



**Medika** d.d.

Zagreb, Capraška 1

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

**October 2017**

## Management interim report

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

Medika d.d. („Company“) has realised total revenue in the first nine months of 2017 in amount of HRK 2 billion 33.9 million which is by 4.44% higher comparing to the same period of previous year.

Sales revenues which amount to HRK 2 billion 13.9 million for the first nine months of 2017 are by 5.32% higher comparing to the same period of previous year.

Share of sales revenues in the total revenue is 99.02% while in the same period of previous year it was 98.19%.

Other operating revenues which amount to HRK 12.5 million are lower by 18.17% comparing to the same period of previous year. Share of other operating revenues in total revenue was only 0.78 % in the first nine months of 2016, and in the first nine months of 2017 is 0.61%.

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 888.6 million and are 4.68% 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 0.07% comparing to the same period of previous year and amounts to 95.88%.

Employee expenses are higher by 1.85% 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 2.10%. Increase in employee expenses is influenced by higher number of employees.

Finance income has decreased compared to the same period of the previous year for HRK 12.5 million, which is 62.40%. 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 48.6 million. Their share in the total expenses is by 2.35% higher compared to the same period of previous year and amounts to 3.03%. 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 1.5 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 6.82%, while in the first nine months of 2017 amounts to 7.33%, which is increase of 0.51%. 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 2.7 million, while in the same period of previous year amounted to HRK 54.3 million, which is decrease of HRK 51.6 million, or 7.29%. Lower gross profit is result of greater increase of total expenses (increase of 7.29% comparing to the same period of previous year) in relation to the increase of total revenue (increase of 4.44% comparing to the same period of previous year).

Operative earnings amount to HRK 56.7 million and are by HRK 9.5 million, which is 20.16% higher comparing to the same period of previous year.

Realised net profit amounts to HRK 2.2million.

Transactions with the related parties in the first nine months of 2017 generated total net revenues in amount of HRK 215.1 million, which is 4.29% more of generated revenue in the same period of previous year when it amounted to HRK 206.2 million. Increase is a result of increase sales in Prima Pharma Group.

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 42.7 million and are by HRK 13.0 million, which is 0.63%, lower compared to the beginning of the year.

Long term assets increased by HRK 43.1 million comparing to the beginning of the year.

Long term intangible assets are lower for HRK 352 thousand, or 2.24%, compared to the beginning of the year as a result of amortisation charged while tangible assets are 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. Long term financial assets amount to HRK 108.3 million and are by HRK 43.5 million higher compared to the beginning of the year. The increase is result of decision passed by the Company 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 748.7 million and are lower for HRK 55.4 million, or 3.07% comparing to the beginning of the year. In the structure of short term assets financial assets and cash have decreased, while receivables and inventory have increased compared to the beginning of the year.

Inventory amounts to HRK 256.4 million and have increased by HRK 10.7 million, which is 4.34% 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 405.1 million and are higher for HRK 59.4 million, which is 4.41%, comparing to the beginning of the year. Trade receivables, receivables from related parties and receivables from participating parties amount to HRK 1 billion 395.6 million and have increased by 3.99% 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 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 615.7 million out of which the biggest part in amount of HRK 1 billion 67.5 million relates to trade payables and liabilities to related parties and HRK 410.9 million to indebtedness (HRK 406.1 million to short term loans and HRK 576 thousand to finance lease).

Trade payables and liabilities to related parties are higher for HRK 65.8 million comparing to the beginning of the year, which is 5.84%. 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 406.1 million which is decrease of HRK 74.6 million comparing to the beginning of the year. As at 30.09.2017 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 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 74.6 million compared to the beginning of the year.

