

**INTERIM REPORT
for first six months of 2011
Medika Group**

July 2011

Report Submitted by Member of the Management Board – Medika d.d.

Comment on the result for the first six months of 2011

As at 30 June 2011 Medika Group consists of Medika d.d., mother company, subsidiaries are Primus Nekretnine d.o.o., registered in Zagreb and Zdravstvena ustanova Ljekarne Prima Pharme, registered in Split. Both subsidiaries are wholly owned by Medika d.d.

Zdravstvena ustanova Ljekarne Prima Pharme has subsidiaries: Zdravstvena ustanova Ljekarne Delonga (Okrug Gornji), Ljekarna Mladenka Čobanov (Šibenik), Zdravstvena ustanova Ljekarne Ines Škoko (Požega) and Zdravstvena ustanova Ljekarne Atalić (Osijek). These subsidiaries are wholly owned by ZU Ljekarne Prima Pharme.

Zdravstvena ustanova Ljekarne Jagatić (Zagreb) is 49% owned by ZU Ljekarne Prima Pharme.

Consolidated sales revenue of Medika Group in the first six months of 2011 is by 7.23% higher comparing to the same period of previous year. The number of pharmacies in Prima Pharme Group impacted on the increase of sales. Total number of pharmacies across Croatia as at 30 June 2011 is 61, while as at 30 June 2010 there were 51 pharmacies. Associate ZU Ljekarne Jagatić as at 30 June 2011 has 7 pharmacies (1 pharmacy more than on 30 June 2010).

The operative profit rate EBIT amounts to HRK 23.9 mil or 2.20% and EBITDA amounts to HRK 33.1 mil or 3.04 %.

Key indicators	I-VI 2011	I-VI 2010	Change I-VI 2011 / I-VI 2010
Sales revenue (000 HRK)	1,081,427	1,008,476	7.23%
EBITDA margin	3.04%	2.54%	+0.50%
EBIT margin	2.20%	1.61%	+0.59%
Net profit (000 HRK)	11,063	9,597	15.28%

Key events

Pharmaceutical market has shown growth in the first six months of 2011 comparing to the same period of previous year. Despite of sales revenue loss in Gradska Ljekarna Zagreb, sales revenue shows growth comparing to the same period of previous year. Since the percentage of sales revenue growth is higher than percentage of market growth, market share shows growth as well.

