



Medika d.d.

Zagreb, Capraška 1

**INTERIM REPORT
for I-IX 2013
Group Medika**

October 2013

Report Submitted by Director

Comment on the business results for the first nine months of 2013

Medika Group („Group“) has realised total revenue in the first nine months of 2013 in amount of HRK 1 billion 745.4 million which is by 1.44% higher comparing to the same period of previous year.

Sales revenues which amount to HRK 1 billion 725.3 million for the first nine months of 2013 are by 2.07% higher comparing to the same period of previous year. Share of sales revenues in the total revenue is 98.84% and has not significantly changed comparing to the same period of previous year when it was 98.23%

Other operating revenues which amount to HRK 15.2 million are lower comparing to the same period of previous year by 27.18%. Since the share of other operating revenues in total revenue was only 1.21% in the first nine months of 2012, and in the first nine months of 2013 is only 0.87%, this growth is not that significant.

Out of the total sales revenues, 99.95% revenues are generated on domestic market, while 0.05% is generated on the foreign market. This structure remained the same in the first nine months of 2013 comparing to the same period of previous year.

Material expenses amount to HRK 1 billion 570.8 million and are 1.37% higher comparing to the same period of previous year. Since the operating expenses are growing higher, share of material expenses in the operating expenses is by 0.07% lower comparing to the same period of previous year and amounts to 92.88%.

Employee expenses amount to HRK 70.2 million and are higher by 1.42% comparing to the same period of previous year. Share of employee expenses in the operating expenses is 4.15% and has not changed comparing to the same period of previous year.

Finance expenses have decreased compared to the same period of previous year by 3.41% and their share in the total expenses is by 0.05% lower comparing to the same period of previous year and amounts 1.0%. Net foreign exchange differences are negative and amount to HRK 2.4 million, while in the same period of previous year they were positive and amounted to HRK 4.8 million. Interest expenses amount to HRK 11.7 million, which is by 2.3 million kuna lower comparing to the same period of previous year. Lower interest expense is a result of lower interest rates in the first nine months of 2013 comparing to the same period of previous year.

Gross margin in the first nine months of 2012 amounted to 10.34% while in the first nine months of 2013 amounts 11.10% which is increase of 0.76%. Increase is result of increased net sales revenue which is by 2.07% higher while net cost of goods sold has grown slower, that is 1.21%. Increased sales revenue is a result of lower total credit notes given to the buyers, while total credit notes received from the suppliers are higher comparing to the same period of previous year. Due to these movements, price difference has increased.

Gross profit (profit before taxation) amounts to HRK 37.1 million and is by HRK 1.4 million, or 4.04% higher comparing to the same period of previous year. Higher gross profit is result of greater growth of total income (growth of 1.44% comparing to the same period of previous year) in relation to the growth of total revenue (growth of 1.39% comparing to the same period of previous year).

Operative earnings amount to HRK 49.3 million and are by HRK 5.4 million, or 12.28%, higher comparing to the same period of previous year because of higher growth of operating revenues in the first nine months of 2013 comparing to the same period of previous year (growth of 1.71%) in relation to the growth of operating expenses (growth of 1.44%).

Realised net profit amounts to HRK 26.3 million.

Transactions with the related parties in the first nine months of 2013 generated total revenue in amount of HRK 21.9 million, while in the same period of previous year total revenue amounted to HRK 20.9 million, which is increase of 4.77%.

Trade goods purchased from the related parties amount to HRK 149.7 million, while in the same period of previous year they amounted to HRK 133.7 million. Increase is result of increased sales revenue and changes in VAT rates. Namely, as of 01 January changes to VAT Act are effective according to which VAT rate was changed for drugs and other merchandise. Since VAT rate applied on part of the merchandise that is purchased from the related parties was 0% and was changed form 01 January to 5%, this has resulted in higher gross amount of purchased merchandise.

Total assets are by 5.26% lower comparing to the beginning of the year which is mostly influenced by decrease of short term assets.

Long term assets are by 1.21% lower comparing to the beginning of the year. In the structure of the long term assets, long term material and immaterial assets and long term financial assets are lower, while deferred tax assets are higher comparing to the begging of the year.

Short term assets amount to HRK 1 billion 513.9 million and are by HRK 100.9 million, or 6.25%, lower comparing to the beginning of the year. In the structure of short term assets, inventory has increased, while receivables have decreased.

