assembly as at 16 May 2013, Trade Court has passed decision as at 05 July 2013 on inscribing increase of share capital by increasing the nominal value of shares. Nominal value per share was increased from HRK 2,000.00 per share to HRK 3,120.00 per share.

Total pharmaceutical market in the first nine months of 2013 has decreased comparing to the same period of previous year. At the same time, sales of Medika have increased, so the market share has grown in 2013.

In June 2013 recovery of clinical hospitals was performed. At the same time, HZZO has shortened the period in which it pays to the pharmacies so the cash inflow was increased in the second quarter of 2013. Received funds were used to decrease indebtedness and for settling liabilities to suppliers. However, in the third quarter, cash inflow was significantly lower and indebtedness was increased for the liquidity purposes.

During the first quarter of 2013 business centre Osijek was moved to the new (leased) location and the process of obtaining the licences for the new distributive warehouse centre in Osijek has begun.

Expected future development of the Company

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.

Treasury shares

In June 347 treasury shares were granted to the key management. The ownership over the shares was transferred in Central Depository Clearing Company as at 11.07.2013.

As at 30.09.2013 the Company purchased 190 treasury shares. The ownership over the shares was transferred in Central Depository Clearing Company as at 04.10.2013.

After this transaction, Medika holds 1,483 treasury shares.

Subsidiaries and associates

The Company has 100% of ownership in subsidiary Zdravstvena ustanova Ljekarne Prima Pjarne and associate Litmus d.o.o. in which it holds 41.53% of ownership.

ZU Ljekarne Prima Pharme has 100% of ownership ZU Ljekarne Delonga, ZU Ljekarne Ines Škoko, ZU Ljekarne Atalić and associate ZU Ljekarne Jagatić in which it holds 49% of ownership.

During 2013 Ljekarna Alagić and ZU Ljekarne Čaić were merged with ZU Ljekarne Prima Pharme.

Related parties

The company with major voting rights, or a parent company Mavota d.o.o. owns 47.38% of the Company and has 49.83% of shares with voting rights.

Pliva Hrvatska d.o.o., Zagreb owns 25.32% of the Company and has 26.63% of the voting rights. Given the share in the ownership and business transactions with the Company, Pliva Hrvatska has significant influence on the current operations of the Company.

Financial risks and exposure to price risk, credit risk, liquidity and cash flow risk

Within financial risks, foreign exchange risk is significant. The Company's purchase of goods is predominantly realised on the foreign market. The Company is therefore exposed to foreign exchange risk arising from various changes in foreign exchange rates mainly linked to the EUR, which may have an impact on future operating results and cash flows.

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from the borrowings with variable interest rates. Borrowings with fixed interest rates expose the Company to the fair value interest rate risk exposure.

The Company does not use derivative instruments to actively hedge cash flow and fair value interest rate risk exposure. However, the Company continuously monitors changes in interest rates. Various scenarios are simulated taking into account refinancing, renewal of existing positions and alternative financing.

Price risk arises from 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, the Company focused on increase of variety of products which are not limited by law in respect of the price of the product.

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.

The most significant risk 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 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.

 Medika d.d.
ZAGREB, Capriasko

Jasminko Herceg, dipl.oec.
Director

Appendix 1.

Reporting period:

1.1.2013

to

30.9.2013

Quarterly financial statements TFI-POD

Registration number (MB): 03209741

Identification number of
company (MBS): 080027531Personal identification
number (OIB): 94818858923

Issuer: MEDIKA d.d.

Postal code and city: 100000

ZAGREB

Address: CAPRAŠKA 1

e-mail: medika.uprava@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: 346
(end of reporting period)

Consolidated statements: NO

NKD code: 4646

Consolidating entities (according to IFRS):

Headquarters:

MB:

Bookkeeping service:

Contact person: RADMILOVIĆ DIJANA
(only surname and name of contact person)

Telephone number: 012412551

Fax: 012371441

e-mail: medika.uprava@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.

M.P.



(signature of authorised person)

