

**INTERIM REPORT  
for I-IX 2014  
Group Medika**

**October 2014**

## Report Submitted by Director

### *Comment on the business results for the first nine months of 2014*

Medika Group („Group“) has realised total revenue in the first nine months of 2014 in amount of HRK 1 billion 714.6 million which is by 1.77% lower comparing to the same period of previous year.

Sales revenues which amount to HRK 1 billion 694,3 million for the first nine months of 2014 are by 1.80% 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 nine months 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 by HRK 9.7 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 98.82% and has not significantly changed comparing to the same period of previous year when it was 98.84%.

Other operating revenues which amount to HRK 12.4 million are lower comparing to the same period of previous year by 18.64%. Since the share of other operating revenues in total revenue was only 0.87% in the first nine months of 2013, and in the first nine months of 2014 is only 0.72%, this decrease 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 has not significantly changed in the first nine months of 2014 comparing to the same period of previous year.

Material expenses amount to HRK 1 billion 562.2 million and are by 0.55% 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 0.51% higher comparing to the same period of previous year and amounts to 93.39%.

Employee expenses are higher by 3.67% comparing to the same period of previous year and their share in the operating expenses has increased by 0.20%. This increase is influenced by higher number of employees.

Finance expenses have decreased compared to the same period of previous year by HRK 4.2 million, which is 24.56%. Their share in the total expenses is 0.24% lower comparing to the same period of previous year and amounts 0.77%. This increase is the result of lower interest rates in the first nine months of 2014 comparing to the same period of previous year.

Gross margin in the first nine months of 2013 amounted to 11.10% while in the first nine months of 2014 amounts to 9.87% which is decrease of 1.22%. Decrease is result of decreased net sales revenue which is by 1.80% lower while net cost of goods sold has decreased slower, that is 0.45%. Due to these movements, margin has decreased.



Gross profit (profit before taxation) amounts to HRK 28.9 million, while in the same period of previous year amounted to HRK 37.1 million, which is decrease of 22.06%. Lower gross profit is result of greater decrease of total income (decrease of 1.77% comparing to the same period of previous year) in relation to the decrease of total expenses (decrease of 1.33% comparing to the same period of previous year).

Operative earnings amount to HRK 33.9 million and are by HRK 15.4 million, or 31.19%, lower comparing to the same period of previous year because of higher decrease of operating revenues in the first nine months of 2014 comparing to the same period of previous year (decrease of 1.94%, that is HRK 33.8 million) in relation to the decrease of operating expenses (decrease of 1.09%, that is HRK 18.5 million).

Realised net profit amounts to HRK 21.6 million.

Transactions with the related parties in the first nine months of 2014 generated total revenue in amount of HRK 21.3 million, while in the same period of previous year total revenue amounted to HRK 21.9 million, which is decrease of 2.75%. Decrease is result of lower sales prices on reimbursement list of drugs.

Trade goods purchased from the related parties amount to HRK 137.3 million, while in the same period of previous year they amounted to HRK 149.7 million. Decrease is result of lower sales prices on reimbursement list of drugs.

Total assets are by 3.57% higher comparing to the beginning of the year which is mostly influenced by increase of short term assets.

Long term assets have increased by 2.14% comparing to the beginning of the year. Long term intangible assets are higher comparing to the beginning of the year for HRK 2.2 million as a result of the purchase of new pharmacies. Long term tangible assets have increased comparing to the beginning of the year for HRK 6.0 million. 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 617.6 million and are by HRK 59.9 million, or 3.85%, higher comparing to the beginning of the year. In the structure of short term assets receivables and financial assets have increased, while inventory has decreased.

Inventory has decreased by HRK 6.8 million comparing to the beginning of the year. Although the inventory at the end of the first and second quarter was higher comparing to the beginning of the year, decrease in the third quarter comparing to the beginning of the year is result of lower procurement comparing to the sales in the third quarter.

Total receivables amount to HRK 1 billion 253.8 million and are higher for HRK 52.4 million, which is 4.36%, comparing to the beginning of the year. Trade receivables and receivables from related parties amount to HRK 1 billion 249.7 million and have increased by 5.06% comparing to the beginning of the year.

