



Medika d.d.

Zagreb, Capraška 1

**INTERIM REPORT
for I-IX 2017
Group Medika**

October 2017

Management interim report

Comment on the business results for the first nine months of 2017

Medika Group („the Group“) has realised total revenue in the first nine months of 2017 in amount of HRK 2 billion 116.1 million which is by 4.32% higher comparing to the same period of previous year.

Sales revenues which amount to HRK 2 billion 89.2 million for the first nine months of 2017 are by 4.96% higher comparing to the same period of previous year.

Share of sales revenues in the total revenue is 98.73% while in the same period of previous year it was 98.13%.

Other operating revenues which amount to HRK 18.1 million are higher by 7.41% comparing to the same period of previous year. Share of other operating revenues in total revenue was only 0.83 % in the first nine months of 2016, and in the first nine months of 2017 is 0.86%.

Out of the total sales revenues, 99.94% revenues are generated on domestic market, while 0.06% is generated on the foreign market. This structure in the first nine months of 2017 has not significantly changed comparing to the same period of previous year.

Material expenses amount to HRK 1 billion 917.3 million and are 4.38% 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 0.03% comparing to the same period of previous year and amounts to 93.92%.

Employee expenses are at the same level comparing to the same period of previous year. Their share in the total expenses amounts to 3.70% while in the same period of previous year it amounted to 3.87%.

Finance income has decreased compared to the same period of the previous year for HRK 12.3 million, which is 58.23%. This decrease is result of lower average amount of given loans to the business partners and the interests on the loan given to Agrokor d.d. were not charged according to the Act on the procedure of Extraordinary Administration in Commercial Companies with Systemic Importance for the Republic of Croatia. In addition, positive exchange rate differences are lower compared to the same period of the previous year.

Finance expenses have increased compared to the same period of previous year by HRK 48.3 million. Their share in the total expenses is by 2.25% higher compared to the same period of previous year and amounts to 2.94%. This increase is mostly influenced by value adjustment of the loan given to Agrokor d.d. in amount of HRK 50.0 million. At the same time interest expenses are lower for HRK 1.7 million as a result of lower interest rates and lower indebtedness comparing to the same period of previous year.

Gross margin in the first nine months of 2016 amounted to 9.48%, while in the first nine months of 2017 amounts to 9.90%, which is increase by 0.41%. 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 12.9 million, while in the same period of previous year amounted to HRK 59.8 million, which is decrease of HRK 46.8 million. Lower gross profit is result of greater increase of total expenses (increase of 6.84% comparing to the same period of previous year) in relation to the increase of total revenue (increase of 4.32% comparing to the same period of previous year).

Operative earnings amount to HRK 66.0 million and are by HRK 13.7 million, which is 26.22% higher comparing to the same period of previous year.

Realised net profit amounts to HRK 10.1 million.

Transactions with the related parties in the first nine months of 2017 generated total net revenues in amount of HRK 26.4 million, which is by 13.68% higher of generated revenue in the same period of previous year when it amounted to HRK 23.2 million.

Trade goods purchased from the related parties amount to HRK 158.9 million which is for 7.60% lower compared to the same period of previous year when trade goods purchased from the related parties amounted to HRK 171.9 million.

Total assets amount to HRK 2 billion 128.3 million and are by HRK 25.2 million, which is 1.17%, lower compared to the beginning of the year.

Long term assets have not significantly changed compared to the beginning of the year. Long term intangible assets have decreased by HRK 1.6 million compared to the beginning of the year mostly as a result of sale of one pharmacy unit in Split and amortization. Tangible assets are almost at the same level compared to the beginning of the year.

Long term financial assets mostly relates to the investment in related parties and in smaller part to the given loans and amount to HRK 29.5 million. In the structure of long term assets investment in associate is lower by HRK 441 thousand since the associate paid out part of the share in profit, while the amount of long term given loans is higher due to approved new loans to the business partners.

Deferred tax assets are lower by HRK 177 thousand compared to the beginning of the year due to the sale of pharmacy unit.

