

**Management Board interim report
for the temporary unaudited annual
consolidated financial statements for 2016
Medika d.d. Zagreb
Group Medika**

February 2017

Management interim report

Comment on temporary unaudited consolidated financial statements for the fourth quarter of the year 2016

In accordance with the prescribed deadlines for submitting financial statements for the fourth quarter of 2016, Medika d.d. has prepared temporary unaudited consolidated financial statements which present approximate consolidated balance sheet as at 31 December 2016, approximate consolidated profit and loss statement for the fourth quarter of 2016, approximate consolidated statement of changes in equity and approximate consolidated statement of cash flow.

We point out that these consolidated financial statements are temporary and as such are not approved by the Supervisory Board. Furthermore, consolidated financial statements are unaudited and investors should not take them as a basis for their investment decisions, but they should merely use them as approximate info until the publishing of the final results, since there may be differences between temporary and final results.

Publishing of the final results (annual audited financial statements) for the Company and the Group is expected by 31 March 2017.

With the above stated, Management Board does not comment financial statements, but only presents key events for the Company and the Group in 2016.

Key events

Total pharmaceutical market in 2016 has increased compared to the previous year. At the same time, the increase of sales of Medika is higher than the market increase, which resulted in higher market share of the Company in 2016.

At the Regular General Assembly held on 30 June 2016, a decision was passed to increase share capital by HRK 8.5 million by increase of a nominal share value. Nominal share value increased from HRK 6,500.00 by HRK 280.00 and is now amounted to HRK 6,780.00. Also, decision was passed to convert reserves for treasury shares in amount of HRK 2.5 million into legal reserves which resulted in changes in amounts of reserves for treasury shares and legal reserves. According to the decision passed, dividend was paid to the shareholders in the amount of HRK 49.1 million. For this amount retained earnings have decreased.

In equity, there was change in treasury shares and capital reserves due to the granting of treasury shares to the management and purchase of treasury shares.

Total short term indebtedness has increased for the liquidity purposes and long term indebtedness for the investment purposes.

During 2016 the following pharmacies were bought and merged into ZU Ljekarne Prima Pharme: Ljekarna Smilja Bagat, Ljekarna Mirija Bohunicki and Ljekarna Maja Mučaji. Also, during 2016 ZU Ljekarne Prima Pharme founded and sold ZU Ljekarne Diabpharm. ZU Ljekarne Atalić and Ljekarna Mirela Klunić were merged into ZU Ljekarne Prima Pharme.

In 2016 share capital of subsidiary Put stinica d.o.o. was increased by HRK 100 thousand in cash and HRK 650 thousand in rights. The company changed its name to Primus nekretnine d.o.o.

Expected future development of the Group

The Company will continue with its core business: distribution of medicinal products and medical devices will strongly develop operations with products that make the core business of the firm.

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

Treasury shares

As at 31.12.2016, the Company holds 1,302 treasury shares.

Subsidiaries and associates

The Company has subsidiaries Zdravstvena ustanova Ljekarne Prima Pharme and Primus nekretnine d.o.o. (2015: Put stinica d.o.o.). Both subsidiaries are fully owned by the Company.

ZU Ljekarne Prima Pharme has 100% of ownership in subsidiaries ZU Ljekarne Delonga and ZU Ljekarne Ines Škoko and associate ZU Ljekarne Jagatić in which it holds 49% of ownership. During 2016 ZU Ljekarne Atalić and Ljekarna Mirela Klunić were merged into ZU Ljekarne Prima Pharme.

During 2016 the following pharmacies were bought and merged into ZU Ljekarne Prima Pharme: Ljekarna Smilja Bagat, Ljekarna Mirija Bohunicki and Ljekarna Maja Mučaji. Also, during 2016 ZU Ljekarne Prima Pharme founded and sold ZU Ljekarne Diabpharm.

Company Primus nekretnine d.o.o. was merged into Put stinica d.o.o. and the company Put stinica d.o.o. changed its name to Primus nekretnine d.o.o.

