

**INTERIM REPORT  
for I-III 2014  
Group Medika**

**April 2014**

## Report Submitted by Director

### *Comment on the business results for the first quarter of 2014*

Medika Group („Group“) has realised total revenue in the first three months of 2014 in amount of HRK 544.9 million which is by 6.53% lower comparing to the same period of previous year.

Sales revenues which amount to HRK 539.0 million for the first three months of 2014 are by 6.75% lower comparing to the same period of previous year. Lower sales are influenced by lowering sales prices on the reimbursement list of drugs passed by HZZO. Namely, with the changes of the reimbursement list of drugs which occurred from second to fourth quarter of 2013 and in the first quarter of 2014, sales prices were lowered multiple times. Also, from 01.01.2014 the sale prices of orthopaedic support devices are lowered as the new reimbursement list for orthopaedic support devices is effective from that date. Additionally, lower revenue from services also impacted decrease in sales. Revenue from services mainly relate to consignment fee which is HRK 2.8 million lower comparing to the same period of previous year since consignment warehouses of the manufacturers that have headquarters in EU member countries are closed.

Share of sales revenues in the total revenue is 98.93% while in the same period of previous year it was 99.16%.

Other operating revenues which amount to HRK 4.2 million are lower comparing to the same period of previous year by 8.63%. Since the share of other operating revenues in total revenue was only 0.78% in the first quarter of 2013, and in the first quarter of 2014 is only 0.77%, this decrease is not that significant.

Out of the total sales revenues, 99.91% revenues are generated on domestic market, while 0.09% is generated on the foreign market. This structure has not changed in the first quarter 2014 comparing to the same period of previous year.

Material expenses amount to HRK 496.1 million and are by 6.24% lower comparing to the same period of previous year. Since the operating expenses are declining slower, share of material expenses in the operating expenses is by 0.05% lower comparing to the same period of previous year and amounts to 92.62%.

Employee expenses are higher by 4.85% comparing to the same period of previous year and their share in the operating expenses has increased by 0.48%. This increase is influenced by higher number of employees.

Finance expenses have decreased compared to the same period of previous year by 23.38% and their share in the total expenses is by 0.22% lower comparing to the same period of previous year and amounts 0.99%. This decrease is the result of lower foreign exchange differences and lower interest expenses as a result of lower indebtedness and lower interest rates in the first three months of 2014 comparing to the same period of previous year.

Gross margin in the first three months of 2013 amounted to 10.40% while in the first three months of 2014 amounts 10.04% which is decrease of 0.36%. Decrease is result of decreased net sales revenue which is by 6.75% lower while net cost of goods sold has decreased slower, that is 6.37%. Due to these movements, margin has decreased.

Gross profit (profit before taxation) amounts to HRK 3.9 million, while in the same period of previous year amounted to HRK 5.0 million, which is decrease of 20.94%. Lower gross profit is result of greater decrease of total income (decrease of 6.53% comparing to the same period of previous year) in relation to the decrease of total expenses (decrease of 6.40% comparing to the same period of previous year).

Operative earnings amount to HRK 7.6 million and are by HRK 4.0 million, or 34.45%, lower comparing to the same period of previous year because of higher decrease of operating revenues in the first quarter of 2014 comparing to the same period of previous year (decrease of 6.76%, that is HRK 39.4 million) in relation to the decrease of operating expenses (decrease of 6.20%, that is HRK 35.4 million).

Realised net profit amounts to HRK 2.8 million.

Transactions with the related parties in the first quarter of 2014 generated total revenue in amount of HRK 7.2 million, while in the same period of previous year total revenue amounted to HRK 7.6 million, which is decrease of 4.07%. Decrease is result of lower sales prices on reimbursement list of drugs.

Trade goods purchased from the related parties amount to HRK 47.9 million, while in the same period of previous year they amounted to HRK 55.6 million. Decrease is result of lower sales prices on reimbursement list of drugs.

Total assets are by 5.94% higher comparing to the beginning of the year which is mostly influenced by increase of short term assets.

Long term assets have not significantly changed comparing to the beginning of the year. Long term intangible assets are lower comparing to the beginning of the year for HRK 3.0 million as a result of the purchase of new pharmacies. Long term tangible assets have increased comparing to the beginning of the year for HRK 608 thousand. This is result of new additions and increase in investment in new business centre Osijek.

Long term financial assets and deferred tax assets are almost at the same level comparing to the beginning of the year.