Short term assets amount to HRK 1 billion 716.9 million and are by HRK 25.7 million, or just 1.47%, lower comparing to the beginning of the year. In the structure of short term assets financial assets and cash have decreased, while inventory and receivables have increased compared to the beginning of the year.

Inventory amounts to HRK 289.9 million and have increased by HRK 12.9 million, which is 4.66% comparing to the beginning of the year, as a result of increased procurement due to the sales increase.

Total short term receivables amount to HRK 1 billion 332.9 million and are higher for HRK 84.5 million, which is 6.77%, comparing to the beginning of the year. Trade receivables and receivables from participating parties amount to HRK 1 billion 321.2 million and have increased by 6.67% comparing to the beginning of the year.

Short term financial assets amount to HRK 50.3 million and relate to short term given loans. Comparing to the beginning of the year short financial assets have decreased for HRK 82.3 million mostly due to the value adjustment of the loan given to Agrokor d.d. in the amount of HRK 50.0 million. Part of the given loans in the amount of HRK 32.3 million was repaid during 2017.

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

Based on the decision passed at the General Assembly held 18.05.2017 amount of HRK 83 thousand was reallocated from Other reserves to Statutory reserves.

Long term liabilities amount to HRK 20.2 million and have decreased by HRK 11.9 million which is due to the converting of one long term loan to the short term loan and repayment of part of the loans. Out of the total amount of long term liabilities HRK 4.2 million relates to finance lease liabilities and HRK 15.9 million relate to deferred tax liability. The Group does not have long term loans as at 30.09.2017.

Short term liabilities amount to HRK 1 billion 639.2 million out of which the largest part in amount of HRK 1 billion 220.5 million relates to trade payables and liabilities to related parties and HRK 416.7 million to indebtedness (HRK 416.1 million to short term loans and HRK 576 thousand to finance lease).

Trade payables and liabilities to related parties are higher for HRK 61.5 million comparing to the beginning of the year, which is 5.40%, which is lower than the increase of trade receivables and related parties.

Total loans liabilities of Medika Group amounts to HRK 416.1 million which is decrease of HRK 90.1 million comparing to the beginning of the year. All loans are short-term 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 nine months of 2017 has increased comparing to the same period of previous year. At the same time, sales of Medika d.d. 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.

At General Assembly meeting held as at 18.05.2017 decisions were passed that influenced equity.

Total indebtedness has decreased for HRK 90.1 million compared to the beginning of the year.

Value adjustment of financial assets was made in amount of HRK 50.0 million.

Medika Group acquired Ljekarna Ana Pantelić which was merged into ZU Ljekarne Prima Pharme.

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

Treasury shares

As at 30.09.2017, 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 and associate ZU Ljekarne Jagatić in which it holds 49% of ownership. During 2017 Ljekarna Ana Pantelić was acquired and was merged into ZU Ljekarne Prima Pharme.

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 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 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 Group has part of assets which are interest-bearing so the Group'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 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 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 HZZO's List of medicinal products and administrative approach in determining prices and margins of medicinal products. 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 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 85.2 million relates to the receivables from the companies within Agrokor Group which has undergone in liquidity problems. Out of the total amount, HRK 50.0 million relates to the given loan that is secured by pledge on the shares (gross amount of the loan amounts to HRK 100.0 million and the value adjustment amounts to HRK 50.0 million) and the remaining on the receivables for the sold goods to the customers from the veterinary segment within Agrokor Group.

Based on the published audited financial statements for the year 2016 for Agrokor d.d. and its related companies, the Management estimated that as at 30.09.2017 50% of the loans given to Agrokor d.d. should be value adjusted, which amounts to HRK 50.0 million (shown in financial expenses), due to the uncertain recoverability of loans which will depend on the outcome of the settlement in the restructuring process of Agrokor Group.

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.


Jasminko Herceg, dipl.oec.
Director


Medika d.d.
Z A G R E B, Capraška 1

Appendix 1.

Reporting period:

1.1.2017.

to

30.9.2017.