Inventory has increased by HRK 52 million comparing to the beginning of the year due to the increase purchase in the second quarter of 2013 as part of preparation process of joining EU. Since consignment warehouses for the producers which have their headquarters in EU member countries had to be closed, all merchandise form consignment warehouses was bought so the balance of these producers would be zero and consignment warehouses could be closed. Additionally, recommendation on prescribing the cheapest medicine issued by HZZO at the beginning of September has also influenced the increase in inventory. After the recommendation was issued, customers have substituted purchase of equivalent medicines of higher value with the ones of the lower value.

Total receivables amount to HRK 1 billion 235.6 million and are lower for HRK 142.5 million, which is 10.34%, comparing to the beginning of the year. Trade receivables and receivables from related parties amount to HRK 1 billion 229.1 million and have decreased by 10.12% comparing to the beginning of the year. Although in the second quarter recovery of health system was performed and trade receivables and receivables from related parties were as at 30.06.2013 for HRK 375.3 million, or 27.44%, lower comparing to the beginning of the year, due to the increased sales and slow collectability in the third quarter, trade receivables and receivables from related parties have increased by the end of the third quarter.

Receivables from the state and other institutions are lower by 3.9 million comparing to the beginning of the year because receivable for the overpaid prepayments for income tax for 2012 which as at 31.12.2012 amounted to 3.6 million.

Short term financial assets amount to HRK 123 thousand and relates to given loans and deposits. Comparing to 31.12.2012 financial assets have decreased for HRK 344 thousand due to the decrease in given loans and one returned deposit.

Share capital has increased for HRK 33.8 million and amounts to HRK 94.2 million.

In capital and reserves there is a change in treasury shares and capital reserves since 347 treasury shares were granted to the key management in the second quarter and in the third quarter 190 treasury shares were bought.

Long term liabilities are lower comparing to 31.12.2012 for HRK 118.2 million which is entirely influenced by decrease in liabilities to banks and other financial institutions. Decrease is financed from the increased cash inflow in the second quarter of 2013 as a result of recovery of health system.

Short term liabilities amount to HRK 1 billion 471.8 million out of which 1 billion 196.0 million relates to trade payables and liabilities to related parties, HRK 253 to indebtedness (HRK 252.3 million to short term loans and HRK 717 thousand to finance lease).

Trade payables and liabilities to related parties are lower for HRK 61.7 million comparing to 31.12.2012 and indebtedness is lower for HRK 54.8 million. This decrease is financed from cash inflow from recovery of health system, as earlier explained.

Total loans liabilities of the Group amounts to HRK 267.2 million. Out of the total loans liabilities, HRK 14.9 million relates to long term loans and HRK 252.3 million on short term loans.

Key events

Share capital has increased for HRK 33.8 million and amounts to HRK 94.2 million. Based on the decision passed by General Assembly as at 16 May 2013, Trade Court has passed decision as at 05 July 2013 on inscribing increase of share capital by increasing the nominal value of shares. Nominal value per share was increased from HRK 2,000.00 per share to HRK 3,120.00 per share.

Total pharmaceutical market in the first nine months of 2013 has decreased comparing to the same period of previous year. At the same time, sales of Medika have increased, so the market share has grown in 2013.

In June 2013 recovery of clinical hospitals was performed. At the same time, HZZO has shortened the period in which it pays to the pharmacies so the cash inflow was increased in the second quarter of 2013. Received funds were used to decrease indebtedness and for settling liabilities to suppliers. However, in the third quarter, cash inflow was significantly lower and indebtedness was increased for the liquidity purposes.

During the first quarter of 2013 business centre Osijek was moved to the new (leased) location and the process of obtaining the licences for the new distributive warehouse centre in Osijek has begun.

During 2013 Ljekarna Alagić and ZU Ljekarne Čaić were merged with ZU Ljekarne Prima Pharme.

Expected future development of the Group

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

In June 347 treasury shares were granted to the key management. The ownership over the shares was transferred in Central Depository Clearing Company as at 11.07.2013.

As at 30.09.2013 the Company purchased 190 treasury shares. The ownership over the shares was transferred in Central Depository Clearing Company as at 04.10.2013.

After this transaction, Medika holds 1,483 treasury shares.

Subsidiaries and associates

The Company has 100% of ownership in subsidiary Zdravstvena ustanova Ljekarne Prima Pharme 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 and associate ZU Ljekarne Jagatić in which it holds 49% of ownership.

