



**Medika** d.d.

Zagreb, Capraška 1

**INTERIM REPORT  
for I-III 2014  
Medika d.d. Zagreb**

**April 2014**

## Report Submitted by Director

### *Comment on the business results for the first quarter of 2014*

Medika d.d. („Company“) has realised total revenue in the first three months of 2014 in amount of HRK 528.3 million which is by 5.81% lower comparing to the same period of previous year.

Sales revenues which amount to HRK 523.0 million for the first three months of 2014 are by 6.03% lower comparing to the same period of previous year. Lower sales are influenced by lowering sales prices on the reimbursement list of drugs passed by HZZO. Namely, with the changes of the reimbursement list of drugs which occurred from second to fourth quarter of 2013 and in the first quarter of 2014, sales prices were lowered multiple times. Also, from 01.01.2014 the sale prices of orthopaedic support devices are lowered as the new reimbursement list for orthopaedic support devices is effective from that date. Additionally, lower revenue from services also impacted decrease in sales. Revenue from services mainly relate to consignment fee which is HRK 2.8 million lower comparing to the same period of previous year since consignment warehouses of the manufacturers that have headquarters in EU member countries are closed.

Share of sales revenues in the total revenue is 98.99% while in the same period of previous year it was 99.22%.

Other operating revenues which amount to HRK 3.9 million are lower comparing to the same period of previous year by 3.95%. Since the share of other operating revenues in total revenue was only 0.72% in the first quarter of 2013, and in the first quarter of 2014 is only 0.74%, this decrease is not that significant.

Out of the total sales revenues, 99.91% revenues are generated on domestic market, while 0.09% is generated on the foreign market. This structure has not significantly changed in the first quarter 2014 comparing to the same period of previous year.

Material expenses amount to HRK 493.8 million and are by 5.26% lower comparing to the same period of previous year. Since the operating expenses are declining faster, share of material expenses in the operating expenses is by 0.33% higher comparing to the same period of previous year and amounts to 95.05%.

Employee expenses are higher by 2.29% comparing to the same period of previous year and their share in the operating expenses has increased by 0.18%. This increase is influenced by higher number of employees.

Finance expenses have decreased compared to the same period of previous year by 19.62% and their share in the total expenses is by 0.16% lower compared to the same period of previous year and amounts 0.93%. This decrease is the result of lower foreign exchange differences and lower interest expenses as a result of lower interest rates in the first three months of 2014 comparing to the same period of previous year.

Gross margin in the first three months of 2013 amounted to 7.67% while in the first three months of 2014 amounts 6.89% which is decrease of 0.78%. Decrease is result of decreased net sales revenue which is by 6.03% lower while net cost of goods sold has decreased slower, that is 5.24%. Due to these movements, margin has decreased.

Gross profit (profit before taxation) amounts to HRK 3.9 million, while in the same period of previous year amounted to HRK 4.5 million, which is decrease of 14.40%. Lower gross profit is result of greater decrease of total income (decrease of 5.81% comparing to the same period of previous year) in relation to the decrease of total expenses (decrease of 5.74% comparing to the same period of previous year).

Operative earnings amount to HRK 7.3 million and are by HRK 3.0 million, or 28.77%, lower comparing to the same period of previous year because of higher decrease of operating revenues in the first quarter of 2014 comparing to the same period of previous year (decrease of 6.02%, that is HRK 33.7 million) in relation to the decrease of operating expenses (decrease of 5.59%, that is HRK 30.8 million).

Realised net profit amounts to HRK 2.9 million.

Transactions with the related parties in the first quarter of 2014 generated total revenue in amount of HRK 71.9 million, while in the same period of previous year total revenue amounted to HRK 69.1 million, which is decrease of 4.07%. Decrease is result of lower sales prices on reimbursement list of drugs.

Trade goods purchased from the related parties amount to HRK 47.9 million, while in the same period of previous year they amounted to HRK 55.6 million. Decrease is result of lower sales prices on reimbursement list of drugs.

Total assets are by 6.17% higher comparing to the beginning of the year which is mostly influenced by increase of short term assets.