Short term assets amount to HRK 1 billion 665.3 million and are by HRK 107.6 million, or 6.91%, higher comparing to the beginning of the year. In the structure of short term assets receivables and inventory have increased, while financial assets have decreased.

Inventory has increased by HRK 14.3 million comparing to the beginning of the year due to the closing of consignment warehouse for the producer who has headquarters in EU member country. All merchandise form consignment warehouse was bought so the balance of this producer would be zero and consignment warehouse could be closed.

Total receivables amount to HRK 1 billion 319.5 million and are higher for HRK 118.0 million, which is 9.82%, comparing to the beginning of the year. Trade receivables and receivables from related parties amount to HRK 1 billion 310.3 million and have increased by 10.15% comparing to the beginning of the year.

Short term financial assets amount to HRK 35.7 million and relates to given loans and deposits. Comparing to beginning of the year financial assets have decreased for HRK 14.7 million due to the repayment of the given loans.

Share capital has not been changed in 2014.

Long term liabilities are higher comparing to the beginning of the year for HRK 8.5 million which is entirely influenced by increase in liabilities to banks and other financial institutions.

Short term liabilities amount to HRK 1 billion 607.4 million out of which HRK 1 billion 237.5 million relates to trade payables and liabilities to related parties, HRK 352.6 to indebtedness (HRK 351.5 million to short term loans and HRK 1.1 million to finance lease).

Trade payables and liabilities to related parties are higher for HRK 88.3 million comparing to the beginning of the year as a result of increase in trade receivables.

Total loans liabilities of the Group amount to HRK 370.0 million which is increase of HRK 27.3 million comparing to the beginning of the year. Out of the total liabilities, HRK 18.4 million relates to long term loans and HRK 351.5 million to short term loans. Since in the first quarter cash inflow was significantly low, indebtedness was increased for the liquidity purposes.

### ***Key events***

Total pharmaceutical market in the first quarter of 2014 has decreased comparing to the same period of previous year. At the same time, sales of Medika have decreased in smaller percentage comparing to the market decrease, so the market share has grown in 2014.

With the changes at the reimbursement list of drugs and at reimbursement list for orthopaedic support devices, sales prices were lowered which resulted in lower sales revenue and lower sales margin comparing to the same period of the previous year.

Due to the lower cash inflow, the Company increased indebtedness for the liquidity purposes.

In January 2014 ZU Ljekarne Hermed was bought and in March Ljekarna Elvira Štimac was merged with ZU Ljekarne Prima Pharme

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

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

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

### ***Treasury shares***

As at 31.03.2014, Medika holds 1,155 treasury shares.

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

The Company has 100% of ownership in subsidiary Zdravstvena ustanova Ljekarne Prima Pjarme and associate Litmus d.o.o. in which it holds 41.53% of ownership.

ZU Ljekarne Prima Pharme has 100% of ownership ZU Ljekarne Delonga, ZU Ljekarne Ines Škoko, ZU Ljekarne Atalić, ZU Ljekarne Hermed and associate ZU Ljekarne Jagatić in which it holds 49% of ownership.

During 2014 Ljekarna Elvira Štimac was merged with ZU Ljekarne Prima Pharme.

### ***Related parties***

The company with major voting rights, a parent company Mavota d.o.o. owns 47.38% of the Company and has 49.26% of shares with voting rights.

Pliva Hrvatska d.o.o., Zagreb owns 25.32% of the Company and has 26.33% of the voting rights. Given the share in the ownership and business transactions with the Company, Pliva Hrvatska has significant influence on the current operations of the Company.

### ***Financial risks and exposure to price risk, credit risk, liquidity and cash flow risk***

Within financial risks, foreign exchange risk is significant. The majority of Group's income is realised on domestic market in Croatian kuna. The Group's purchase of goods is predominantly realised on the foreign market. Furthermore, a part of the borrowings is linked to foreign currencies. The Group is therefore exposed to foreign exchange risk arising from various changes in foreign exchange rates mainly linked to the EUR.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

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 prescription medication on HZZO list and administrative approach in determining prices and margins of medication. 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. Credit risk is higher when dealing with pharmacies, which have potential going concern issue. Hospitals which have longer collection period do not have a going concern issue and collection issue.

The most significant risk within market risks is a long collection period of receivables, especially HZZO and HZZO related receivables. Therefore, a significant amount of working capital is not available what has an influence on cash flows and timely settlement of the Group's liabilities. As these receivables are either dependent from or owned by State, risk of collection is not high, but this increases the need for future financing, which increases finance expenses.

