

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

October 2014

Report Submitted by Director

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

Medika d.d. („Company“) has realised total revenue in the first nine months of 2014 in amount of HRK 1 billion 654.8 million which is by 1.49% lower comparing to the same period of previous year.

Sales revenues which amount to HRK 1 billion 636.1 million for the first nine months of 2014 are by 1.55% 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 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 98.87% while in the same period of previous year it was 98.92%.

Other operating revenues which amount to HRK 11.6 million are lower comparing to the same period of previous year by HRK 2.9 million. Since the share of other operating revenues in total revenue was only 0.86% in the first nine months of 2013, and in the first nine months of 2014 is only 0.70%, 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 545.9 million and are almost at the same level 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 0.73% higher comparing to the same period of previous year and amounts to 95.77%.

Employee expenses are higher by 1.49% comparing to the same period of previous year. Their share in the operating expenses amounts to 2.31% and has not significantly changed comparing to the same period of previous year. Increase in employee expenses is influenced by higher number of employees.

Finance expenses have decreased compared to the same period of previous year by HRK 3,3 million, that is 21,89%. Their share in the total expenses is by 0.19% lower compared to the same period of previous year and amounts 0.72%. This decrease is the result of lower foreign exchange differences while interest expenses are lower as a 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 8.29% while in the first nine months of 2014 amounts 6.91% which is decrease of 1.39%. Decrease is result of decreased net sales revenue which is by 1.55% lower while net cost of goods sold has decreased slower, that is 0.06%. 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 35.4 million, which is decrease of 18.21%. Lower gross profit is result of greater decrease of total income (decrease of 1.49% comparing to the same period of previous year) in relation to the decrease of total expenses (decrease of 1.13% comparing to the same period of previous year).

Operative earnings amount to HRK 33.5 million and are by HRK 13.3 million, or 28.4%, 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 1.71%, that is HRK 28.7 million) in relation to the decrease of operating expenses (decrease of 0.94%, that is HRK 15.4 million).

Realised net profit amounts to HRK 21.7 million.

Transactions with the related parties in the first nine months of 2014 generated total revenue in amount of HRK 205.1 million, which is at the same level of generated revenue in the same period of previous year when it amounted to HRK 205.8 million. Although there was increase in number of pharmacies in Prima Pharmer Group, total generated revenue is not higher since the sale prices are lower due to the changes of the 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 3.96% higher comparing to the beginning of the year which is mostly influenced by increase of short term assets.

Long term assets have increased comparing to the beginning of the year for HRK 4.8 million, that is 2.04%. Long term intangible assets are lower comparing to the beginning of the year for HRK 1.7 million which is mainly a result of amortization. Long term tangible assets have increased comparing to the beginning of the year for HRK 6.5 million. This is the 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 693.0 million and are by HRK 67.5 million, or 4.15%, 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 14.3 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 372.0 million and are higher for HRK 59.8 million, which is 4.56%, comparing to the beginning of the year. Trade receivables and receivables from related parties amount to HRK 1 billion 368.7 million and have increased by 5.07% 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 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 13.0 million which is entirely influenced by increase in liabilities to banks and other financial institutions.

Short term liabilities amount to HRK 1 billion 505.0 million out of which HRK 1 billion 194.0 million relates to trade payables and liabilities to related parties, HRK 299.4 to indebtness (HRK 299.0 million to short term loans and HRK 353 thousand to finance lease).

Trade payables and liabilities to related parties are higher for HRK 49.3 million comparing to the beginning of the year.

Total loans liabilities of Medika amounts to HRK 314.7 million which is increase of HRK 3.7 million comparing to the beginning of the year. Out of the total loans liabilities, HRK 15.7 million relates to long term loans and HRK 299.0 million to short term loans. Long term loans have increased due to the long term loan for financing investment in new business centre in Osijek. In the second quarter cash inflow was better due to the recovery of health system (county hospitals) and it was used to lower the indebtness. However, in the third quarter, cash inflow was lower and 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 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.

Due to the lower cash inflow in the third quarter, the Company increased indebtness comparing to the beginning of the year.

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 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 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.

Jasminko Herceg, dipl.oec.
Director


³ **Medika** d.d.
Z A G R E B, Čapraška 1





Appendix 1.

Reporting period:

1.1.2014

to

30.9.2014

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

ZAGREBAddress: **CAPRAŠKA 1**e-mail: medika_uprava@medika.hrweb page: www.medika.hrCode and name of municipality/city: 133 **ZAGREB**Code and county name: 21 **GRAD ZAGREB**Number of employees: 365
(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

Telefaks: 012371441

e-mail: medika_uprava@medika.hrName: **HERCEG JASMINKO**

(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.


