



**Medika** d.d.

Zagreb, Capraška 1

**INTERIM REPORT  
for I-III 2017  
Medika d.d. Zagreb**

**April 2017**

## Management interim report

### ***Comment on the business results for the first quarter of 2017***

Medika d.d. („Company“) has realised total revenue in the first three months of 2017 in amount of HRK 670.6 million which is by 2.78% higher comparing to the same period of previous year.

Sales revenues which amount to HRK 656.3 million for the first three months of 2017 are by 3.18% higher comparing to the same period of previous year.

Share of sales revenues in the total revenue is 97.87% while in the same period of previous year it was 97.49%.

Other operating revenues which amount to HRK 5.8 million are higher by 19.23% comparing to the same period of previous year. Share of other operating revenues in total revenue was only 0.75 % in the first three months of 2016, and in the first three months of 2017 is 0.87%.

Out of the total sales revenues, 99.98% revenues are generated on domestic market, while 0.02% is generated on the foreign market. This structure in the first three months of 2017 has not significantly changed comparing to the same period of previous year.

Material expenses amount to HRK 621.5 million and are 2.92% higher comparing to the same period of previous year. Since the operating expenses are growing in higher percentage, share of material expenses in the operating expenses is lower by 0.42% comparing to the same period of previous year and amounts to 95.43%.

Employee expenses are higher by 1.22% comparing to the same period of previous year. Their share in the total expenses amounts to 2.04% while in the same period of previous year it amounted to 2.08%. Increase in employee expenses is influenced by higher number of employees.

Impairment of current assets amounts to HRK 6.1 million and is higher compared to the same period of previous year mostly due to the increase in accounts receivable since the beginning of the year and slow collection of accounts receivable from hospitals.

Finance income has decreased compared to the same period of the previous year for HRK 3.0 million, which is 26.27%. This decrease in result of lower average amount of given loans to the business partners in the first quarter of 2017 compared to the same period of the previous year.

Finance expenses have decreased compared to the same period of previous year by HRK 1.5 million, which is 29.86%. Their share in the total expenses is by 0.26% lower compared to the same period of previous year and amounts to 0.55%. This decrease is the result of decrease of foreign exchange expenses in amount of HRK 1.0 million and decrease of interest expenses in amount of HRK 519 thousand as a result of lower interest rates comparing to the same period of previous year.

Gross margin in the first three months of 2016 amounted to 6.13%, while in the first three months of 2017 amounts to 6.39%, which is increase of 0.26%. Increase is a result of larger increase in net sales revenue comparing to the increase in net cost of goods sold.

Gross profit (profit before taxation) amounts to HRK 15.8 million, while in the same period of previous year amounted to HRK 17.4 million, which is decrease of HRK 1.6 million, or 9.19%. Lower gross profit is result of greater increase of total expenses (increase of 3.11% comparing to the same period of previous year mostly due to the higher impairment expense) in relation to the increase of total revenue (increase of 2.78% comparing to the same period of previous year).

Operative earnings amount to HRK 10.9 million and are by HRK 108 thousand, which is 0.98% lower comparing to the same period of previous year.

Realised net profit amounts to HRK 12.6 million.

Transactions with the related parties in the first three months of 2017 generated total net revenues in amount of HRK 72.5 million, which is 7.38% more of generated revenue in the same period of previous year when it amounted to HRK 67.5 million. Increase is a result of increase sales in Prima Pharma Group, namely members of Prima Pharme Group were purchasing more goods compared to the same period of the previous year.

Trade goods purchased from the related parties amount to HRK 56.4 million which is almost at the same level as in the same period of previous year when trade goods purchased from the related parties amounted to HRK 56.1 million.

Total assets amount to HRK 2 billion 57.0 million and have not significantly changed compared to the beginning of the year.

Long term assets increased by HRK 40.1 million comparing to the beginning of the year. Long term intangible and tangible assets are at the same level compared to the beginning of the year. Looking at the structure of the long term tangible assets, advanced payments for assets under construction have decreased and at the same time assets under construction have increased.