  
Medika d.d.  
AGREB, Čapriška 1

Jasminko Herceg, dipl.oec.  
*Director*

**Appendix 1.**

Reporting period:

1.1.2014.

to

31.3.2014

**Quarterly financial statements TFI-POD**

Registration number (MB): 03209741

Identification number of  
company (MBS): 080027531Personal 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: 750  
(end of reporting period)

Consolidated statements: YES

NKD code: 4646

Consolidated entities (according to IFRS):

Headquarters:

MB:

ZU Ljekarne Prima Pharme

Split

0694975

ZU Ljekarne Delonga

Okrug Gornji

1605747

ZU Ljekarne Ines Škoko

Zagreb

02708396

ZU Ljekarne Atalić

Osijek

0845124

ZU Ljekarne Hermed

Sisak

01252232

Bookkeeping service:

Contact person: RADMILOVIĆ DIJANA

(only name of the contact person)

Telephone number: 01242551

Fax: 012371441

e-mail: medika.uprava@medika.hr

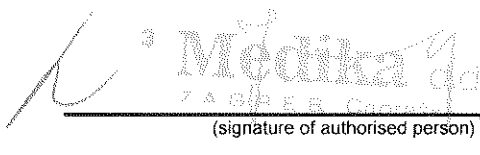
Name: HERCEG JASMINKO

(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.


  
(signature of authorised person)

**BALANCE SHEET**  
balance as at 31.03.2014

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	396.749.406	400.397.166
I. INTANGIBLE ASSETS (004 to 009)	003	188.717.677	191.675.659
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	114.946.894	113.958.500
3. Goodwill	006	71.933.150	75.887.947
4. Advances for intangible assets	007	106.987	106.988
5. Intangible assets under construction	008	1.730.646	1.722.224
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	155.425.747	156.034.196
1. Land	011	15.994.715	15.994.715
2. Buildings	012	108.266.769	107.327.026
3. Equipment and machinery	013	4.780.720	4.917.121
4. Furniture, fittings and vehicles	014	10.274.130	9.965.754
5. Biological assets	015		
6. Advances for tangible assets	016	6.007.726	5.318.486
7. Tangible assets under construction	017	9.347.737	11.757.144
8. Other tangible assets	018	753.950	753.950
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	49.740.192	49.796.566
1. Investment in subsidiaries and associates	021	39.367.845	39.389.654
2. Loans to related parties	022		
3. Loans given to minority interest	023		
4. Loans given to participating parties	024		
5. Investment in securities	025		
6. Loans given, deposits and similar	026	10.372.347	10.406.912
7. Other non-current financial assets	027		
8. Investments at equity method	028		
IV. RECEIVABLES (030 to 032)	029	1.877.708	1.877.708
1. Receivables from related parties	030		
2. Receivables for credit sales	031		
3. Other receivables	032	1.877.708	1.877.708
V. DEFERRED TAX ASSET	033	988.082	1.013.037
C) CURRENT ASSETS (035+043+050+058)	034	1.557.718.738	1.665.312.514
I. INVENTORY (036 To 042)	035	239.296.937	253.610.051
1. Raw material	036	420.970	458.815
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	237.687.713	248.805.377
5. Advances for inventories	040	1.188.254	4.345.859
6. Non-current assets available for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	1.201.422.661	1.319.461.493
1. Receivables from related parties	044	17.413.787	15.990.986
2. Trade receivables	045	1.172.070.790	1.294.274.805
3. Receivables from participating parties	046		
4. Receivables from employees	047	419.044	407.860
5. Receivables from the state and other institutions	048	6.732.178	5.906.179
6. Other receivables	049	4.786.862	2.881.663
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	50.405.113	35.670.799
1. Investment in subsidiaries and associates	051		
2. Loans to related parties	052		
3. Equity investments	053		
4. Loans given to participating parties	054		
5. Investment in securities	055		
6. Loans given, deposits and similar	056	50.405.113	35.670.799
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	66.594.027	56.570.171
D) PREPAID EXPENSES AND ACCRUED INCOME	059	920.048	5.752.130
E) TOTAL ASSETS (001+002+034+059)	060	1.955.388.192	2.071.461.810
G) OFF BALANCE SHEET ITEMS	061	185.013.175	171.709.638