During 2013 Ljekarna Alagić and ZU Ljekarne Čaić were merged with ZU Ljekarne Prima Pharme.

Related parties

The company with major voting rights, or a parent company Mavota d.o.o. owns 47.38% of the Company and has 49.83% of shares with voting rights.

Pliva Hrvatska d.o.o., Zagreb owns 25.32% of the Company and has 26.63% 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 predominantly realised on the foreign market. Furthermore, a part of the borrowings is linked to foreign currencies. The Company 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 issued bonds and commercial bills and long-term 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 Medika 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.
ZAGREB, Capraška 1

Jasminko Herceg, dipl.oec.
Director

Appendix 1.

Reporting period:

1.1.2013

to

30.9.2013

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 ZAGAREB

Number of employees: 729
(end of reporting period)

Consolidated statements: YES

NKD code: 4646

Consolidating 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

Ljekarna Elvira Štimac

Opatija

80005110

Ljekarna Ksenija Gabrić

Zagreb

80029124

Bookkeeping service:

Contact person: RADMILOVIĆ DIJANA

(only surname and name of 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.

Medika d.d.

ZAGREB

(signature of authorised person)

BALANCE SHEET
balance as at 30.9.2013

Obveznik: MEDIKA d.d.

Description 1	AOP mark 2	Previous period 3	Current period 4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	401.271.400	396.422.131
I. INTANGIBLE ASSETS (004 to 009)	003	190.018.605	188.990.046
1. Research and development	004		
2. Concessions, patents, licences, trademarks, software and other rights	005	119.368.923	112.755.655
3. Goodwill	006	69.067.158	74.686.040
4. Advances for intangible assets	007		
5. Intangible assets under construction	008	1.431.474	1.415.925
6. Other intangible assets	009	151.050	132.426
II. TANGIBLE ASSETS (011 to 019)	010	159.679.286	156.340.533
1. Land	011	15.994.715	15.994.715
2. Buildings	012	114.021.920	111.955.555
3. Equipment and machinery	013	6.849.842	5.077.386
4. Furniture, fittings and vehicles	014	12.926.956	11.239.464
5. Biological assets	015		
6. Advances for tangible assets	016	75.911	183.537
7. Tangible assets under construction	017	9.062.792	11.140.926
8. Other tangible assets	018	747.150	748.950
9. Investment property	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	50.542.468	49.996.880
1. Investment in subsidiaries and associates	021	39.930.648	39.300.222
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	10.611.820	10.696.658
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	1.031.041	1.094.672
C) CURRENT ASSETS (035+043+050+058)	034	1.614.749.646	1.513.877.004
I. INVENTORY (036 To 042)	035	216.662.233	268.631.278
1. Raw material	036	402.359	433.183
2. Work in progress	037		
3. Finished products	038		
4. Trade goods	039	214.425.320	262.392.533
5. Advances for inventories	040	1.834.554	5.805.562
6. Non-current assets available for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	1.378.079.533	1.235.586.496
1. Receivables from related parties	044	20.129.487	18.992.883
2. Trade receivables	045	1.347.386.888	1.210.153.264
3. Receivables from participating parties	046		
4. Receivables from employees	047	2.933.763	1.690.956
5. Receivables from the state and other institutions	048	5.838.255	1.954.741
6. Other receivables	049	1.791.140	2.794.652
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	467.595	123.455
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	878	
6. Loans given, deposits and similar	056	466.717	123.455
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	19.540.285	9.535.775
D) PREAPID EXPENSES AND ACCRUED INCOME	059	1.112.739	734.637
E) TOTAL ASSETS (001+002+034+059)	060	2.017.133.785	1.911.033.772
G) OFF BALANCE SHEET ITEMS	061	191.982.318	239.197.429