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

### ***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 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 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 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: 400  
(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.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.**  
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
<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	292.653.473
I. INTANGIBLE ASSETS (004 to 009)	003	15.734.387	15.382.077
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	3.135.996	2.621.547
3. Goodwill	006	11.929.586	11.929.586
4. Advances for intangible assets	007		163.350
5. Intangible assets under construction	008	668.805	667.594
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	168.598.684	168.544.090
1. Land	011	18.232.855	18.232.855
2. Buildings	012	118.788.851	115.739.305
3. Equipment and machinery	013	11.847.614	11.641.660
4. Furniture, fittings and vehicles	014	9.873.677	8.548.534
5. Biological assets	015		
6. Advances for tangible assets	016	3.497.127	193.790
7. Tangible assets under construction	017	5.557.090	13.392.851
8. Other tangible assets	018	801.470	795.095
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	64.756.529	108.281.529
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	8.282.199
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	1.748.727.687
I. INVENTORY (036 To 042)	035	245.760.973	256.435.017
1. Raw material	036	93.445	86.035
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	243.241.341	255.191.202
5. Advances for inventories	040	2.426.187	1.157.780
6. Non-current assets available for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	1.345.661.668	1.405.056.287
1. Receivables from related parties	044	193.159.498	151.296.836
2. Trade receivables	045	1.132.787.151	1.228.714.564
3. Receivables from participating parties	046	16.095.511	15.579.175
4. Receivables from employees	047	25.101	26.553
5. Receivables from the state and other institutions	048	1.698.717	8.050.298
6. Other receivables	049	1.895.690	1.388.861
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	132.605.132	50.317.655
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	50.317.655
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	80.093.929	36.918.728
D) PREPAID EXPENSES AND ACCRUED INCOME	059	2.014.535	1.291.901
E) TOTAL ASSETS (001+002+034+059)	060	2.055.671.614	2.042.673.061
G) OFF BALANCE SHEET ITEMS	061	137.321.182	118.434.007



<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>421,045,277</b>
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	84,304,886	130,479,831
1. Retained earnings	073	84,304,886	130,479,831
2. Accumulated loss	074		
VI. PROFIT OR LOSS FOR THE PERIOD (076-077)	075	50,704,045	2,160,997
1. Profit for the period	076	50,704,045	2,160,997
2. Loss for the period	077		
VII. MAJORITY INTERESTS	078		
<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>4,234,435</b>
1. Liabilities to related parties	084		
2. Borrowings and deposits	085		
3. Liabilities to banks and other financial institutions	086	12,500,488	4,234,435
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		
<b>D) CURRENT LIABILITIES (094 to 105)</b>	<b>093</b>	<b>1,623,884,843</b>	<b>1,615,687,581</b>
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	475,220,354	406,653,320
4. Liabilities for advances received	097	1,220,850	135,601
5. Trade payables	098	994,359,267	1,067,462,846
6. Liabilities for securities	099		
7. Liabilities to participating parties	100		
8. Liabilities to employees	101	7,336,491	4,896,332
9. Liabilities for taxes and contributions	102	9,729,551	9,022,523
10. Dividend payables	103		
11. Liabilities for non-current assets available for sale	104		
12. Other current liabilities	105	3,049,887	1,825,309
<b>E) DEFERRED INCOME AND ACCRUED EXPENSES</b>	<b>106</b>	<b>1,337,506</b>	<b>1,021,271</b>
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>2,055,671,614</b>	<b>2,042,673,061</b>
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	<b>137,321,182</b>	<b>118,434,007</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 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
<b>I. OPERATING REVENUES (112+113)</b>	<b>111</b>	1.927.431.298	644.023.615	2.026.400.849	678.965.455
1. Revenues from sale	112	1.912.176.106	641.151.400	2.013.918.255	675.629.167
2. Other operating revenues	113	15.255.192	2.872.215	12.482.594	3.336.288
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	1.880.238.578	624.259.716	1.969.695.336	659.031.605
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	1.804.138.295	603.164.838	1.888.583.272	631.604.704
a) Raw materials	117	6.915.395	2.457.959	6.574.791	2.135.184
b) Cost of goods sold	118	1.781.829.336	595.630.671	1.866.384.941	624.283.769
c) Other expenses	119	15.393.564	5.066.208	15.623.540	5.185.751
3. Employee expenses (121 to 123)	120	39.418.825	13.056.660	40.146.704	13.432.516
a) Net salaries	121	23.213.998	7.716.657	24.297.049	8.122.974
b) Tax and contributions from salaries	122	10.682.506	3.510.443	10.257.425	3.441.007
c) Contributions on salaries	123	5.522.321	1.829.560	5.592.230	1.868.535
4. Depreciation and amortization	124	8.581.108	2.829.334	8.299.348	2.787.262
5. Other expenses	125	21.558.114	4.969.351	25.917.534	10.640.767
6. Impairment (127+128)	126	6.542.236	250.533	6.748.478	566.356
a) of non-current assets (financial assets excluded)	127				
b) of current assets (financial assets excluded)	128	6.542.236	250.533	6.748.478	566.356
7. Provisions	129				
8. Other operating expenses	130				
<b>III. FINANCE INCOME (132 to 136)</b>	<b>131</b>	20.048.379	3.531.163	7.538.247	-3.505.264
1. Interests, foreign exchanges and dividend from related parties	132	9.703	4.934		
2. Interests, foreign exchanges and dividend from non-related parties	133	20.038.676	3.526.229	7.538.247	-3.505.264
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>	12.963.695	3.792.442	61.542.514	54.662.072
1. Interests, foreign exchanges and dividend from related parties	138				
2. Interests, foreign exchanges and dividend from non-related parties	139	12.963.695	3.792.442	11.542.514	4.662.072
3. Unrealised losses	140				
4. Other finance expenses	141			50.000.000	50.000.000
<b>V. SHARE OF PROFIT FROM ASSOCIATE</b>	<b>142</b>				
<b>VI. SHARE OF LOSS FROM ASSOCIATE</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	1.947.479.677	647.554.778	2.033.939.096	675.460.191
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	1.893.202.273	628.052.158	2.031.237.850	713.693.677
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	54.277.404	19.502.620	2.701.246	-38.233.486
1. Profit before tax (146-147)	149	54.277.404	19.502.620	2.701.246	0
2. Loss before tax (147-146)	150	0	0	0	38.233.486
<b>XII. INCOME TAX</b>	<b>151</b>	12.103.861	4.349.084	540.249	-7.646.697
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	42.173.543	15.153.536	2.160.997	-30.586.789
1. Profit for the period (149-151)	153	42.173.543	15.153.536	2.160.997	0
2. Loss for the period (151-148)	154	0	0	0	30.586.789