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: 767
(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

Bookkeeping service:

Contact person: RADMILOVIĆ DIJANA

(only name of the contact person)

Telephone number: 012412551

Telefaks: 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.


Medika d.d.
 ZAGREB, Capraška 1
 (signature of authorised person)

BALANCE SHEET
balance as at 30.9.2017.

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	408.839.901	409.874.056
I. INTANGIBLE ASSETS (004 to 009)	003	188.121.405	186.557.628
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	119.575.339	116.808.717
3. Goodwill	006	67.663.564	68.917.967
4. Advances for intangible assets	007	213.698	163.350
5. Intangible assets under construction	008	668.804	667.594
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	191.785.703	191.541.930
1. Land	011	25.226.916	25.226.916
2. Buildings	012	132.352.841	128.972.847
3. Equipment and machinery	013	13.092.366	12.877.916
4. Furniture, fittings and vehicles	014	11.237.693	10.054.100
5. Biological assets	015		
6. Advances for tangible assets	016	3.497.127	193.790
7. Tangible assets under construction	017	5.557.090	13.401.066
8. Other tangible assets	018	821.670	815.295
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	26.390.065	29.549.566
1. Investment in subsidiaries and associates	021		
2. Loans to related parties	022		
3. Equity investments	023	21.318.086	20.877.133
4. Loans given to participating parties	024		
5. Investment in securities	025		
6. Loans given, deposits and similar	026	5.071.979	8.672.433
7. Other non-current financial assets	027		
8. Investments at equity method	028		
IV. RECEIVABLES (030 to 032)	029	1.018.735	878.042
1. Receivables from related parties	030		
2. Receivables for credit sales	031		
3. Other receivables	032	1.018.735	878.042
V. DEFERRED TAX ASSET	033	1.523.993	1.346.890
C) CURRENT ASSETS (035+043+050+058)	034	1.742.543.057	1.716.886.000
I. INVENTORY (036 To 042)	035	277.022.681	289.928.046
1. Raw material	036	493.692	527.734
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	274.089.365	288.237.385
5. Advances for inventories	040	2.439.624	1.162.927
6. Non-current assets available for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	1.248.405.954	1.332.874.683
1. Receivables from related parties	044		
2. Trade receivables	045	1.222.404.747	1.305.583.734
3. Receivables from participating parties	046	16.095.511	15.579.175
4. Receivables from employees	047	121.201	26.552
5. Receivables from the state and other institutions	048	1.537.180	7.446.621
6. Other receivables	049	8.247.315	4.238.601
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	132.605.132	50.336.032
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	50.336.032
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	84.509.290	43.747.239
D) PREPAID EXPENSES AND ACCRUED INCOME	059	2.080.559	1.522.110
E) TOTAL ASSETS (001+002+034+059)	060	2.153.463.517	2.128.282.166
G) OFF BALANCE SHEET ITEMS	061	137.321.182	118.434.007