Short term financial assets amount to HRK 99.2 million and mostly relates to short term given loans. Comparing to beginning of the year financial assets have increased for HRK 48.8 million due to approved new loans to business partners.

Share capital has increased for HRK 40.8 million and amounts to HRK 135.0 million. Based on the decision passed by the General Assembly held 22 May 2014, Trade Court as at 20 June 2014 has passed the decision on inscribing the increase of share capital which was carried out by increasing the nominal value of the shares. Nominal value of the share was increased from HRK 3,120.00 to HRK 4,470.00.

Long term liabilities are higher comparing to the beginning of the year for HRK 13.4 million which is entirely influenced by increase in liabilities to banks and other financial institutions.

Short term liabilities amount to HRK 1 billion 537.3 million out of which HRK 1 billion 201.2 million relates to trade payables and liabilities to related parties, HRK 320.5 to indebtedness (HRK 320.2 million to short term loans and HRK 363 thousand to finance lease).

Trade payables and liabilities to related parties are higher for HRK 52.0 million comparing to the beginning of the year.

Total loans liabilities of the Group amount to HRK 343.4 million which is almost at the same level comparing to the beginning of the year. Out of the total liabilities, HRK 23.2 million relates to long term loans and HRK 320.2 million to short term loans. In the second quarter cash inflow was better and it was used to lower the indebtedness. However, in the third quarter, cash inflow was lower and indebtedness was increased for the liquidity purposes.

### ***Key events***

Total pharmaceutical market in the first nine months 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.

Based on the decision passed by the General Assembly, the increase of share capital was carried out. Share capital has increased for HRK 40.8 million and amounts to HRK 135.0 million.

Although in the second quarter of 2014 due to the better cash inflow indebtedness was lower comparing to the beginning of the year, in the third quarter indebtedness was again increased due to the lower cash inflow.

In January 2014 ZU Ljekarne Hermed was bought and in March Ljekarna Elvira Štimac was merged with ZU Ljekarne Prima Pharme

### ***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.

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



### ***Treasury shares***

As at 30.09.2014, 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 majority of Group's income is realised on domestic market in Croatian kuna. The Group's purchase of goods is predominantly realised on the foreign market. Furthermore, a part of the borrowings is linked to foreign currencies. The Group is therefore exposed to foreign exchange risk arising from various changes in foreign exchange rates mainly linked to the EUR.

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

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group does not use derivative instruments to actively hedge cash flow and fair value interest rate risk exposure. However, the Group 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 Group 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 the Group's 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.

Jasminko Herceg, dipl.oec.

Director

<sup>3</sup> **Medika** d.d.  
ZAGREB, Caprača

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**Appendix 1.**

Reporting period:

1.1.2014

to

30.6.2014

**Quarterly financial statements TFI-POD**

Registration number (MB): 03209741

Identification number of company (MBS): 080027531

Personal identification number (OIB): 94818858923

Issuer: MEDIKA d.d.

Postal code and city: 10000 ZAGREB

Address: CAPRAŠKA 1

e-mail: medika.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: 761  
(end of reporting period)

Consolidated statements: YES

NKD code: 4646

Consolidated entities (according to IFRS):

Sjedište:

MB:

ZU Ljekarne Prima Pharme

Split

0694975

ZU Ljekarne Delonga

Okrug Gornji

1605747

ZU Ljekarne Ines Škoko

Zagreb

02708396

ZU Ljekarne Atalić

Osijek

0845124

ZU Ljekarne Hermed

Sisak

01252232

Bookkeeping service:

Contact person: RADMILOVIĆ DIJANA

(only name of the contact person)

Telephone number: 012412551

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(osoba ovlaštene za zastupanje)