Related parties

The company with major voting rights, Auctor d.o.o. (2015: Mavota d.o.o.) owns 47.38% of the Company and has 49.52% of shares with voting rights.

Company Mavota d.o.o. was merged into company Adria holding d.o.o. which was merged into Auctor d.o.o.

Pliva Hrvatska d.o.o., Zagreb owns 25.32% of the Company and has 26.46% 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 Group realizes majority of its revenue on domestic market in Croatian kuna. The Group's purchase of goods is partly realised on the foreign market. The Group is therefore exposed to foreign exchange risk arising from various changes in foreign exchange rates mainly linked to the EUR. All borrowings are in Croatian kuna.

The Group has part of assets which are interest-bearing so the Company's income and operating cash flows are dependent of changes in market interest rates.

The Group's interest rate risk arises from short term and long term given loans and borrowings with variable interest rates. Borrowings with variable interest rates expose the Group to cash flow interest rate risk. Borrowings with fixed interest rates expose the Group to the fair value interest rate risk exposure.

The Group 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 HZZO's List of medicinal products and administrative approach in determining prices and margins of medicinal products. 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. However, 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 directly or indirectly related to the receivables from the State institutions, the collection of these receivables should not be classified as a collection of receivables risk. This increases the need for additional financing, which increases finance expenses.

Jasminko Herceg, dipl.oec.

Director


Medika d.d.
ZAGREB, Capraška 1



Appendix 1.

Reporting period:

1.1.2016.

to

31.12.2016.

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.hrweb page: www.medika.hr

Code and name of municipality/city: 133 ZAGREB

Code and county name: 21 GRAD ZAGREB

Number of employees: 784
(end of reporting period)

Consolidated statements: YES

NKD code: 4646

Consolidated entities (according to IFRS):

Headquarters:

MB:

ZU Ljekarne Prima Pharme

Zagreb

0694975

ZU Ljekarne Delonga

Okrug Gornji

1605747

ZU Ljekarne Ines Škoko

Zagreb

02708396

Primus nekretnine d.o.o.

Zagreb

4439856

Bookkeeping service:

Contact person: **RADMILOVIĆ DIJANA**

(only name of the contact person)

Telephone number: 012412551

Fax: 012371441

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

(authorised person)

Documentation for publishing:

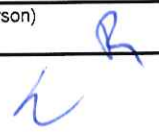
1. Financial statements (Balance sheet, Profit and loss account, Cash flow statements, Statements of changes in equity and Notes to financial statements)
2. Interim report,
3. Statement of Liability.

M.P.



Medika d.d.
ZAGREB Capraška

(signature of authorised person)



BALANCE SHEET
balance as at 31.12.2016.