BALANCE SHEET
balance as at 30.9.2013

Issuer: MEDIKA d.d.			
Description	AOP mark	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	244.667.548	237.571.638
I. INTANGIBLE ASSETS (004 to 009)	003	23.748.923	20.579.202
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	10.387.862	7.233.691
3. Goodwill	006	11.929.586	11.929.586
4. Advances for intangible assets	007		
5. Intangible assets under construction	008	1.431.475	1.415.925
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	151.251.035	147.232.570
1. Land	011	15.994.715	15.994.715
2. Buildings	012	109.089.986	106.232.264
3. Equipment and machinery	013	5.638.800	4.493.187
4. Furniture, fittings and vehicles	014	10.821.748	8.620.858
5. Biological assets	015		
6. Advances for tangible assets	016	75.911	21.870
7. Tangible assets under construction	017	8.901.125	11.140.926
8. Other tangible assets	018	728.750	728.750
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	69.110.928	69.203.204
1. Investment in subsidiaries and associates	021	59.148.400	59.148.400
2. Loans to related parties	022		
3. Loans given to minority interest	023		
4. Loans given to participating parties	024		
5. Investment in securities	025		
6. Loans given, deposits and similar	026	9.962.528	10.054.804
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. DEFERRED TAX ASSET	033	556.662	556.662
C) CURRENT ASSETS (035+043+050+058)	034	1.631.411.496	1.594.144.536
I. INVENTORY (036 To 042)	035	187.014.493	234.646.090
1. Raw material	036	98.701	83.179
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	185.229.886	228.757.349
5. Advances for inventories	040	1.685.906	5.805.562
6. Non-current assets available for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	1.428.587.119	1.356.775.206
1. Receivables from related parties	044	209.946.778	274.010.748
2. Trade receivables	045	1.211.391.150	1.079.091.395
3. Receivables from participating parties	046		
4. Receivables from employees	047	42.690	29.855
5. Receivables from the state and other institutions	048	5.430.918	1.758.999
6. Other receivables	049	1.775.583	1.884.209
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	466.717	123.455
1. Investment in subsidiaries and associates	051		
2. Loans to related parties	052		
3. Equity investments	053		
4. Loans given to participating parties	054		
5. Investment in securities	055		
6. Loans given, deposits and similar	056	466.717	123.455
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	15.343.167	2.599.785
D) PREAPID EXPENSES AND ACCRUED INCOME	059	917.505	678.700
E) TOTAL ASSETS (001+002+034+059)	060	1.876.996.549	1.832.394.874
G) OFF BALANCE SHEET ITEMS	061	191.982.318	239.197.429

EQUITY AND LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	343.421.596	369.492.057
I. SHARE CAPITAL	063	60.388.000	94.205.280
II. CAPITAL RESERVES	064	-7.542.807	-8.477.674
III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)	065	83.667.810	85.905.577
1. Legal reserves	066	7.277.713	7.277.713
2. Reserves for treasury shares	067	60.000.000	60.000.000
3. Treasury shares	068	15.406.393	13.168.626
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	172.479.188	173.091.313
1. Retained earnings	073	172.479.188	173.091.313
2. Accumulated loss	074		
VI. PROFIT OR LOSS FOR THE PERIOD (076-077)	075	34.429.405	24.767.561
1. Profit for the period	076	34.429.405	24.767.561
2. Loss for the period	077		
VII. MAJORITY INTERESTS	078		
B) PROVISIONS (080 To 082)	079	441.422	441.422
1. Provisions for retirement, severance payment and similar	080	441.422	441.422
2. Tax provisions	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 to 092)	083	121.935.334	7.303.073
1. Liabilities to related parties	084		
2. Borrowings and deposits	085		
3. Liabilities to banks and other financial institutions	086	121.935.334	7.303.073
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		
D) CURRENT LIABILITIES (094 to 105)	093	1.409.979.587	1.453.850.608
1. Liabilities to related parties	094	165.232.750	142.791.589
2. Borrowings and deposits	095		
3. Liabilities to banks and other financial institutions	096	144.532.738	251.860.070
4. Liabilities for advances received	097	800.429	
5. Trade payables	098	1.085.751.403	1.043.560.289
6. Liabilities for securities	099		
7. Liabilities to participating parties	100		
8. Liabilities to employees	101	7.307.470	4.392.071
9. Liabilities for taxes and contributions	102	3.644.847	9.438.758
10. Dividend payables	103	1.034	1.034
11. Liabilities for non-current assets available for sale	104		
12. Other current liabilities	105	2.708.916	1.806.797
E) DEFERRED INCOME AND ACCRUED EXPENSES	106	1.218.610	1.307.714
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.876.996.549	1.832.394.874
G) OFF BALANCE SHEET ITEMS	108	191.982.318	239.197.429
SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements)			
A) CAPITAL AND RESERVES			
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
for period from 1.1.2013. to 30.9.2013

Issuer: MEDIKA d.d.