**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 30.9.2014.

Issuer: MEDIKA d.d.			
Description	AOP mark	Previous period	Current period
1	2	3	4
<b>ASSETS</b>			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	396.749.406	405.228.445
I. INTANGIBLE ASSETS (004 to 009)	003	188.717.677	190.899.691
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	114.946.894	113.089.864
3. Goodwill	006	71.933.150	75.937.947
4. Advances for intangible assets	007	106.987	106.988
5. Intangible assets under construction	008	1.730.646	1.764.892
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	155.425.747	161.427.619
1. Land	011	15.994.715	15.994.715
2. Buildings	012	108.266.769	105.489.218
3. Equipment and machinery	013	4.780.720	5.452.298
4. Furniture, fittings and vehicles	014	10.274.130	8.760.029
5. Biological assets	015		
6. Advances for tangible assets	016	6.007.726	1.962.072
7. Tangible assets under construction	017	9.347.737	23.015.337
8. Other tangible assets	018	753.950	753.950
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	49.740.192	49.929.395
1. Investment in subsidiaries and associates	021	39.367.845	39.679.846
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	10.372.347	10.249.549
7. Other non-current financial assets	027		
8. Investments at equity method	028		
IV. RECEIVABLES (030 to 032)	029	1.877.708	1.877.708
1. Receivables from related parties	030		
2. Receivables for credit sales	031		
3. Other receivables	032	1.877.708	1.877.708
V. DEFERRED TAX ASSET	033	988.082	1.094.032
C) CURRENT ASSETS (035+043+050+058)	034	1.557.718.738	1.617.637.045
I. INVENTORY (036 To 042)	035	239.296.937	232.463.617
1. Raw material	036	420.970	482.165
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	237.687.713	228.613.665
5. Advances for inventories	040	1.188.254	3.367.787
6. Non-current assets available for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	1.201.422.661	1.253.831.429
1. Receivables from related parties	044	17.413.787	18.652.994
2. Trade receivables	045	1.172.070.790	1.230.997.444
3. Receivables from participating parties	046		
4. Receivables from employees	047	419.044	376.740
5. Receivables from the state and other institutions	048	6.732.178	1.012.940
6. Other receivables	049	4.786.862	2.791.311
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	50.405.113	99.160.836
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	99.160.836
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	66.594.027	32.181.163
D) PREAPID EXPENSES AND ACCRUED INCOME	059	920.048	2.311.781
E) TOTAL ASSETS (001+002+034+059)	060	1.955.388.192	2.025.177.271
G) OFF BALANCE SHEET ITEMS	061	185.013.175	148.391.447



<b>EQUITY AND LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>421,223.079</b>	<b>442,847.564</b>
I. SHARE CAPITAL	<b>063</b>	94,205.280	134,967.180
II. CAPITAL RESERVES	<b>064</b>	-9,243.180	-9,243.180
III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)	<b>065</b>	88,587.743	88,587.744
1. Legal reserves	<b>066</b>	7,277.713	13,953.444
2. Reserves for treasury shares	<b>067</b>	60,000.000	53,324.269
3. Treasury shares	<b>068</b>	10,486.460	10,486.459
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>	31,796.490	31,796.490
IV. REVALUATION RESERVES	<b>071</b>		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	204,974.597	206,911.335
1. Retained earnings	<b>073</b>	204,974.597	206,911.335
2. Accumulated loss	<b>074</b>		
VI. PROFIT OR LOSS FOR THE PERIOD (076-077)	<b>075</b>	42,698.639	21,624.485
1. Profit for the period	<b>076</b>	42,698.639	21,624.485
2. Loss for the period	<b>077</b>		
VII. MAJORITY INTERESTS	<b>078</b>		
B) PROVISIONS (080 To 082)	<b>079</b>	800.366	800.366
1. Provisions for retirement, severance payment and similar	<b>080</b>	800.366	800.366
2. Tax provisions	<b>081</b>		
3. Other provisions	<b>082</b>		
C) NON-CURRENT LIABILITIES (084 to 092)	<b>083</b>	28,605.861	41,983.805
1. Liabilities to related parties	<b>084</b>		
2. Borrowings and deposits	<b>085</b>		
3. Liabilities to banks and other financial institutions	<b>086</b>	12,815.755	26,193.699
4. Liabilities for advances received	<b>087</b>		
5. Trade payables	<b>088</b>		
6. Liabilities for securities	<b>089</b>		
7. Liabilities to participating parties	<b>090</b>		
8. Other non-current liabilities	<b>091</b>		
9. Deferred tax liability	<b>092</b>	15,790.106	15,790.106
D) CURRENT LIABILITIES (094 to 105)	<b>093</b>	1,502,807.961	1,537,275.653
1. Liabilities to related parties	<b>094</b>	122,721.702	124,657.103
2. Borrowings and deposits	<b>095</b>		
3. Liabilities to banks and other financial institutions	<b>096</b>	333,785.448	320,516.112
4. Liabilities for advances received	<b>097</b>	420.814	109.031
5. Trade payables	<b>098</b>	1,026,425.417	1,076,536.963
6. Liabilities for securities	<b>099</b>		
7. Liabilities to participating parties	<b>100</b>		
8. Liabilities to employees	<b>101</b>	7,661.937	7,195.684
9. Liabilities for taxes and contributions	<b>102</b>	6,876.018	6,521.569
10. Dividend payables	<b>103</b>	1,034	1,034
11. Liabilities for non-current assets available for sale	<b>104</b>		
12. Other current liabilities	<b>105</b>	4,915.591	1,738.157
E) DEFERRED INCOME AND ACCRUED EXPENSES	<b>106</b>	1,950.925	2,269.883
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	<b>107</b>	1,955,388.192	2,025,177.271
G) OFF BALANCE SHEET ITEMS	<b>108</b>	185,013.175	148,391.447
<b>SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements)</b>			
A) CAPITAL AND RESERVES	<b>109</b>	421,223.079	442,847.564
1. Attributable to equity holders	<b>110</b>		
2. Attributable to minority interest			