Long term assets have not significantly changed comparing to the beginning of the year. Long term intangible assets are lower comparing to the beginning of the year for HRK 1.1 million. Since there was no significant additions in 2014, decrease is a result of amortization. Long term tangible assets have increased comparing to the beginning of the year for HRK 807 thousand. This is result of new additions and increase in investment in new business centre Osijek.

Long term financial assets and deferred tax assets are almost at the same level comparing to the beginning of the year.

Short term assets amount to HRK 1 billion 736.2 million and are by HRK 110.7 million, or 6.81%, higher comparing to the beginning of the year. In the structure of short term assets receivables and inventory have increased, while financial assets have decreased.

Inventory has increased by HRK 8.6 million comparing to the beginning of the year due to the closing of consignment warehouse for the producer who has headquarters in EU member country. All merchandise from consignment warehouse was bought so the balance of this producer would be zero and consignment warehouse could be closed.

Total receivables amount to HRK 1 billion 435.2 million and are higher for HRK 123.0 million, which is 9.37%, comparing to the beginning of the year. Trade receivables and receivables from related parties amount to HRK 1 billion 428.5 million and have increased by 9.67% comparing to the beginning of the year.

Short term financial assets amount to HRK 35.7 million and relates to given loans and deposits. Comparing to beginning of the year financial assets have decreased for HRK 14.7 million due to the repayment of the given loans.

Share capital has not been changed in 2014.

Long term liabilities are higher comparing to the beginning of the year for HRK 8.1 million which is entirely influenced by increase in liabilities to banks and other financial institutions.

Short term liabilities amount to HRK 1 billion 570.0 million out of which HRK 1 billion 230.8 million relates to trade payables and liabilities to related parties, HRK 329.1 to indebtness (HRK 328.0 million to short term loans and HRK 1.1 million to finance lease).

Trade payables and liabilities to related parties are higher for HRK 86.1 million comparing to the beginning of the year as a result of increase in trade receivables and receivables from related parties.

Total loans liabilities of Medika amounts to HRK 338.9 million which is increase of HRK 27.9 million comparing to the beginning of the year. Out of the total liabilities, HRK 10.9 million relates to long term loans and HRK 328.0 million to short term loans. Since in the first quarter cash inflow was significantly low, indebtness 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***

Total pharmaceutical market in the first quarter of 2014 has decreased comparing to the same period of previous year. At the same time, sales of Medika have decreased in smaller percentage comparing to the market decrease, so the market share has grown in 2014.

With the changes at the reimbursement list of drugs and at reimbursement list for orthopaedic support devices, sales prices were lowered which resulted in lower sales revenue and lower sales margin comparing to the same period of the previous year.

Due to the lower cash inflow, the Company increased indebtness for the liquidity purposes.

### ***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***

As at 31.03.2014, Medika holds 1,155 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, ZU Ljekarne Hermed and associate ZU Ljekarne Jagatić in which it holds 49% of ownership.

During 2014 Ljekarna Elvira Štimac was merged with ZU Ljekarne Prima Pharme.

### ***Related parties***

The company with major voting rights, a parent company Mavota d.o.o. owns 47.38% of the Company and has 49.26% of shares with voting rights.

Pliva Hrvatska d.o.o., Zagreb owns 25.32% of the Company and has 26.33% 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.

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, Croatia

Jasminko Herceg, dipl.oec.  
Director

**Appendix 1.**

Reporting period:

1.1.2014.

to

31.3.2014

**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: 10000

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: 357  
(end of reporting period)

Consolidated statements: NO

NKD code: 4646

Consolidated entities (according to IFRS):

Headquarters:

MB:

Bookkeeping service:

Contact person: RADMILOVIĆ DIJANA

(only name of the 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 31.03.2014

Issuer: MEDIKA d.d.