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	417.301.171	408.839.901
I. INTANGIBLE ASSETS (004 to 009)	003	193.205.667	188.121.405
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	121.806.977	119.575.339
3. Goodwill	006	69.520.289	67.663.564
4. Advances for intangible assets	007		213.698
5. Intangible assets under construction	008	1.878.401	668.804
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	191.254.440	191.785.703
1. Land	011	25.226.916	25.226.916
2. Buildings	012	136.672.721	132.352.841
3. Equipment and machinery	013	12.802.474	13.092.366
4. Furniture, fittings and vehicles	014	13.518.410	11.237.693
5. Biological assets	015		
6. Advances for tangible assets	016	6.555	3.497.127
7. Tangible assets under construction	017	2.196.914	5.557.090
8. Other tangible assets	018	830.450	821.670
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	29.820.352	26.390.065
1. Investment in subsidiaries and associates	021	21.120.401	21.318.086
2. Loans to related parties	022		
3. Equity investments	023		
4. Loans given to participating parties	024		
5. Investment in securities	025		
6. Loans given, deposits and similar	026	8.699.951	5.071.979
7. Other non-current financial assets	027		
8. Investments at equity method	028		
IV. RECEIVABLES (030 to 032)	029	1.196.963	1.018.735
1. Receivables from related parties	030		
2. Receivables for credit sales	031		
3. Other receivables	032	1.196.963	1.018.735
V. DEFERRED TAX ASSET	033	1.823.749	1.523.993
C) CURRENT ASSETS (035+043+050+058)	034	1.518.171.670	1.742.543.057
I. INVENTORY (036 To 042)	035	266.292.251	277.022.681
1. Raw material	036	559.931	493.692
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	261.478.227	274.089.365
5. Advances for inventories	040	4.254.093	2.439.624
6. Non-current assets available for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	1.009.302.620	1.248.405.954
1. Receivables from related parties	044	13.347.799	16.095.511
2. Trade receivables	045	987.749.144	1.222.404.747
3. Receivables from participating parties	046		
4. Receivables from employees	047	1.799.110	121.201
5. Receivables from the state and other institutions	048	3.884.222	1.537.180
6. Other receivables	049	2.522.345	8.247.315
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	187.674.250	132.605.132
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	187.674.250	132.605.132
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	54.902.549	84.509.290
D) PREAPID EXPENSES AND ACCRUED INCOME	059	2.777.795	2.080.559
E) TOTAL ASSETS (001+002+034+059)	060	1.938.250.636	2.153.463.517
G) OFF BALANCE SHEET ITEMS	061	131.451.416	137.321.182

EQUITY AND LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	452.112.596	455.027.473
I. SHARE CAPITAL	063	196.261.000	204.715.320
II. CAPITAL RESERVES	064	-8.652.683	-8.312.744
III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)	065	89.677.247	85.852.773
1. Legal reserves	066	15.991.539	18.465.733
2. Reserves for treasury shares	067	51.286.174	48.811.980
3. Treasury shares	068	9.396.956	13.221.430
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	129.693.028	117.255.820
1. Retained earnings	073	129.693.028	117.255.820
2. Accumulated loss	074		
VI. PROFIT OR LOSS FOR THE PERIOD (076-077)	075	45.134.004	55.516.304
1. Profit for the period	076	45.134.004	55.516.304
2. Loss for the period	077		
VII. MAJORITY INTERESTS	078		
B) PROVISIONS (080 To 082)	079	1.216.759	951.636
1. Provisions for retirement, severance oayment and similar	080	1.216.759	951.636
2. Tax provisions	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 to 092)	083	36.927.624	32.086.545
1. Liabilites to related parties	084		
2. Borrowings and deposits	085		
3. Liabilites to banks and other financial institutions	086	19.452.682	16.163.855
4. Liabilites for advances received	087		
5. Trade payables	088		
6. Liabilitis for securities	089		
7. Liabilities to participating parties	090		
8. Other non-current liabilities	091		
9. Deferred tax liability	092	17.474.942	15.922.690
D) CURRENT LIABILITIES (094 to 105)	093	1.447.068.677	1.663.967.809
1. Liabilities to related parties	094	114.785.187	132.968.443
2. Borrowings and deposits	095		
3. Liabilites to banks and other financial institutions	096	342.580.912	497.052.038
4. Liabilites for advances received	097	3.144.574	1.442.225
5. Trade payables	098	958.479.423	1.006.069.951
6. Liabilitis for securities	099		
7. Liabilities to participating parties	100		
8. Liabilities to employees	101	9.531.536	10.653.682
9. Liabilites for taxes and contributions	102	12.726.327	12.657.671
10. Dividend payables	103	11.564	
11. Liabilites for non-current assets available for sale	104		
12. Other current liabilities	105	5.809.154	3.123.799
E) DEFFERED INCOME AND ACCRUED EXPENSES	106	924.980	1.430.054
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.938.250.636	2.153.463.517
G) OFF BALANCE SHEET ITEMS	108	131.451.416	137.321.182
SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements)			
A) CAPITAL AND RESERVES			
1. Attributable to equity holders	109	452.112.596	455.027.473
2. Attributable to minority interest	110		

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

PROFIT AND LOSS
for period from 1.1.2016. to 31.12.2016.