Long term financial assets mostly relates to the investment in related parties and in smaller part to the given loans. Long term financial assets amount to HRK 104.7 million and are by HRK 40.0 million higher compared to the beginning of the year. The Company passed decision on increase of a basic share – operating funds of the related party ZU Ljekarne Prima Pharme for the amount of HRK 40.0 million by transferring rights - converting a part of due receivables for the goods sold from the ZU Ljekarne Prima Pharme into basic share. This resulted in an increase in financial assets and at the same time in decrease of accounts receivable.

Deferred tax assets are at the same level comparing to the beginning of the year.

Short term assets amount to HRK 1 billion 766.2 million and are by HRK 37.9 million, or 2.10%, higher comparing to the beginning of the year. In the structure of short term assets financial assets and cash in bank and on hand have decreased, receivables have increased, while inventory is at the same level compared to the beginning of the year.

Inventory amounts to HRK 245.3 million and has not significantly changed comparing to the beginning of the year.

Total short term receivables amount to HRK 1 billion 370.8 million and are higher for HRK 25.1 million, which is 1.87%, comparing to the beginning of the year. Trade receivables, receivables from related parties and receivables from participating parties amount to HRK 1 billion 369.1 million and have increased by 2.02% comparing to the beginning of the year.

Short term financial assets amount to HRK 102.2 million and relate to short term given loans. Comparing to the beginning of the year they have decreased for HRK 30.4 million due to the repayment of the given loans.

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

Long term liabilities amount to HRK 4.2 million and relate to finance lease liabilities. Compared to the beginning of the year they have decreased by HRK 8.3 million which is mainly due to the converting of the long term loan to the short term loan.

Short term liabilities amount to HRK 1 billion 618.4 million out of which the biggest part in amount of HRK 1 billion 151.3 million relates to trade payables and liabilities to related parties and HRK 450.6 million to indebtedness (HRK 448.7 million to short term loans and HRK 1.9 million to finance lease).

Trade payables and liabilities to related parties are higher for HRK 24.0 million comparing to the beginning of the year, which is 2.12%. This increase of trade payables and liabilities to related parties is higher than increase of trade receivables and related parties since the part of receivables was transferred to the investment in subsidiaries.

Total loans liabilities of Medika amounts to HRK 448.7 million which is decrease of HRK 32.1 million comparing to the beginning of the year. As at 31.03.2017 Medika does not have any long term loans since during the first quarter long term loan was reprogramed to short term loan. All loans are short term loans and denominated in HRK so there is no exposure to foreign exchange risk at this balance sheet items.

### ***Key events***

Total pharmaceutical market in the first three months of 2017 has increased comparing to the same period of previous year. At the same time, sales of Medika have increased slightly slower comparing to the market increase, which has not significantly influenced market share.

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

Total indebtedness has decreased for HRK 32.1 million compared to the beginning of the year.

### ***Expected future development of the Company***

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 Company.

### ***Treasury shares***

As at 31.03.2017, the Company holds 1,202 treasury shares.

### ***Subsidiaries and associates***

The Company has subsidiaries Zdravstvena ustanova Ljekarne Prima Pharme and Primus nekretnine d.o.o. Both subsidiaries are fully owned by the Company.

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

### ***Related parties***

The company with major voting rights, Auctor d.o.o. owns 47.38% of the Company and has 49.34% of shares with voting rights.

Pliva Hrvatska d.o.o., Zagreb owns 25.32% of the Company and has 26.37% 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 partly 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. All loans are kuna-denominated; hence, there is no exposure to foreign exchange risk. With part of the foreign suppliers the payment currency is agreed in Croatian kuna. It is the tendency in the future to agree payments in Croatian kuna with as many existing foreign suppliers as possible so as to minimise the risk arising from transactions with foreign suppliers.

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

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 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 and receivables for given loans. 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.

Out of the total amount of short term receivables, HRK 143.2 million relates to the receivables from one business partner and its related companies. Business partner has in the first quarter of 2017 undergone in liquidity problems. Out of the total amount, HRK 100.0 million relates to the given loan that is secured by pledge on the shares, and the remaining on the receivables for the sold goods. Since the process of the restructuring of the business partner and its related parties has just begun, the final outcome is unpredictable and the collectability of the receivables cannot be predicted.