Description	AOP mark	Previous period	Current period
1	2	3	4
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL</b>	<b>001</b>		
<b>B) NON-CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	235.510.659	235.244.187
<b>I. INTANGIBLE ASSETS (004 to 009)</b>	<b>003</b>	19.640.383	18.542.237
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	5.873.164	4.783.439
3. Goodwill	006	11.929.586	11.929.586
4. Advances for intangible assets	007	106.987	106.988
5. Intangible assets under construction	008	1.730.646	1.722.224
6. Other intangible assets	009		
<b>II. TANGIBLE ASSETS (011 to 019)</b>	<b>010</b>	146.572.413	147.379.229
1. Land	011	15.994.715	15.994.715
2. Buildings	012	102.542.496	101.647.097
3. Equipment and machinery	013	4.263.093	4.448.835
4. Furniture, fittings and vehicles	014	7.682.896	7.479.202
5. Biological assets	015		
6. Advances for tangible assets	016	6.007.726	5.318.486
7. Tangible assets under construction	017	9.347.737	11.757.144
8. Other tangible assets	018	733.750	733.750
9. Investment property	019		
<b>III. NON-CURRENT FINANCIAL ASSETS (021 to 028)</b>	<b>020</b>	68.856.720	68.881.578
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	9.708.320	9.733.178
7. Other non-current financial assets	027		
8. Investments at equity method	028		
<b>IV. RECEIVABLES (030 to 032)</b>	<b>029</b>	0	0
1. Receivables from related parties	030		
2. Receivables for credit sales	031		
3. Other receivables	032		
<b>V. DEFERRED TAX ASSET</b>	<b>033</b>	441.143	441.143
<b>C) CURRENT ASSETS (035+043+050+058)</b>	<b>034</b>	1.625.481.613	1.736.202.886
<b>I. INVENTORY (036 To 042)</b>	<b>035</b>	211.243.565	219.847.746
1. Raw material	036	96.103	96.233
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	209.998.864	215.405.654
5. Advances for inventories	040	1.148.598	4.345.859
6. Non-current assets available for sale	041		
7. Biological assets	042		
<b>II. RECEIVABLES (044 to 049)</b>	<b>043</b>	1.312.175.181	1.435.173.035
1. Receivables from related parties	044	246.515.688	258.051.740
2. Trade receivables	045	1.056.109.550	1.170.491.006
3. Receivables from participating parties	046		
4. Receivables from employees	047	27.994	24.389
5. Receivables from the state and other institutions	048	5.654.012	5.482.112
6. Other receivables	049	3.867.937	1.123.788
<b>III. CURRENT FINANCIAL ASSETS (051 to 057)</b>	<b>050</b>	50.405.113	35.670.799
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	50.405.113	35.670.799
7. Other financial assets	057		
<b>IV. CASH IN BANK AND ON HAND</b>	<b>058</b>	51.657.754	45.511.306
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	728.889	5.202.456
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	1.861.721.161	1.976.649.529
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>061</b>	185.013.175	171.709.638