EQUITY AND LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	455,027,473	466,793,794
I. SHARE CAPITAL	063	204,715,320	209,244,420
II. CAPITAL RESERVES	064	-8,312,744	-7,657,921
III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)	065	85,852,773	86,817,950
1. Legal reserves	066	18,465,733	18,548,510
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	31,713,713
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	117,255,820	168,243,023
1. Retained earnings	073	117,255,820	168,243,023
2. Accumulated loss	074		
VI. PROFIT OR LOSS FOR THE PERIOD (076-077)	075	55,516,304	10,146,322
1. Profit for the period	076	55,516,304	10,146,322
2. Loss for the period	077		
VII. MAJORITY INTERESTS	078		
B) PROVISIONS (080 To 082)	079	951,636	951,636
1. Provisions for retirement, severance payment and similar	080	951,636	951,636
2. Tax provisions	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 to 092)	083	32,086,546	20,157,125
1. Liabilities to related parties	084		
2. Borrowings and deposits	085		
3. Liabilities to banks and other financial institutions	086	16,163,856	4,234,435
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	15,922,690	15,922,690
D) CURRENT LIABILITIES (094 to 105)	093	1,663,967,808	1,639,187,793
1. Liabilities to related parties	094	132,968,443	125,691,650
2. Borrowings and deposits	095		
3. Liabilities to banks and other financial institutions	096	497,052,038	416,653,320
4. Liabilities for advances received	097	1,442,225	137,586
5. Trade payables	098	1,006,069,951	1,074,847,554
6. Liabilities for securities	099		
7. Liabilities to participating parties	100		
8. Liabilities to employees	101	10,653,682	7,976,484
9. Liabilities for taxes and contributions	102	12,657,670	12,032,779
10. Dividend payables	103		
11. Liabilities for non-current assets available for sale	104		
12. Other current liabilities	105	3,123,799	1,848,420
E) DEFERRED INCOME AND ACCRUED EXPENSES	106	1,430,054	1,191,818
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	2,153,463,517	2,128,282,166
G) OFF BALANCE SHEET ITEMS	108	137,321,182	118,434,007
SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements)			
A) CAPITAL AND RESERVES			
1. Attributable to equity holders	109	455,027,473	466,793,794
2. Attributable to minority interest	110		

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

PROFIT AND LOSS
for period from 1.1.2017. to 30.9.2017.

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	2.007.381.685	673.064.086	2.107.355.516	707.431.751
1. Revenues from sale	112	1.990.494.656	659.697.816	2.089.217.515	703.615.995
2. Other operating revenues	113	16.887.029	3.366.270	18.138.001	3.815.756
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	1.955.072.578	651.053.127	2.041.329.798	683.937.932
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	1.836.759.967	615.811.293	1.917.294.589	643.037.917
a) Raw materials	117	9.066.771	3.033.398	8.445.148	2.708.947
b) Cost of goods sold	118	1.801.730.361	604.168.605	1.882.481.208	631.655.676
c) Other expenses	119	25.962.835	8.609.290	26.368.233	8.673.294
3. Employee expenses (121 to 123)	120	75.590.168	25.092.784	75.525.534	25.098.171
a) Net salaries	121	44.762.526	14.878.695	45.759.330	15.216.597
b) Tax and contributions from salaries	122	20.215.311	6.680.871	19.202.343	6.398.351
c) Contributions on salaries	123	10.612.321	3.533.218	10.563.861	3.483.223
4. Depreciation and amortization	124	10.514.508	3.450.895	10.211.281	3.417.856
5. Other expenses	125	25.664.893	6.446.832	31.647.623	11.817.204
6. Impairment (127+128)	126	6.543.052	251.323	6.750.791	566.784
a) of non-current assets (financial assets excluded)	127				
b) of current assets (financial assets excluded)	128	6.543.052	251.323	6.750.791	566.784
7. Provisions	129				
8. Other operating expenses	130				
III. FINANCE INCOME (132 to 136)	131	21.049.773	3.812.284	8.792.346	-3.124.258
1. Interests, foreign exchanges and dividend from related parties	132	832.579	277.085	1.213.812	363.334
2. Interests, foreign exchanges and dividend from non-related parties	133	20.217.194	3.535.199	7.578.734	-3.487.592
3. Share of profit from associate	134				
4. Unrealised gains	135				
5. Other financial income	136				
IV. FINANCE EXPENSES (138 to 141)	137	13.598.285	4.060.720	61.904.366	54.765.463
1. Interests, foreign exchanges and dividend from related parties	138				
2. Interests, foreign exchanges and dividend from non-related parties	139	13.598.285	4.060.720	11.904.366	4.765.463
3. Unrealised losses	140				
4. Other finance expenses	141			50.000.000	50.000.000
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	2.028.431.458	676.876.370	2.116.147.862	704.307.493
X. TOTAL EXPENSES (114+137+143 + 145)	147	1.968.670.863	655.113.847	2.103.234.164	738.703.395
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	59.760.595	21.762.523	12.913.698	-34.395.902
1. Profit before tax (146-147)	149	59.760.595	21.762.523	12.913.698	0
2. Loss before tax (147-146)	150	0	0	0	34.395.902
XII. INCOME TAX	151	13.320.537	4.798.601	2.767.376	-6.755.220
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	46.440.058	16.963.922	10.146.322	-27.640.682
1. Profit for the period (149-151)	153	46.440.058	16.963.922	10.146.322	0
2. Loss for the period (151-148)	154	0	0	0	27.640.682