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 risk. This increases the need for additional financing, which increases finance expenses.

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Jasminko Herceg, dipl.oec.

Director

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

**Appendix 1.**

Reporting period:

1.1.2017

to

31.3.2017.

**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: 406  
(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.

**3 Medika d.d.**  
 (signature of authorised person)

**BALANCE SHEET**  
balance as at 31.3.2017.

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	249.535.377	289.648.397
I. INTANGIBLE ASSETS (004 to 009)	003	15.734.387	15.831.830
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	3.135.996	3.122.874
3. Goodwill	006	11.929.586	11.929.586
4. Advances for intangible assets	007		
5. Intangible assets under construction	008	668.805	779.370
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	168.598.684	168.626.965
1. Land	011	18.232.855	18.232.856
2. Buildings	012	118.788.851	117.716.191
3. Equipment and machinery	013	11.847.614	11.785.986
4. Furniture, fittings and vehicles	014	9.873.677	9.796.913
5. Biological assets	015		
6. Advances for tangible assets	016	3.497.127	52.082
7. Tangible assets under construction	017	5.557.090	10.243.592
8. Other tangible assets	018	801.470	799.345
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	64.756.529	104.743.825
1. Investment in subsidiaries and associates	021	59.999.330	99.999.330
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	4.757.199	4.744.495
7. Other non-current financial assets	027		
8. Investments at equity method	028		
IV. RECEIVABLES (030 to 032)	029	0	0
1. Receivables from related parties	030		
2. Receivables for credit sales	031		
3. Other receivables	032		
V. DEFERRED TAX ASSET	033	445.777	445.777
C) CURRENT ASSETS (035+043+050+058)	034	1.804.121.702	1.786.226.443
I. INVENTORY (036 To 042)	035	245.760.973	245.274.673
1. Raw material	036	93.445	112.588
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	243.241.341	243.736.614
5. Advances for inventories	040	2.426.187	1.425.471
6. Non-current assets available for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	1.345.661.668	1.370.794.940
1. Receivables from related parties	044	193.159.498	163.617.979
2. Trade receivables	045	1.132.787.151	1.189.031.083
3. Receivables from participating parties	046	16.095.511	16.495.544
4. Receivables from employees	047	25.101	19.842
5. Receivables from the state and other institutions	048	1.698.717	838.357
6. Other receivables	049	1.895.690	792.135
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	132.605.132	102.213.233
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	132.605.132	102.213.233
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	80.093.929	47.943.597
D) PREPAID EXPENSES AND ACCRUED INCOME	059	2.014.535	1.073.837
E) TOTAL ASSETS (001+002+034+059)	060	2.055.671.614	2.056.948.677
G) OFF BALANCE SHEET ITEMS	061	137.321.182	146.889.018