EQUITY AND LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	375.304.880	402.928.917
I. SHARE CAPITAL	063	60.388.000	94.205.280
II. CAPITAL RESERVES	064	-7.542.807	-8.477.674
III. RESERVES FROM RETAINED EARNINGS (066+067-068+069+070)	065	83.667.810	85.905.577
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	15.406.393	13.168.626
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	190.520.524	204.974.596
1. Retained earnings	073	190.520.524	204.974.596
2. Accumulated loss	074		
VI. PROFIT OR LOSS FOR THE PERIOD (076-077)	075	48.271.353	26.321.138
1. Profit for the period	076	48.271.353	26.321.138
2. Loss for the period	077		
VII. MAJORITY INTERESTS	078		
B) PROVISIONS (080 To 082)	079	679.210	679.210
1. Provisions for retirement, severance payment and similar	080	679.210	679.210
2. Tax provisions	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 to 092)	083	152.318.189	34.072.106
1. Liabilities to related parties	084		
2. Borrowings and deposits	085		
3. Liabilities to banks and other financial institutions	086	136.976.412	18.959.329
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	15.341.777	15.112.777
D) CURRENT LIABILITIES (094 to 105)	093	1.487.431.652	1.471.781.610
1. Liabilities to related parties	094	165.181.135	142.758.468
2. Borrowings and deposits	095		
3. Liabilities to banks and other financial institutions	096	191.835.452	253.004.934
4. Liabilities for advances received	097	803.234	
5. Trade payables	098	1.092.523.997	1.053.255.969
6. Liabilities for securities	099		
7. Liabilities to participating parties	100		
8. Liabilities to employees	101	9.810.439	7.023.604
9. Liabilities for taxes and contributions	102	6.497.959	10.089.483
10. Dividend payables	103	1.034	1.034
11. Liabilities for non-current assets available for sale	104		
12. Other current liabilities	105	20.778.402	5.648.118
E) DEFERRED INCOME AND ACCRUED EXPENSES	106	1.399.854	1.571.929
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	2.017.133.785	1.911.033.772
G) OFF BALANCE SHEET ITEMS	108	191.982.318	239.197.429
SUPPLEMENT TO BALANCE SHEET (for consolidated financial statements)			
A) CAPITAL AND RESERVES			
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 1.1.2013. to 30.9.2013

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	1.711.144.729	572.643.738	1.740.487.016	564.446.390
1. Revenues from sale	112	1.690.245.968	562.529.804	1.725.269.377	562.451.774
2. Other operating revenues	113	20.898.761	10.113.934	15.217.639	1.994.616
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	1.667.254.455	552.290.192	1.691.207.242	545.111.056
1. Change in value of work in progress and finished goods	115				
2. Material expenses (117 to 119)	116	1.549.545.566	513.059.275	1.570.782.182	503.496.615
a) Raw materials	117	8.995.654	2.980.554	9.533.662	3.089.426
b) Cost of goods sold	118	1.515.522.015	501.662.630	1.533.829.503	490.921.625
c) Other expenses	119	25.027.897	8.416.091	27.419.017	9.485.564
3. Employee expenses (121 to 123)	120	69.195.946	23.030.972	70.181.886	23.742.201
a) Net salaries	121	40.029.117	13.439.009	40.897.653	13.832.752
b) Tax and contributions from salaries	122	19.650.506	6.577.207	20.066.227	6.791.027
c) Contributions on salaries	123	9.516.323	3.014.756	9.218.006	3.118.422
4. Depreciation and amortization	124	12.208.991	3.981.771	11.698.716	3.865.785
5. Other expenses	125	21.364.904	6.179.126	24.194.458	6.006.455
6. Impairment (127+128)	126	14.939.048	6.039.048	14.350.000	8.000.000
a) of non-current assets (financial assets excluded)	127				
b) of current assets (financial assets excluded)	128	14.939.048	6.039.048	14.350.000	8.000.000
7. Provisions	129				
8. Other operating expenses	130				
III. FINANCE INCOME (132 to 136)	131	9.496.045	5.543.451	4.943.466	-2.456.043
1. Interests, foreign exchanges and dividend from related parties	132	594.388	594.388	1.173.421	1.173.421
2. Interests, foreign exchanges and dividend from non-related parties	133	8.901.657	4.949.063	3.770.045	-3.629.464
3. Share of profit from associate	134				
4. Unrealised gains	135				
5. Other financial income	136				
IV. FINANCE EXPENSES (138 to 141)	137	17.721.064	5.236.807	17.117.442	6.587.313
1. Interests, foreign exchanges and dividend from related parties	138	53.307	53.307	348.204	348.204
2. Interests, foreign exchanges and dividend from non-related parties	139	17.667.757	5.183.500	16.769.238	6.239.109
3. Unrealised losses	140				
4. Other finance expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATE	142				
VI. SHARE OF LOSS FROM ASSOCIATE	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142 + 144)	146	1.720.640.774	578.187.189	1.745.430.482	561.990.347
X. TOTAL EXPENSES (114+137+143 + 145)	147	1.684.975.519	557.526.999	1.708.324.684	551.698.369
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	35.665.255	20.660.190	37.105.798	10.291.978
1. Profit before tax (146-147)	149	35.665.255	20.660.190	37.105.798	10.291.978
2. Loss before tax (147-146)	150	0	0	0	0
XII. INCOME TAX	151	7.431.217	3.063.721	10.784.660	2.850.651
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	28.234.038	17.596.469	26.321.138	7.441.327
1. Profit for the period (149-151)	153	28.234.038	17.596.469	26.321.138	7.441.327
2. Loss for the period (151-148)	154	0	0	0	0