SUPPLEMENT TO PROFIT AND LOSS (for consolidated financial statements)

XIV. PROFIT OR LOSS FOR THE PERIOD

1. Attributable to equity holders	155	46.440.058	16.963.922	10.146.322	-27.640.682
2. Attributable to minority interest	156				

OTHER COMPREHENSIVE INCOME REPORT (for IFRS reporting)

I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	46.440.058	16.963.922	10.146.322	-27.640.682
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	46.440.058	16.963.922	10.146.322	-27.640.682

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

VI. COMPREHENSIVE PROFIT OR LOSS

1. Attributable to equity holders	169	46.440.058	16.963.922	10.146.322	-27.640.682
2. Attributable to minority interest	170				

STATEMENT OF CASH FLOW - Indirect method
for the period from 1.1.2017. do 30.9.2017.

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	59.760.595	12.913.698
2. Depreciation and amortisation	002	10.514.508	10.211.261
3. Increase of current liabilities	003	94.880.662	55.618.703
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other increase of cash flow	006		82.269.099
I. Total increase of cash flow from operating activities (001 to 006)	007	165.155.765	161.012.761
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	215.957.514	84.468.729
3. Increase of inventories	010	14.789.367	12.905.365
4. Other decrease of cash flow	011	18.526.814	545.132
II. Total decrease of cash flow from operating activities (008 to 011)	012	249.273.695	97.919.226
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	0	63.093.535
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	84.117.930	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of tangible and intangible assets	015	865.731	2.206.254
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	11.567.508	2.836.306
4. Dividends received	018		
5. Other proceeds from investing activities	019		
III. Total proceeds from investing activities (015 to 019)	020	12.433.239	
1. Purchase of tangible and intangible assets	021	17.510.746	8.403.710
2. Purchase of equity and debt securities	022		
3. Other purchases resulting from investing activities	023		3.159.501
IV. Total purchases resulting from investing activities (021 to 023)	024	17.510.746	11.563.211
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	5.077.507	11.563.211
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issuance of equity and debt securities	027		
2. Proceeds from borrowings	028	570.409.051	5.000.000
3. Other proceeds from financing activities	029		
V. Total proceeds from financing activities (027 to 029)	030	570.409.051	5.000.000
1. Repayments of borrowings	031	419.223.816	95.126.302
2. Dividends paid	032	49.127.771	
3. Repayments of finance lease	033	1.851.820	2.166.073
4. Purchase of treasury shares	034	4.524.533	
5. Other purchases resulting from financing activities	035		
VI. Ukupno novčani izdaci od finansijskih aktivnosti (031 to 035)	036	474.727.940	97.292.375
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	95.681.111	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	92.292.375
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	6.485.674	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	40.762.051
Cash and cash equivalents at beginning of the period	041	54.902.549	84.509.290
Increase of cash and cash equivalents	042	6.485.674	
Decrease of cash and cash equivalents	043	0	40.762.051
Cash and cash equivalents at end of the period	044	61.388.223	43.747.239

STATEMENT OF CHANGES IN EQUITY
for the period from **1.1.2017.** to **30.9.2017.**

Description	AOP mark	Previous period	Current period
1	2	3	4
1. Share capital	001	204.715.320	209.244.420
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	117.255.820	168.243.023
5. Profit or loss for the period	005	55.516.304	10.146.322
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	455.027.473	466.793.794
11. Foreign exchanges from the foreign investments	011		
12. Current and deferred 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		
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, 26 October 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, 110/15 and 123/16) 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 30 September 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 30 September 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