<b>EQUITY AND LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	421.223.079	424.059.660
I. SHARE CAPITAL	063	94.205.280	94.205.280
II. CAPITAL RESERVES	064	-9.243.180	-9.243.180
III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)	065	88.587.743	88.587.743
1. Legal reserves	066	7.277.713	7.277.713
2. Reserves for treasury shares	067	60.000.000	60.000.000
3. Treasury shares	068	10.486.460	10.486.460
4. Statutory reserves	069		
5. Other reserves	070	31.796.490	31.796.490
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	204.974.597	247.673.236
1. Retained earnings	073	204.974.597	247.673.236
2. Accumulated loss	074		
VI. PROFIT OR LOSS FOR THE PERIOD (076-077)	075	42.698.639	2.836.581
1. Profit for the period	076	42.698.639	2.836.581
2. Loss for the period	077		
VII. MAJORITY INTERESTS	078		
<b>B) PROVISIONS (080 To 082)</b>	<b>079</b>	800.366	800.366
1. Provisions for retirement, severance payment and similar	080	800.366	800.366
2. Tax provisions	081		
3. Other provisions	082		
<b>C) NON-CURRENT LIABILITIES (084 to 092)</b>	<b>083</b>	28.605.861	37.121.778
1. Liabilities to related parties	084		
2. Borrowings and deposits	085		
3. Liabilities to banks and other financial institutions	086	12.815.755	21.331.672
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	15.790.106	15.790.106
<b>D) CURRENT LIABILITIES (094 to 105)</b>	<b>093</b>	1.502.807.961	1.607.407.340
1. Liabilities to related parties	094	122.721.702	124.709.722
2. Borrowings and deposits	095		
3. Liabilities to banks and other financial institutions	096	333.785.448	352.625.771
4. Liabilities for advances received	097	420.814	4.189
5. Trade payables	098	1.026.425.417	1.112.773.081
6. Liabilities for securities	099		
7. Liabilities to participating parties	100		
8. Liabilities to employees	101	7.661.937	7.157.768
9. Liabilities for taxes and contributions	102	6.876.018	4.571.603
10. Dividend payables	103	1.034	1.034
11. Liabilities for non-current assets available for sale	104		
12. Other current liabilities	105	4.915.591	5.564.172
<b>E) DEFERRED INCOME AND ACCRUED EXPENSES</b>	<b>106</b>	1.950.925	2.072.666
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	1.955.388.192	2.071.461.810
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	185.013.175	171.709.638
<b>SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributable to equity holders	109	421.223.079	424.059.660
2. Attributable to minority interest	110		

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

**PROFIT AND LOSS**  
for period from 1.1.2014 to 31.3.2014

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>	582.617.087	582.617.087	543.225.835	543.225.835
1. Revenues from sale	112	578.043.534	578.043.534	539.046.970	539.046.970
2. Other operating revenues	113	4.573.553	4.573.553	4.178.865	4.178.865
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	570.957.976	570.957.976	535.583.394	535.583.394
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	529.079.172	529.079.172	496.051.004	496.051.004
a) Raw materials	117	3.414.966	3.414.966	3.228.731	3.228.731
b) Cost of goods sold	118	517.937.067	517.937.067	484.945.074	484.945.074
c) Other expenses	119	7.727.139	7.727.139	7.877.199	7.877.199
3. Employee expenses (121 to 123)	120	23.110.093	23.110.093	24.230.876	24.230.876
a) Net salaries	121	13.465.260	13.465.260	14.107.553	14.107.553
b) Tax and contributions from salaries	122	6.613.493	6.613.493	6.937.453	6.937.453
c) Contributions on salaries	123	3.031.340	3.031.340	3.185.870	3.185.870
4. Depreciation and amortization	124	3.991.446	3.991.446	3.829.335	3.829.335
5. Other expenses	125	8.427.265	8.427.265	5.582.947	5.582.947
6. Impairment (127+128)	126	6.350.000	6.350.000	5.889.232	5.889.232
a) of non-current assets (financial assets excluded)	127				
b) of current assets (financial assets excluded)	128	6.350.000	6.350.000	5.889.232	5.889.232
7. Provisions	129				
8. Other operating expenses	130				
<b>III. FINANCE INCOME (132 to 136)</b>	<b>131</b>	324.237	324.237	1.661.105	1.661.105
1. Interests, foreign exchanges and dividend from related parties	132				
2. Interests, foreign exchanges and dividend from non-related parties	133	324.122	324.122	1.464.735	1.464.735
3. Share of profit from associate	134			196.370	196.370
4. Unrealised gains	135				
5. Other financial income	136	115	115		
<b>IV. FINANCE EXPENSES (138 to 141)</b>	<b>137</b>	6.996.037	6.996.037	5.360.703	5.360.703
1. Interests, foreign exchanges and dividend from related parties	138			74.562	74.562
2. Interests, foreign exchanges and dividend from non-related parties	139	6.996.037	6.996.037	5.286.141	5.286.141
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>	582.941.324	582.941.324	544.886.940	544.886.940
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	577.954.013	577.954.013	540.944.097	540.944.097
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	4.987.311	4.987.311	3.942.843	3.942.843
1. Profit before tax (146-147)	149	4.987.311	4.987.311	3.942.843	3.942.843
2. Loss before tax (147-146)	150	0	0	0	0
<b>XII. INCOME TAX</b>	<b>151</b>	1.521.266	1.521.266	1.106.262	1.106.262
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	3.466.045	3.466.045	2.836.581	2.836.581
1. Profit for the period (149-151)	153	3.466.045	3.466.045	2.836.581	2.836.581
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>3.466.045</b>	<b>3.466.045</b>	<b>2.836.581</b>	<b>2.836.581</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>3.466.045</b>	<b>3.466.045</b>	<b>2.836.581</b>	<b>2.836.581</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 period from 1.1.2014 to 31.3.2014