<b>EQUITY AND LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	388.050.446	390.954.569
<b>I. SHARE CAPITAL</b>	<b>063</b>	94.205.280	94.205.280
<b>II. CAPITAL RESERVES</b>	<b>064</b>	-9.243.180	-9.243.180
<b>III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)</b>	<b>065</b>	88.587.744	88.587.744
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	10.486.459	10.486.459
4. Statutory reserves	069		
5. Other reserves	070	31.796.490	31.796.490
<b>IV. REVALUATION RESERVES</b>	<b>071</b>		
<b>V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)</b>	<b>072</b>	173.091.313	214.500.601
1. Retained earnings	073	173.091.313	214.500.601
2. Accumulated loss	074		
<b>VI. PROFIT OR LOSS FOR THE PERIOD (076-077)</b>	<b>075</b>	41.409.289	2.904.124
1. Profit for the period	076	41.409.289	2.904.124
2. Loss for the period	077		
<b>VII. MAJORITY INTERESTS</b>	<b>078</b>		
<b>B) PROVISIONS (080 To 082)</b>	<b>079</b>	515.583	515.583
1. Provisions for retirement, severance payment and similar	080	515.583	515.583
2. Tax provisions	081		
3. Other provisions	082		
<b>C) NON-CURRENT LIABILITIES (084 to 092)</b>	<b>083</b>	5.638.314	13.738.150
1. Liabilities to related parties	084		
2. Borrowings and deposits	085		
3. Liabilities to banks and other financial institutions	086	5.638.314	13.738.150
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		
<b>D) CURRENT LIABILITIES (094 to 105)</b>	<b>093</b>	1.466.203.854	1.570.000.411
1. Liabilities to related parties	094	122.955.376	124.791.519
2. Borrowings and deposits	095		
3. Liabilities to banks and other financial institutions	096	309.262.788	329.085.713
4. Liabilities for advances received	097	417.048	3.046
5. Trade payables	098	1.021.690.528	1.105.965.915
6. Liabilities for securities	099		
7. Liabilities to participating parties	100		
8. Liabilities to employees	101	5.106.170	4.502.221
9. Liabilities for taxes and contributions	102	4.116.250	3.619.329
10. Dividend payables	103	1.034	1.034
11. Liabilities for non-current assets available for sale	104		
12. Other current liabilities	105	2.654.660	2.031.634
<b>E) DEFERRED INCOME AND ACCRUED EXPENSES</b>	<b>106</b>	1.312.964	1.440.816
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	1.861.721.161	1.976.649.529
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	185.013.175	171.709.638
<b>SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements)</b>			
<b>A) CAPITAL AND RESERVES</b>			
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 1.1.2014 to 31.3.2014

Issuer: MEDIKA d.d.

Description	AOP mark	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING REVENUES (112+113)</b>	<b>111</b>	560.618.757	560.618.757	526.896.643	526.896.643
1. Revenues from sale	112	556.560.780	556.560.780	522.999.001	522.999.001
2. Other operating revenues	113	4.057.977	4.057.977	3.897.642	3.897.642
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	550.308.453	550.308.453	519.552.107	519.552.107
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	521.248.107	521.248.107	493.808.702	493.808.702
a) Raw materials	117	2.658.974	2.658.974	2.313.389	2.313.389
b) Cost of goods sold	118	513.857.193	513.857.193	486.950.017	486.950.017
c) Other expenses	119	4.731.940	4.731.940	4.545.296	4.545.296
3. Employee expenses (121 to 123)	120	12.186.957	12.186.957	12.466.429	12.466.429
a) Net salaries	121	7.050.905	7.050.905	7.211.805	7.211.805
b) Tax and contributions from salaries	122	3.528.051	3.528.051	3.612.781	3.612.781
c) Contributions on salaries	123	1.608.001	1.608.001	1.641.843	1.641.843
4. Depreciation and amortization	124	3.407.680	3.407.680	3.100.819	3.100.819
5. Other expenses	125	7.115.709	7.115.709	4.288.788	4.288.788
6. Impairment (127+128)	126	6.350.000	6.350.000	5.887.369	5.887.369
a) of non-current assets (financial assets excluded)	127				
b) of current assets (financial assets excluded)	128	6.350.000	6.350.000	5.887.369	5.887.369
7. Provisions	129				
8. Other operating expenses	130				
<b>III. FINANCE INCOME (132 to 136)</b>	<b>131</b>	311.758	311.758	1.429.537	1.429.537
1. Interests, foreign exchanges and dividend from related parties	132				
2. Interests, foreign exchanges and dividend from non-related parties	133	311.758	311.758	1.429.537	1.429.537
3. Share of profit from associate	134				
4. Unrealised gains	135				
5. Other financial income	136				
<b>IV. FINANCE EXPENSES (138 to 141)</b>	<b>137</b>	6.098.663	6.098.663	4.901.908	4.901.908
1. Interests, foreign exchanges and dividend from related parties	138				
2. Interests, foreign exchanges and dividend from non-related parties	139	6.098.663	6.098.663	4.901.908	4.901.908
3. Unrealised losses	140				
4. Other finance expenses	141				
<b>V. SHARE OF PROFIT FROM ASSOCIATE</b>	<b>142</b>				
<b>VI. SHARE OF LOSS FROM ASSOCIATE</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	560.930.515	560.930.515	528.326.180	528.326.180
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	556.407.116	556.407.116	524.454.015	524.454.015
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	4.523.399	4.523.399	3.872.165	3.872.165
1. Profit before tax (146-147)	149	4.523.399	4.523.399	3.872.165	3.872.165
2. Loss before tax (147-146)	150	0	0	0	0
<b>XII. INCOME TAX</b>	<b>151</b>	1.357.020	1.357.020	968.041	968.041
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	3.166.379	3.166.379	2.904.124	2.904.124
1. Profit for the period (149-151)	153	3.166.379	3.166.379	2.904.124	2.904.124
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	3.166.379	3.166.379	2.904.124	2.904.124
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	3.166.379	3.166.379	2.904.124	2.904.124