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

**PROFIT AND LOSS**  
for period from 1.1.2014. to 30.9.2014.

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>	1.740.487.016	564.446.390	1.706.644.153	606.189.281
1. Revenues from sale	112	1.725.269.377	562.451.774	1.694.262.847	601.625.719
2. Other operating revenues	113	15.217.639	1.994.616	12.381.306	4.563.562
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	1.691.207.242	545.111.056	1.672.736.855	592.204.453
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	1.570.782.182	503.496.615	1.562.151.416	555.636.153
a) Raw materials	117	9.533.662	3.089.426	9.759.002	3.064.522
b) Cost of goods sold	118	1.533.829.503	490.921.625	1.526.990.509	544.030.647
c) Other expenses	119	27.419.017	9.485.564	25.401.905	8.540.984
3. Employee expenses (121 to 123)	120	70.181.886	23.742.201	72.756.581	24.119.844
a) Net salaries	121	40.897.653	13.832.752	41.922.663	13.850.649
b) Tax and contributions from salaries	122	20.066.227	6.791.027	20.556.913	6.793.692
c) Contributions on salaries	123	9.218.006	3.118.422	10.277.005	3.475.503
4. Depreciation and amortization	124	11.698.716	3.865.785	9.597.550	2.982.955
5. Other expenses	125	24.194.458	6.006.455	22.337.819	9.561.244
6. Impairment (127+128)	126	14.350.000	8.000.000	5.893.489	4.257
a) of non-current assets (financial assets excluded)	127				
b) of current assets (financial assets excluded)	128	14.350.000	8.000.000	5.893.489	4.257
7. Provisions	129				
8. Other operating expenses	130				
<b>III. FINANCE INCOME (132 to 136)</b>	<b>131</b>	4.943.466	-2.456.043	7.925.325	-1.242.559
1. Interests, foreign exchanges and dividend from related parties	132	1.173.421	1.173.421		
2. Interests, foreign exchanges and dividend from non-related parties	133	3.770.045	-3.629.464	7.184.526	-1.506.259
3. Share of profit from associate	134			740.799	263.700
4. Unrealised gains	135				
5. Other financial income	136				
<b>IV. FINANCE EXPENSES (138 to 141)</b>	<b>137</b>	17.117.442	6.587.313	12.913.422	2.890.781
1. Interests, foreign exchanges and dividend from related parties	138	348.204	348.204	233.798	79.726
2. Interests, foreign exchanges and dividend from non-related parties	139	16.769.238	6.239.109	12.679.624	2.811.055
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>	1.745.430.482	561.990.347	1.714.569.478	604.946.722
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	1.708.324.684	551.698.369	1.685.650.277	595.095.234
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	37.105.798	10.291.978	28.919.201	9.851.488
1. Profit before tax (146-147)	149	37.105.798	10.291.978	28.919.201	9.851.488
2. Loss before tax (147-146)	150	0	0	0	0
<b>XII. INCOME TAX</b>	<b>151</b>	10.784.660	2.850.651	7.294.716	2.400.103
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	26.321.138	7.441.327	21.624.485	7.451.385
1. Profit for the period (149-151)	153	26.321.138	7.441.327	21.624.485	7.451.385
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	26.321.138	7.441.327	21.624.485	7.451.385
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	26.321.138	7.441.327	21.624.485	7.451.385