3 Medika
ZAGREB Capraška

(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
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	235.510.659	240.311.871
I. INTANGIBLE ASSETS (004 to 009)	003	19.640.383	17.915.005
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	5.873.164	4.113.540
3. Goodwill	006	11.929.586	11.929.586
4. Advances for intangible assets	007	106.987	106.987
5. Intangible assets under construction	008	1.730.646	1.764.892
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	146.572.413	153.117.683
1. Land	011	15.994.715	15.994.715
2. Buildings	012	102.542.496	99.897.980
3. Equipment and machinery	013	4.263.093	4.352.716
4. Furniture, fittings and vehicles	014	7.682.896	7.161.113
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	733.750	733.750
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	68.856.720	68.838.040
1. Investment in subsidiaries and associates	021	59.148.400	59.353.400
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	9.484.640
7. Other non-current financial assets	027		
8. Investments at equity method	028		
IV. RECEIVABLES (030 to 032)	029	0	0
1. Receivables from related parties	030		
2. Receivables for credit sales	031		
3. Other receivables	032		
V. DEFFERED TAX ASSET	033	441.143	441.143
C) CURRENT ASSETS (035+043+050+058)	034	1.625.481.613	1.692.977.493
I. INVENTORY (036 To 042)	035	211.243.565	196.906.747
1. Raw material	036	96.103	94.060
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	209.998.864	193.444.900
5. Advances for inventories	040	1.148.598	3.367.787
6. Non-current assets available for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	1.312.175.181	1.372.016.415
1. Receivables from related parties	044	246.515.688	273.267.286
2. Trade receivables	045	1.056.109.550	1.095.417.507
3. Receivables from participating parties	046		
4. Receivables from employees	047	27.994	34.800
5. Receivables from the state and other institutions	048	5.654.012	874.201
6. Other receivables	049	3.867.937	2.422.621
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	51.657.754	24.893.495
D) PREAPID EXPENSES AND ACCRUED INCOME	059	728.889	2.160.552
E) TOTAL ASSETS (001+002+034+059)	060	1.861.721.161	1.935.449.916
G) OFF BALANCE SHEET ITEMS	061	185.013.175	148.391.447

EQUITY AND LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	388,050,446	409,755,367
I. SHARE CAPITAL	063	94,205,280	134,967,180
II. CAPITAL RESERVES	064	-9,243,180	-9,243,180
III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)	065	88,587,744	88,587,744
1. Legal reserves	066	7,277,713	13,953,444
2. Reserves for treasury shares	067	60,000,000	53,324,269
3. Treasury shares	068	10,486,459	10,486,459
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	173,091,313	173,738,701
1. Retained earnings	073	173,091,313	173,738,701
2. Accumulated loss	074		
VI. PROFIT OR LOSS FOR THE PERIOD (076-077)	075	41,409,289	21,704,922
1. Profit for the period	076	41,409,289	21,704,922
2. Loss for the period	077		
VII. MAJORITY INTERESTS	078		
B) PROVISIONS (080 To 082)	079	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		
C) NON-CURRENT LIABILITIES (084 to 092)	083	5,638,314	18,631,745
1. Liabilities to related parties	084		
2. Borrowings and deposits	085		
3. Liabilities to banks and other financial institutions	086	5,638,314	18,631,745
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	1,466,203,854	1,505,016,321
1. Liabilities to related parties	094	122,955,376	124,692,597
2. Borrowings and deposits	095		
3. Liabilities to banks and other financial institutions	096	309,262,788	299,352,631
4. Liabilities for advances received	097	417,048	
5. Trade payables	098	1,021,690,528	1,069,275,708
6. Liabilities for securities	099		
7. Liabilities to participating parties	100		
8. Liabilities to employees	101	5,106,170	4,513,093
9. Liabilities for taxes and contributions	102	4,116,250	5,521,061
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	1,660,197
E) DEFERRED INCOME AND ACCRUED EXPENSES	106	1,312,964	1,530,900
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1,861,721,161	1,935,449,916
G) OFF BALANCE SHEET ITEMS	108	185,013,175	148,391,447
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 1.1.2014. 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
I. OPERATING REVENUES (112+113)	111	1.676.400.562	542.729.522	1.647.745.930	582.344.112
1. Revenues from sale	112	1.661.871.814	540.559.038	1.636.139.514	577.957.813
2. Other operating revenues	113	14.528.748	2.170.484	11.606.416	4.386.299
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	1.629.615.804	522.972.573	1.614.238.013	568.543.958
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	1.548.751.501	494.772.401	1.545.931.726	546.132.575
a) Raw materials	117	7.159.334	2.258.443	7.406.227	2.322.619
b) Cost of goods sold	118	1.524.055.462	486.567.433	1.523.123.761	538.529.674
c) Other expenses	119	17.536.705	5.946.525	15.401.738	5.280.282
3. Employee expenses (121 to 123)	120	36.722.782	12.235.392	37.269.080	12.358.352
a) Net salaries	121	21.269.253	7.090.400	21.294.333	7.025.529
b) Tax and contributions from salaries	122	10.607.770	3.530.208	10.701.510	3.571.479
c) Contributions on salaries	123	4.845.759	1.614.784	5.273.237	1.761.344
4. Depreciation and amortization	124	10.066.385	3.309.970	7.505.100	2.210.509
5. Other expenses	125	19.725.136	4.654.810	17.644.738	7.842.522
6. Impairment (127+128)	126	14.350.000	8.000.000	5.887.369	0
a) of non-current assets (financial assets excluded)	127				
b) of current assets (financial assets excluded)	128	14.350.000	8.000.000	5.887.369	0
7. Provisions	129				
8. Other operating expenses	130				
III. FINANCE INCOME (132 to 136)	131	3.535.178	-3.612.585	7.099.819	-1.441.767
1. Interests, foreign exchanges and dividend from related parties	132				
2. Interests, foreign exchanges and dividend from non-related parties	133	3.535.178	-3.612.585	7.099.819	-1.441.767
3. Share of profit from associate	134				
4. Unrealised gains	135				
5. Other financial income	136				
IV. FINANCE EXPENSES (138 to 141)	137	14.937.706	5.888.637	11.667.840	2.487.712
1. Interests, foreign exchanges and dividend from related parties	138				
2. Interests, foreign exchanges and dividend from non-related parties	139	14.937.706	5.888.637	11.667.840	2.487.712
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	1.679.935.740	539.116.937	1.654.845.749	580.902.345
X. TOTAL EXPENSES (114+137+143 + 145)	147	1.644.553.510	528.861.210	1.625.905.853	571.031.670
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	35.382.230	10.255.727	28.939.896	9.870.675
1. Profit before tax (146-147)	149	35.382.230	10.255.727	28.939.896	9.870.675
2. Loss before tax (147-146)	150	0	0	0	0
XII. INCOME TAX	151	10.614.669	3.076.718	7.234.974	2.467.659
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	24.767.561	7.179.009	21.704.922	7.403.006
1. Profit for the period (149-151)	153	24.767.561	7.179.009	21.704.922	7.403.006
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	24.767.561	7.179.009	21.704.922	7.403.006
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	24.767.561	7.179.009	21.704.922	7.403.006