**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 1.1.2014 to 31.3.2014

Issuer: MEDIKA d.d.			
Description	AOP mark	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	4.523.399	3.872.165
2. Depreciation and amortisation	002	3.407.680	3.100.819
3. Increase of current liabilities	003	46.162.723	83.973.631
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other increase of cash flow	006		9.534.012
<b>I. Total increase of cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>54.093.802</b>	<b>100.480.627</b>
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	125.791.516	122.997.853
3. Increase of inventories	010	10.776.012	8.604.182
4. Other decrease of cash flow	011	1.532.510	
<b>II. Total decrease of cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>138.100.038</b>	<b>131.602.035</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>84.006.236</b>	<b>31.121.408</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of tangible and intangible assets	015	789.476	2.120
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	217.253	1.225.705
4. Dividends received	018		
5. Other proceeds from investing activities	019		
<b>III. Total proceeds from investing activities (015 to 019)</b>	<b>020</b>	<b>1.006.729</b>	<b>1.227.825</b>
1. Purchase of tangible and intangible assets	021	820.468	3.452.444
2. Purchase of equity and debt securities	022		
3. Other purchases resulting from investing activities	023		
<b>IV. Total purchases resulting from investing activities (021 to 023)</b>	<b>024</b>	<b>820.468</b>	<b>3.452.444</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>	<b>186.261</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>026</b>	<b>0</b>	<b>2.224.619</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issuance of equity and debt securities	027		
2. Proceeds from borrowings	028	80.000.000	67.536.601
3. Other proceeds from financing activities	029		
<b>V. Total proceeds from financing activities (027 to 029)</b>	<b>030</b>	<b>80.000.000</b>	<b>67.536.601</b>
1. Repayments of borrowings	031	3.899.991	39.666.667
2. Dividends paid	032		
3. Repayments of finance lease	033	681.567	670.355
4. Purchase of treasury shares	034		
5. Other purchases resulting from financing activities	035		
<b>VI. Ukupno novčani izdaci od financijskih aktivnosti (031 to 035)</b>	<b>036</b>	<b>4.581.558</b>	<b>40.337.022</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>75.418.442</b>	<b>27.199.579</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>0</b>
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	8.401.533	6.146.448
Cash and cash equivalents at beginning of the period	041	15.343.167	51.657.754
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043	8.401.533	6.146.448
Cash and cash equivalents at end of the period	044	6.941.634	45.511.306

**STATEMENT OF CHANGES IN EQUITY**  
for period from 1.1.2014 to 31.3.2014

Description	AOP mark	Previous period	Current period
1	2	3	4
1. Share capital	001	94.205.280	94.205.280
2. Capital reserves	002	-9.243.180	-9.243.180
3. Reserves from retained earnings	003	88.587.744	88.587.744
4. Retained earnings or accumulated loss	004	173.091.313	214.500.601
5. Profit or loss for the period	005	41.409.289	2.904.124
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	388.050.446	390.954.569
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		

Balances that decrease equity are presented with the minus  
Data in AOP 001 to 009 are presented as the balance as at balance sheet date

Zagreb, 29 April 2014

Pursuant to the article 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 from 01 January to 31 March 2014 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 31 March 2014 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.



Jasminko Herceg  
*Director*