<b>EQUITY AND LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>417.264.280</b>	<b>431.493.399</b>
<b>I. SHARE CAPITAL</b>	<b>063</b>	<b>204.715.320</b>	<b>204.715.320</b>
<b>II. CAPITAL RESERVES</b>	<b>064</b>	<b>-8.312.744</b>	<b>-7.657.921</b>
<b>III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)</b>	<b>065</b>	<b>85.852.773</b>	<b>86.817.950</b>
1. Legal reserves	066	18.465.733	18.465.733
2. Reserves for treasury shares	067	48.811.980	48.811.980
3. Treasury shares	068	13.221.430	12.256.253
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>	<b>84.304.886</b>	<b>135.008.931</b>
1. Retained earnings	073	84.304.886	135.008.931
2. Accumulated loss	074		
<b>VI. PROFIT OR LOSS FOR THE PERIOD (076-077)</b>	<b>075</b>	<b>50.704.045</b>	<b>12.609.119</b>
1. Profit for the period	076	50.704.045	12.609.119
2. Loss for the period	077		
<b>VII. MAJORITY INTERESTS</b>	<b>078</b>		
<b>B) PROVISIONS (080 To 082)</b>	<b>079</b>	<b>684.497</b>	<b>684.497</b>
1. Provisions for retirement, severance payment and similar	080	684.497	684.497
2. Tax provisions	081		
3. Other provisions	082		
<b>C) NON-CURRENT LIABILITIES (084 to 092)</b>	<b>083</b>	<b>12.500.488</b>	<b>4.199.742</b>
1. Liabilities to related parties	084		
2. Borrowings and deposits	085		
3. Liabilities to banks and other financial institutions	086	12.500.488	4.199.742
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>	<b>1.623.884.843</b>	<b>1.618.445.898</b>
1. Liabilities to related parties	094	132.968.443	141.100.930
2. Borrowings and deposits	095		
3. Liabilities to banks and other financial institutions	096	475.220.354	450.645.403
4. Liabilities for advances received	097	1.220.850	114.894
5. Trade payables	098	994.359.267	1.010.179.939
6. Liabilities for securities	099		
7. Liabilities to participating parties	100		
8. Liabilities to employees	101	7.336.491	5.247.373
9. Liabilities for taxes and contributions	102	9.729.551	9.544.573
10. Dividend payables	103		
11. Liabilities for non-current assets available for sale	104		
12. Other current liabilities	105	3.049.887	1.612.786
<b>E) DEFERRED INCOME AND ACCRUED EXPENSES</b>	<b>106</b>	<b>1.337.506</b>	<b>2.125.141</b>
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>2.055.671.614</b>	<b>2.056.948.677</b>
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	<b>137.321.182</b>	<b>146.889.018</b>
<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 filed for consolidated financial statements.

**PROFIT AND LOSS**  
for period from 1.1.2017. to 31.3.2017.

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>	640.919.283	640.919.283	662.084.448	662.084.448
1. Revenues from sale	112	636.034.482	636.034.482	656.260.332	656.260.332
2. Other operating revenues	113	4.884.801	4.884.801	5.824.116	5.824.116
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	629.925.174	629.925.174	651.198.450	651.198.450
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	603.798.532	603.798.532	621.453.141	621.453.141
a) Raw materials	117	2.119.738	2.119.738	2.286.626	2.286.626
b) Cost of goods sold	118	597.061.592	597.061.592	614.353.976	614.353.976
c) Other expenses	119	4.617.202	4.617.202	4.812.539	4.812.539
3. Employee expenses (121 to 123)	120	13.109.003	13.109.003	13.269.069	13.269.069
a) Net salaries	121	7.730.083	7.730.083	8.043.660	8.043.660
b) Tax and contributions from salaries	122	3.543.697	3.543.697	3.372.127	3.372.127
c) Contributions on salaries	123	1.835.223	1.835.223	1.853.282	1.853.282
4. Depreciation and amortization	124	2.888.971	2.888.971	2.739.045	2.739.045
5. Other expenses	125	6.972.761	6.972.761	7.661.915	7.661.915
6. Impairment (127+128)	126	3.155.907	3.155.907	6.075.280	6.075.280
a) of non-current assets (financial assets excluded)	127				
b) of current assets (financial assets excluded)	128	3.155.907	3.155.907	6.075.280	6.075.280
7. Provisions	129				
8. Other operating expenses	130				
<b>III. FINANCE INCOME (132 to 136)</b>	<b>131</b>	11.500.389	11.500.389	8.479.101	8.479.101
1. Interests, foreign exchanges and dividend from related parties	132	2.754	2.754		
2. Interests, foreign exchanges and dividend from non-related parties	133	11.497.635	11.497.635	8.479.101	8.479.101
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>	5.137.708	5.137.708	3.603.701	3.603.701
1. Interests, foreign exchanges and dividend from related parties	138				
2. Interests, foreign exchanges and dividend from non-related parties	139	5.137.708	5.137.708	3.603.701	3.603.701
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>	652.419.672	652.419.672	670.563.549	670.563.549
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	635.062.882	635.062.882	654.802.151	654.802.151
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	17.356.790	17.356.790	15.761.398	15.761.398
1. Profit before tax (146-147)	149	17.356.790	17.356.790	15.761.398	15.761.398
2. Loss before tax (147-146)	150	0	0	0	0
<b>XII. INCOME TAX</b>	<b>151</b>	3.870.564	3.870.564	3.152.279	3.152.279
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	13.486.226	13.486.226	12.609.119	12.609.119
1. Profit for the period (149-151)	153	13.486.226	13.486.226	12.609.119	12.609.119
2. Loss for the period (151-148)	154	0	0	0	0