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	2.495.837.911	654.822.796	2.664.370.176	656.988.491
1. Revenues from sale	112	2.468.225.581	645.116.766	2.636.766.908	646.272.252
2. Other operating revenues	113	27.612.330	9.706.030	27.603.268	10.716.239
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	2.443.711.774	643.360.020	2.601.110.119	646.037.541
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	2.284.180.185	596.739.051	2.431.803.636	595.043.669
a) Raw materials	117	13.388.977	3.581.903	12.430.555	3.363.784
b) Cost of goods sold	118	2.235.199.405	583.067.320	2.382.625.773	580.895.412
c) Other expenses	119	35.591.803	10.089.828	36.747.308	10.784.473
3. Employee expenses (121 to 123)	120	98.896.391	25.338.607	101.204.370	25.614.212
a) Net salaries	121	58.666.050	15.147.269	60.171.937	15.409.411
b) Tax and contributions from salaries	122	26.153.117	6.636.385	26.803.849	6.588.538
c) Contributions on salaries	123	14.077.224	3.554.953	14.228.584	3.616.263
4. Depreciation and amortization	124	12.098.654	3.228.296	13.860.058	3.345.550
5. Other expenses	125	39.107.497	14.442.641	41.810.774	16.145.881
6. Impairment (127+128)	126	9.032.338	3.214.716	11.254.989	4.711.937
a) of non-current assets (financial assets excluded)	127	5.793.311	-24.311	3.129.759	3.129.759
b) of current assets (financial assets excluded)	128	3.239.027	3.239.027	8.125.230	1.582.178
7. Provisions	129	396.709	396.709	1.176.292	1.176.292
8. Other operating expenses	130				
III. FINANCE INCOME (132 to 136)	131	22.574.222	6.443.237	23.274.036	2.224.263
1. Interests, foreign exchanges and dividend from related parties	132				
2. Interests, foreign exchanges and dividend from non-related parties	133	19.894.839	4.557.419	21.938.016	1.720.822
3. Share of profit from associate	134	2.040.335	1.246.770	1.235.600	403.021
4. Unrealised gains	135			46.128	46.128
5. Other financial income	136	639.048	639.048	54.292	54.292
IV. FINANCE EXPENSES (138 to 141)	137	18.507.049	4.358.342	19.020.656	5.422.371
1. Interests, foreign exchanges and dividend from related parties	138	257.583			
2. Interests, foreign exchanges and dividend from non-related parties	139	18.249.466	4.358.342	19.020.656	5.422.371
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	2.518.412.133	661.266.033	2.687.644.212	659.212.754
X. TOTAL EXPENSES (114+137+143 + 145)	147	2.462.218.823	647.718.362	2.620.130.775	651.459.912
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	56.193.310	13.547.671	67.513.437	7.752.842
1. Profit before tax (146-147)	149	56.193.310	13.547.671	67.513.437	7.752.842
2. Loss before tax (147-146)	150	0	0	0	0
XII. INCOME TAX	151	11.059.306	385.247	11.997.133	-1.323.404
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	45.134.004	13.162.424	55.516.304	9.076.246
1. Profit for the period (149-151)	153	45.134.004	13.162.424	55.516.304	9.076.246
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	45.134.004	13.162.424	55.516.304	9.076.246
2. Attributable to minority interest	156				

OTHER COMPREHENSIVE INCOME REPORT (for IFRS reporting)

I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	45.134.004	13.162.424	55.516.304	9.076.246
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	45.134.004	13.162.424	55.516.304	9.076.246

APPENDIX to Other comprehensive income report (to be filled for consolidated financial statements)

VI. COMPREHENSIVE PROFIT OR LOSS					
1. Attributable to equity holders	169	45.134.004	13.162.424	55.516.304	9.076.246
2. Attributable to minority interest	170				

STATEMENT OF CASH FLOW - Indirect method
for period from 1.1.2016. to 31.12.2016.