Description	AOP mark	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I. OPERATING REVENUES (112+113)	111	1.633.451.793	538.346.457	1.676.400.562	542.729.522
1. Revenues from sale	112	1.621.020.550	535.794.654	1.661.871.814	540.559.038
2. Other operating revenues	113	12.431.243	2.551.803	14.528.748	2.170.484
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	1.604.326.474	529.966.483	1.629.615.804	522.972.573
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	1.523.850.914	502.373.381	1.548.751.501	494.772.401
a) Raw materials	117	6.798.614	2.191.173	7.159.334	2.258.443
b) Cost of goods sold	118	1.501.352.385	495.101.875	1.524.055.462	486.567.433
c) Other expenses	119	15.699.915	5.080.333	17.536.705	5.946.525
3. Employee expenses (121 to 123)	120	37.381.090	12.314.905	36.722.782	12.235.392
a) Net salaries	121	21.442.796	7.130.179	21.269.253	7.090.400
b) Tax and contributions from salaries	122	10.759.294	3.559.906	10.607.770	3.530.208
c) Contributions on salaries	123	5.179.000	1.624.820	4.845.759	1.614.784
4. Depreciation and amortization	124	9.837.384	3.218.056	10.066.385	3.309.970
5. Other expenses	125	18.357.086	6.060.141	19.725.136	4.654.810
6. Impairment (127+128)	126	14.900.000	6.000.000	14.350.000	8.000.000
a) of non-current assets (financial assets excluded)	127				
b) of current assets (financial assets excluded)	128	14.900.000	6.000.000	14.350.000	8.000.000
7. Provisions	129				
8. Other operating expenses	130				
III. FINANCE INCOME (132 to 136)	131	8.573.399	5.149.834	3.535.178	-3.612.585
1. Interests, foreign exchanges and dividend from related parties	132				
2. Interests, foreign exchanges and dividend from non-related parties	133	8.573.399	5.149.834	3.535.178	-3.612.585
3. Share of profit from associate	134				
4. Unrealised gains	135				
5. Other financial income	136				
IV. FINANCE EXPENSES (138 to 141)	137	16.226.679	4.761.105	14.937.706	5.888.637
1. Interests, foreign exchanges and dividend from related parties	138				
2. Interests, foreign exchanges and dividend from non-related parties	139	16.226.679	4.761.105	14.937.706	5.888.637
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	1.642.025.192	543.496.291	1.679.935.740	539.116.937
X. TOTAL EXPENSES (114+137+143 + 145)	147	1.620.553.153	534.727.588	1.644.553.510	528.861.210
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	21.472.039	8.768.703	35.382.230	10.255.727
1. Profit before tax (146-147)	149	21.472.039	8.768.703	35.382.230	10.255.727
2. Loss before tax (147-146)	150	0	0	0	0
XII. INCOME TAX	151	6.441.612	2.630.611	10.614.669	3.076.718
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	15.030.427	6.138.092	24.767.561	7.179.009
1. Profit for the period (149-151)	153	15.030.427	6.138.092	24.767.561	7.179.009
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	15.030.427	6.138.092	24.767.561	7.179.009
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	15.030.427	6.138.092	24.767.561	7.179.009

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
for period from 1.1.2013 to 30.9.2013.

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	21.472.039	35.382.230
2. Depreciation and amortisation	002	9.837.384	10.066.385
3. Increase of current liabilities	003	102.461.533	
4. Decrease of current receivables	004		71.811.912
5. Decrease of inventories	005		
6. Other increase of cash flow	006		
I. Total increase of cash flow from operating activities (001 to 006)	007	133.770.956	117.260.527
1. Decrease of current liabilities	008		63.456.312
2. Increase of current receivables	009	26.223.201	
3. Increase of inventories	010	9.959.873	47.631.596
4. Other decrease of cash flow	011	7.458.914	9.082.617
II. Total decrease of cash flow from operating activities (008 to 011)	012	43.641.988	120.170.525
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	90.128.968	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	2.909.998
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of tangible and intangible assets	015	374.663	442.433
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	345.694	1.047.096
4. Dividends received	018		
5. Other proceeds from investing activities	019		
III. Total proceeds from investing activities (015 to 019)	020	720.357	1.489.529
1. Purchase of tangible and intangible assets	021	8.408.890	2.940.014
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	8.408.890	2.940.014
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	7.688.533	1.450.485
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issuance of equity and debt securities	027		
2. Proceeds from borrowings	028	270.500.000	175.000.000
3. Other proceeds from financing activities	029		
V. Total proceeds from financing activities (027 to 029)	030	270.500.000	175.000.000
1. Repayments of borrowings	031	365.287.574	180.300.094
2. Dividends paid	032		
3. Repayments of finance lease	033	1.522.113	2.060.805
4. Purchase of treasury shares	034	2.224.228	1.022.000
5. Other purchases resulting from financing activities	035		
VI. Ukupno novčani izdaci od finansijskih aktivnosti (031 to 035)	036	369.033.915	183.382.899
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	98.533.915	8.382.899
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	16.093.480	12.743.382
Cash and cash equivalents at beginning of the period	041	35.577.359	15.343.167
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043	16.093.480	12.743.382
Cash and cash equivalents at end of the period	044	19.483.879	2.599.785

STATEMENT OF CHANGES IN EQUITY
for period from **1.1.2013** to **30.9.2013**

Description 1	AOP mark 2	Previous period 3	Current period 4
1. Share capital	001	60.388.000	94.205.280
2. Capital reserves	002	-7.542.807	-8.477.674
3. Reserves from retained earnings	003	83.667.810	85.905.577
4. Retained earnings or accumulated loss	004	172.479.188	173.091.313
5. Profit or loss for the period	005	34.429.405	24.767.561
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	343.421.596	369.492.057
11. Foreign exchanges from the foreign investments	011		
12. Current and deferred tax (part)	012		
13. Cash flow hedge	013		
14. Changes 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

Zagreb, 29 October 2013

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08 and 146/08) Director 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 from 01 January to 30 September 2013 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 from 01 January to 30 September 2013 gives 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.

Medika dd.
ZAGREB, CAPRAŠKA 1

Jasminko Herceg
Director