**SUPPLEMENT TO PROFIT AND LOSS (for consolidated financial statements)**

<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to equity holders	155				
2. Attributable to minority interest	156				
<b>OTHER COMPREHENSIVE INCOME REPORT (for IFRS reporting)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	<b>13,486,226</b>	<b>13,486,226</b>	<b>12,609,119</b>	<b>12,609,119</b>
<b>II. OTHER COMPREHENSIVE PROFIT/LOSS BEFORE TAX (159 to 165)</b>	<b>158</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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				
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>V. COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	<b>13,486,226</b>	<b>13,486,226</b>	<b>12,609,119</b>	<b>12,609,119</b>
<b>APPENDIX to Other comprehensive income report (to be filled for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE PROFIT OR LOSS</b>					
1. Attributable to equity holders	169				
2. Attributable to minority interest	170				

**STATEMENT OF CASH FLOW - Indirect method**  
for the period from 1.1.2017. to 31.3.2017.

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	17.356.790	15.761.398
2. Depreciation and amortisation	002	2.888.971	2.739.045
3. Increase of current liabilities	003	44.362.518	19.135.005
4. Decrease of current receivables	004		
5. Decrease of inventories	005		486.301
6. Other increase of cash flow	006		30.391.898
<b>I. Total increase of cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>64.608.279</b>	<b>68.513.647</b>
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	113.702.886	25.133.272
3. Increase of inventories	010	12.014.471	
4. Other decrease of cash flow	011	26.589.871	3.577.210
<b>II. Total decrease of cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>152.307.228</b>	<b>28.710.482</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>39.803.165</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>87.698.949</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of tangible and intangible assets	015	514.916	47.382
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	4.152.062	1.935.918
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>4.666.978</b>	<b>1.983.300</b>
1. Purchase of tangible and intangible assets	021	3.984.366	1.175.224
2. Purchase of equity and debt securities	022		
3. Other purchases resulting from investing activities	023		39.987.296
<b>IV. Total purchases resulting from investing activities (021 to 023)</b>	<b>024</b>	<b>3.984.366</b>	<b>41.162.520</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>	<b>682.612</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>026</b>	<b>0</b>	<b>39.179.220</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issuance of equity and debt securities	027		
2. Proceeds from borrowings	028	217.000.000	
3. Other proceeds from financing activities	029		
<b>V. Total proceeds from financing activities (027 to 029)</b>	<b>030</b>	<b>217.000.000</b>	<b>0</b>
1. Repayments of borrowings	031	171.543.750	32.058.333
2. Dividends paid	032		
3. Repayments of finance lease	033	617.047	715.944
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>172.160.797</b>	<b>32.774.277</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>44.839.203</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>32.774.277</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	42.177.134	32.150.332
Cash and cash equivalents at beginning of the period	041	49.087.757	80.093.929
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043	42.177.134	32.150.332
Cash and cash equivalents at end of the period	044	6.910.623	47.943.597

**STATEMENT OF CHANGES IN EQUITY**  
for the period from 1.1.2017. to 31.3.2017.

Description	AOP mark	Previous period	Current period
1	2	3	4
1. Share capital	001	204.715.320	204.715.320
2. Capital reserves	002	-8.312.744	-7.657.921
3. Reserves from retained earnings	003	85.852.773	86.817.950
4. Retained earnings or accumulated loss	004	84.304.886	135.008.931
5. Profit or loss for the period	005	50.704.045	12.609.119
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>417.264.280</b>	<b>431.493.399</b>
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		
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	<b>0</b>	<b>0</b>
17 a. Pripisano imatejima 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, 25 April 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**

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.

Unaudited unconsolidated and consolidated financial statements for the period 01 January to 31 March 2017 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 unaudited financial statements for the period 01 January to 31 March 2017 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.

Jasminko Herceg  
Director



**Medika** d.d.  
ZAGREB, Capraška 1