**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 30.9.2014.

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	37.105.798	28.919.201
2. Depreciation and amortisation	002	11.698.716	9.597.550
3. Increase of current liabilities	003		47.737.027
4. Decrease of current receivables	004	142.493.036	
5. Decrease of inventories	005		6.833.320
6. Other increase of cash flow	006		
<b>I. Total increase of cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>191.297.550</b>	<b>93.087.098</b>
1. Decrease of current liabilities	008	76.819.525	
2. Increase of current receivables	009		52.408.767
3. Increase of inventories	010	51.969.044	
4. Other decrease of cash flow	011	8.882.360	55.497.739
<b>II. Total decrease of cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>137.670.929</b>	<b>107.906.506</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>53.626.621</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>0</b>	<b>14.819.408</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of tangible and intangible assets	015	466.639	142.810
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	1.197.291	3.480.363
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>1.663.930</b>	<b>3.623.173</b>
1. Purchase of tangible and intangible assets	021	7.331.404	21.827.089
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>7.331.404</b>	<b>21.827.089</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>026</b>	<b>5.667.474</b>	<b>18.203.916</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issuance of equity and debt securities	027		
2. Proceeds from borrowings	028	175.000.000	182.330.878
3. Other proceeds from financing activities	029		
<b>V. Total proceeds from financing activities (027 to 029)</b>	<b>030</b>	<b>175.000.000</b>	<b>182.330.878</b>
1. Repayments of borrowings	031	229.813.544	182.155.571
2. Dividends paid	032		
3. Repayments of finance lease	033	2.128.113	1.564.847
4. Purchase of treasury shares	034	1.022.000	
5. Other purchases resulting from financing activities	035		
<b>VI. Ukupno novčani izdaci od finansijskih aktivnosti (031 to 035)</b>	<b>036</b>	<b>232.963.657</b>	<b>183.720.418</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>0</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>57.963.657</b>	<b>1.389.540</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	10.004.510	34.412.864
Cash and cash equivalents at beginning of the period	041	19.540.285	66.594.027
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043	10.004.510	34.412.864
Cash and cash equivalents at end of the period	044	9.535.775	32.181.163



**STATEMENT OF CHANGES IN EQUITY**  
for period from **1.1.2014** to **30.9.2014**

Description	AOP mark	Previous period	Current period
1	2	3	4
1. Share capital	001	94.205.280	134.967.180
2. Capital reserves	002	-9.243.180	-9.243.180
3. Reserves from retained earnings	003	88.587.743	88.587.744
4. Retained earnings or accumulated loss	004	204.974.597	206.911.335
5. Profit or loss for the period	005	42.698.639	21.624.485
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		
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	<b>421.223.079</b>	<b>442.847.564</b>
11. Foreign exchanges from the foreign investments	011		
12. Current and defferd tax (part)	012		
13. Cash flow hedge	013		
14. Cgchanges of accounting policies	014		
15. Correction of material mistakes from previous period	015		
16. Other changes of equity	016		
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	<b>0</b>	<b>0</b>
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, 30 October 2014

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 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 30 September 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

  
**Medika** d.d.  
ZAGREB, Capraška