**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)**

<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	<b>42.173.543</b>	<b>15.153.536</b>	<b>2.160.997</b>	<b>-30.586.789</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>42.173.543</b>	<b>15.153.536</b>	<b>2.160.997</b>	<b>-30.586.789</b>

**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 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	54.277.404	2.701.246
2. Depreciation and amortisation	002	8.581.108	8.299.348
3. Increase of current liabilities	003	94.057.762	60.369.772
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other increase of cash flow	006		82.287.477
<b>I. Total increase of cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>156.916.274</b>	<b>153.657.843</b>
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	213.763.479	59.394.620
3. Increase of inventories	010	13.302.848	10.674.044
4. Other decrease of cash flow	011	20.161.653	3.718.090
<b>II. Total decrease of cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>247.227.980</b>	<b>73.786.754</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>79.871.089</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>90.311.706</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of tangible and intangible assets	015	722.611	383.087
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	11.520.682	2.796.087
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>12.243.293</b>	<b>3.179.174</b>
1. Purchase of tangible and intangible assets	021	7.330.951	5.903.141
2. Purchase of equity and debt securities	022		
3. Other purchases resulting from investing activities	023		43.525.000
<b>IV. Total purchases resulting from investing activities (021 to 023)</b>	<b>024</b>	<b>7.330.951</b>	<b>49.428.141</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>	<b>4.912.342</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>026</b>	<b>0</b>	<b>46.248.967</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issuance of equity and debt securities	027		
2. Proceeds from borrowings	028	567.000.000	
3. Other proceeds from financing activities	029		
<b>V. Total proceeds from financing activities (027 to 029)</b>	<b>030</b>	<b>567.000.000</b>	<b>0</b>
1. Repayments of borrowings	031	416.631.250	74.631.250
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		
<b>VI. Ukupno novčani izdaci od financijskih aktivnosti (031 to 035)</b>	<b>036</b>	<b>472.135.374</b>	<b>76.797.323</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>94.864.626</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>76.797.323</b>
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	9.465.262	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	43.175.201
Cash and cash equivalents at beginning of the period	041	49.087.757	80.093.929
Increase of cash and cash equivalents	042	9.465.262	
Decrease of cash and cash equivalents	043		43.175.201
Cash and cash equivalents at end of the period	044	58.553.019	36.918.728

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

Description 1	AOP mark 2	Previous period 3	Current period 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	84.304.886	130.479.831
5. Profit or loss for the period	005	50.704.045	2.160.997
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>421.045.277</b>
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		
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	<b>0</b>	<b>0</b>
17 a. Attributable to equity holders	018		
17 b. Attributable to minority interest	019		

Balances that decrease equity are presented with the minus

Data in AOP 001 to 009 are presented as the balance as at balance sheet date

Zagreb, 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