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
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	35.382.230	28.939.896
2. Depreciation and amortisation	002	10.066.385	7.505.100
3. Increase of current liabilities	003		48.722.623
4. Decrease of current receivables	004	71.811.912	
5. Decrease of inventories	005		14.336.817
6. Other increase of cash flow	006		
I. Total increase of cash flow from operating activities (001 to 006)	007	117.260.527	99.504.436
1. Decrease of current liabilities	008	63.456.312	
2. Increase of current receivables	009		59.841.233
3. Increase of inventories	010	47.631.596	
4. Other decrease of cash flow	011	9.082.617	55.552.789
II. Total decrease of cash flow from operating activities (008 to 011)	012	120.170.525	115.394.022
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	0	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	2.909.998	15.889.586
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of tangible and intangible assets	015	442.433	122.885
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	1.047.096	3.421.858
4. Dividends received	018		
5. Other proceeds from investing activities	019		
III. Total proceeds from investing activities (015 to 019)	020	1.489.529	3.544.743
1. Purchase of tangible and intangible assets	021	2.940.014	16.559.119
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	2.940.014	16.559.119
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	1.450.485	13.014.376
CASH FLOW FROM FINANCING ACTIVITIES			
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		
V. Total proceeds from financing activities (027 to 029)	030	175.000.000	182.330.878
1. Repayments of borrowings	031	180.300.094	178.666.667
2. Dividends paid	032		
3. Repayments of finance lease	033	2.060.805	1.524.508
4. Purchase of treasury shares	034	1.022.000	
5. Other purchases resulting from financing activities	035		
VI. Ukupno novčani izdaci od finansijskih aktivnosti (031 to 035)	036	183.382.899	180.191.175
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	2.139.703
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	8.382.899	0
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	12.743.382	26.764.259
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	12.743.382	26.764.259
Cash and cash equivalents at end of the period	044	2.599.785	24.893.495

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	88.587.744	88.587.744
4. Retained earnings or accumulated loss	004	173.091.313	173.738.701
5. Profit or loss for the period	005	41.409.289	21.704.922
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	409.755.367
11. Foreign exchanges from the foreign investments	011		
12. Current and defferd tax (part)	012		
13. Cash flow hedge	013		
14. Cghanges of accounting policies	014		
15. Correction of material mistakes from previous period	015		
16. Other changes of equity	016		
17. Total increase or decrease of equity (AOP 011 to 016)	017	0	0
17 a. Attributable to equity holders	018		
17 b. Attributable to minority interest	019		

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.
Z A G R E B, Capraška