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	56.193.310	67.513.437
2. Depreciation and amortisation	002	12.098.654	13.860.058
3. Increase of current liabilities	003	19.297.957	62.428.007
4. Decrease of current receivables	004		
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	87.589.921	143.801.502
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	21.253.840	239.103.333
3. Increase of inventories	010	2.940.085	10.422.344
4. Other decrease of cash flow	011	28.947.181	17.943.678
II. Total decrease of cash flow from operating activities (008 to 011)	012	53.141.106	267.469.355
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	34.448.815	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	123.667.853
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of tangible and intangible assets	015	380.367	955.542
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	14.699.126	14.864.114
4. Dividends received	018		
5. Other proceeds from investing activities	019		55.044.717
III. Total proceeds from investing activities (015 to 019)	020	15.079.493	70.864.373
1. Purchase of tangible and intangible assets	021	11.229.661	14.749.727
2. Purchase of equity and debt securities	022		
3. Other purchases resulting from investing activities	023	42.830.680	
IV. Total purchases resulting from investing activities (021 to 023)	024	54.060.341	14.749.727
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	56.114.646
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	38.980.848	0
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issuance of equity and debt securities	027		
2. Proceeds from borrowings	028	219.711.751	592.495.052
3. Other proceeds from financing activities	029	1.680.000	1.039.998
V. Total proceeds from financing activities (027 to 029)	030	221.391.751	593.535.050
1. Repayments of borrowings	031	162.447.336	440.252.982
2. Dividends paid	032	77.271.350	49.127.771
3. Repayments of finance lease	033	3.339.560	2.469.816
4. Purchase of treasury shares	034		4.524.533
5. Other purchases resulting from financing activities	035		
VI. Ukupno novčani izdaci od financijskih aktivnosti (031 to 035)	036	243.058.246	496.375.102
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	97.159.948
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	21.666.495	0
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	29.606.741
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	26.198.528	0
Cash and cash equivalents at beginning of the period	041	81.101.077	54.902.549
Increase of cash and cash equivalents	042		29.606.741
Decrease of cash and cash equivalents	043	26.198.528	
Cash and cash equivalents at end of the period	044	54.902.549	84.509.290

STATEMENT OF CHANGES IN EQUITY
for period from 1.1.2016. to 31.12.2016.

Description	AOP mark	Previous period	Current period
1	2	3	4
1. Share capital	001	196.261.000	204.715.320
2. Capital reserves	002	-8.652.682	-8.312.744
3. Reserves from retained earnings	003	89.677.247	85.852.773
4. Retained earnings or accumulated loss	004	129.693.028	117.255.820
5. Profit or loss for the period	005	45.134.004	55.516.304
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	452.112.597	455.027.473
11. Foreign exchanges from the foreign investments	011		
12. Current and deferred 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. Pripisano imateljima kapitala matice	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, 28 February 2017

Pursuant to the articles 401 to 410 of the Capital market Law (Official Gazette 88/08, 146/08, 74/09, 54/13, 159/13, 18/15 and 110/15) Director Jasminko Herceg provides

STATEMENT OF LIABILITY FOR PREPARING FINANCIAL STATEMENTS OF ISSUER

Temporary unaudited unconsolidated and consolidated financial statements of Medika d.d. have been prepared pursuant to the International Financial Reporting Standards (IFRS) and Croatian Accounting Law.

Temporary unaudited unconsolidated and consolidated financial statements for the period 01 January to 31 December 2016 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 temporary unaudited financial statements for the period 01 January to 31 December 2016 presents true and fair presentation of development and results of the operations and position of the Company and the Group with description of significant risks and uncertainties for the Company and the Group.

³ **Medika** d.d.
ZAGREB, Capraška 1

Jasminko Herceg
Director