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	4.987.311	3.942.843
2. Depreciation and amortisation	002	3.991.446	3.829.335
3. Increase of current liabilities	003	34.558.431	85.759.056
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other increase of cash flow	006		8.923.333
<b>I. Total increase of cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>43.537.188</b>	<b>102.454.567</b>
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	113.982.913	118.038.831
3. Increase of inventories	010	10.635.751	14.313.114
4. Other decrease of cash flow	011	406.536	
<b>II. Total decrease of cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>125.025.200</b>	<b>132.351.945</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>81.488.012</b>	<b>29.897.378</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of tangible and intangible assets	015	824.681	2.120
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	228.605	1.260.086
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>1.053.286</b>	<b>1.262.206</b>
1. Purchase of tangible and intangible assets	021	820.468	7.395.766
2. Purchase of equity and debt securities	022		
3. Other purchases resulting from investing activities	023		
<b>IV. Total purchases resulting from investing activities (021 to 023)</b>	<b>024</b>	<b>820.468</b>	<b>7.395.766</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>	<b>232.818</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>026</b>	<b>0</b>	<b>6.133.560</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issuance of equity and debt securities	027		
2. Proceeds from borrowings	028	80.000.000	67.536.601
3. Other proceeds from financing activities	029		
<b>V. Total proceeds from financing activities (027 to 029)</b>	<b>030</b>	<b>80.000.000</b>	<b>67.536.601</b>
1. Repayments of borrowings	031	7.099.602	40.842.138
2. Dividends paid	032		
3. Repayments of finance lease	033	703.735	687.381
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>7.803.337</b>	<b>41.529.519</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>72.196.663</b>	<b>26.007.082</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>0</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	9.058.531	10.023.856
Cash and cash equivalents at beginning of the period	041	19.540.285	66.594.027
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043	9.058.531	10.023.856
Cash and cash equivalents at end of the period	044	10.481.754	56.570.171

**STATEMENT OF CHANGES IN EQUITY**  
for period from **1.1.2014** to **31.3.2014**

Description 1	AOP mark 2	Previous period 3	Current period 4
1. Share capital	001	94.205.280	94.205.280
2. Capital reserves	002	-9.243.180	-9.243.180
3. Reserves from retained earnings	003	88.587.743	88.587.743
4. Retained earnings or accumulated loss	004	204.974.597	247.673.236
5. Profit or loss for the period	005	42.698.639	2.836.581
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>421.223.079</b>	<b>424.059.660</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>
<b>17 a. Attributable to equity holders</b>	<b>018</b>		
<b>17 b. Attributable to minority interest</b>	<b>019</b>		

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, 29 April 2014

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08 and 146/08) Management Board member Jasminko Herceg provides

### **MANAGEMENT BOARD'S STATEMENT OF LIABILITY**

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

Consolidated and unconsolidated financial statements for the period from 01 January to 31 March 2014 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Company and the Group.

The interim management report for the period from 01 January to 31 March 2014 gives true and fair presentation of development and results of the operations of the Company and the Group with description of significant risks and uncertainties for the Company and the Group.

  
Medika d.d.  
ZAGREB, CROATIA

Jasminko Herceg  
*Director*