SUPPLEMENT TO PROFIT AND LOSS (for consolidated financial statements)

XIV. PROFIT OR LOSS FOR THE PERIOD

1. Attributable to equity holders	155				
2. Attributable to minority interest	156				

OTHER COMPREHENSIVE INCOME REPORT (for IFRS reporting)

I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	28.234.038	17.596.469	26.321.138	7.441.327
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	28.234.038	17.596.469	26.321.138	7.441.327

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 period from 1.1.2013 to 30.9.2013.

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	35.665.255	37.105.798
2. Depreciation and amortisation	002	12.208.991	11.698.716
3. Increase of current liabilities	003	110.737.615	
4. Decrease of current receivables	004		142.493.036
5. Decrease of inventories	005		
6. Other increase of cash flow	006		
I. Total increase of cash flow from operating activities (001 to 006)	007	158.611.861	191.297.550
1. Decrease of current liabilities	008		76.819.525
2. Increase of current receivables	009	39.457.237	
3. Increase of inventories	010	10.416.409	51.969.045
4. Other decrease of cash flow	011	25.382.911	8.882.360
II. Total decrease of cash flow from operating activities (008 to 011)	012	75.256.557	137.670.930
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	83.355.304	53.626.620
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of tangible and intangible assets	015	399.663	466.639
2. Proceeds from sale of equity and debt securities	016		
3. Interest received	017	358.820	1.197.291
4. Dividends received	018		
5. Other proceeds from investing activities	019		
III. Total proceeds from investing activities (015 to 019)	020	758.483	1.663.930
1. Purchase of tangible and intangible assets	021	22.797.989	7.331.404
2. Purchase of equity and debt securities	022		
3. Other purchases resulting from investing activities	023		
IV. Total purchases resulting from investing activities (021 to 023)	024	22.797.989	7.331.404
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	22.039.506	5.667.474
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issuance of equity and debt securities	027		
2. Proceeds from borrowings	028	307.500.000	175.000.000
3. Other proceeds from financing activities	029		
V. Total proceeds from financing activities (027 to 029)	030	307.500.000	175.000.000
1. Repayments of borrowings	031	376.133.675	229.813.544
2. Dividends paid	032		
3. Repayments of finance lease	033	1.622.776	2.128.113
4. Purchase of treasury shares	034	2.224.228	1.022.000
5. Other purchases resulting from financing activities	035		
VI. Ukupno novčani izdaci od finansijskih aktivnosti (031 to 035)	036	379.980.679	232.963.657
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	72.480.679	57.963.657
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	11.164.881	10.004.510
Cash and cash equivalents at beginning of the period	041	40.578.821	19.540.285
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043	11.164.881	10.004.510
Cash and cash equivalents at end of the period	044	29.413.940	9.535.775

STATEMENT OF CHANGES IN EQUITY

for period from 1.1.2013 to 30.9.2013

Description 1	AOP mark 2	Previous period 3	Current period 4
1. Share capital	001	60.388.000	94.205.280
2. Capital reserves	002	-7.542.807	-8.477.674
3. Reserves from retained earnings	003	83.667.810	85.905.577
4. Retained earnings or accumulated loss	004	190.520.524	204.974.596
5. Profit or loss for the period	005	48.271.353	26.321.138
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	375.304.880	402.928.917
11. Foreign exchanges from the foreign investments	011		
12. Current and deferred tax (part)	012		
13. Cash flow hedge	013		
14. Changes 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		

Stavke koje umanjuju kapital upisuju se s negativnim predznakom.

Podaci pod AOP oznakama 001 do 009 upisuju se kao stanje na datum bilance

Zagreb, 29 October 2013

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08 and 146/08) Director 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 30 September 2013 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 30 September 2013 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

Jasminko Herceg
Director