VARTEKS

PRESS RELEASE

Varteks d.d. reduces loss and generates growth in total revenues and exports in the first nine months of 2011

The stabilization and development of business operations requires liquidity stabilization, the further strengthening of strategic sales aspect as well as the completion of the company's reorganization

Varaždin, November 4, 2011 – A brief press meeting was held at Varteks d.d. today with the aim to present the company's business results with the significant positive developments realized in the first nine months of 2011 and the activities carried out in line with the conditions in the surroundings with the aim to stabilize business as a basis for sustainable growth and the company's future development.

Varteks d.d. has achieved significant progress in the overall business result despite the still present impact of the crisis and illiquidity, and despite the continuation of negative trends in Croatia's economy and markets in the region as well as the still unresolved application for Model C.
A drop in personal spending continues to be present in the textile and clothing garment sales segment, which is evident from latest data by the National Statistics Institute which indicate a 17.8 percent drop in sales of aforementioned products in August in relation to July this year, while textile and clothing garment sales dropped 5.2 percent in relation to August last year.

With such negative conditions in its surroundings, the company managed to increase total revenues by HRK 8.2 million or 3.6 percent in relation to the same time period last year, with total revenues amounting to HRK 235.2 million in the time period concerned. In regards to revenue structure it is important to point out that sales revenues were up HRK 16 million or 8.2 percent.
Exports have been on the rise as well. Exports worth HRK 98.7 million were realized on the foreign market, which is 8.9 percent or HRK 8.1 million more than in the same time period last year. The majority of exports was realized in countries in the European Union.
Total expenditures in the first nine months of 2011 amounted to HRK 272.2 million.
In the first nine months of this year the company operated with a loss of HRK 37 million, while the loss generated in the same time period last year had amounted to HRK 45.6 million. The positive difference of HRK 8.6 million in relation to the same time period last year is the result of the fact that along with realizing the targeted expenditure cuts the company managed to generate higher revenues, particularly in exports and the B2B segment. Excluding the effects from the sale of assets which are not part of regular business activities, the positive difference in the time period from January to September 2011 amounted to HRK 13 million in relation to the same time period in 2010.
It is important to point out that the positive business-related changes were mostly realized in the third quarter of this year, so that the total business result for the third quarter, although down HRK 5.8 million in relation to the third quarter loss in 2010 which had amounted to HRK 27.7 million, was better by HRK 21.9 million this year.
For the business results for 1-9/2011 to be comparable to the same time period in 2010, the results of new companies whose scope of work belonged to Varteks d.d. organizationally and in terms of results in 2010 need to be included as well. On this basis, the total result in 2011 was better by an additional HRK 1.3 million, i.e. the loss amounted to HRK 35.7 million, which only confirms the positive developments in business results for 1-9/2011. In order to increase business efficiency and to reduce the negative impact of the crisis, Varteks is continuously implementing set objectives in line with the Integral Business and Financial Restructuring

Plan. On this basis, the manufacturing part started operating through three separate limited liability companies.
It is important to point out that in accordance with the objectives of the Integral Plan and the reorganization, the B2B segment (sales aspect pertaining to corporate clothing and the manufacturing of special-purpose clothing) was detached after the first quarter of 2010 through an affiliate company owned by Varteks d.d. If we examine the effects of the total realization of revenues from this sales aspect, the revenues were HRK 12 million higher in relation to the same time period last year, thus total sales revenues were 10.8 percent higher. Although business results show positive developments in terms of regular business activities, the total business result continues to be negative. A significant negative effect from the drop in personal spending and general economic illiquidity continues to be present, which is particularly prominent in business operations related to the domestic market.
The negative trend present on the real estate market led to additional difficulties in the implementation of activities in relation to stabilizing the company's liquidity, which directly led to the impossibility to procure raw materials and production materials in a timely manner, to procure and deliver products and brands to the retail network and for wholesale needs, which ultimately had a significant effect on the business result of Varteks d.d.

Effects of the crisis continue to be present in the economy, particularly in terms of risks from higher illiquidity, which further hinders the timely procurement of goods and the funding of business activities. The most significant other risks for the remainder of the business year are linked to a potential further drop in personal consumption, which directly affects revenues, and a risk of higher costs (particularly costs for energy, living, etc.).

In accordance with the Integral Business and Financial Restructuring Plan we continue to carry out activities and additional measures in terms of expenditure cuts by closing unprofitable parts of the system and by further cutting administrative costs with an unfortunately significantly slowed down dynamic which is linked to the illiquidity problem. Special measures are aimed at the company's financial consolidation through the utilization of the company's own assets as an additional source of funding and at activities in relation to taking advantage of Government measures aimed at economic recovery and development. Given the current situation and the problems on the real estate market and in relation to managing measures for economic recovery and development, the realization of the planned dynamic has been unfortunately slowed down and become more difficult.

The stabilization and development of the company's business is primarily based on financial consolidation and liquidity stabilization as essential prerequisites for the implementation of all activities in relation to restructuring, the system's further reorganization and strengthening strategic sales aspects.

*"The positive developments in business are the result of measures carried out within the framework of the Integral Business and Financial Restructuring Plan. Higher sales and export revenues as well as better business results indicate that Varteks managed to partially alleviate the negative impact of the crisis on the company's operations through its own activities. It has to be pointed out that crisis management in the real sector was significantly slowed down and does not sufficiently follow the necessary economic recovery dynamic, which also slowed down the planned effects of the company's business restructuring.
Our plans for the future are aimed at completing the restructuring but also at development, and in line with this we expect the realization of Model C, which is very important for the company's financial consolidation and further business development"*, said Zoran Košćec, the president of the Management Board of Varteks d.d.

VARTEKS

Varaždin, October 26, 2011

Varteks d.d.
Zagrebačka 94
42000 Varaždin

Pursuant to the provisions of the Capital Market Act, the Management Board of Varteks d.d. with headquarters in Varaždin submits the following:

INTERIM MANAGEMENT REPORT

for the time period from January 1 to September 30, 2011

Most significant events that took place in the reporting period and the effects thereof on the abridged set of financial statement

In the first nine months of 2011, Varteks d.d. marked an HRK 8.2 million or 3.6 percent increase in total revenues in relation to the same time period last year, with total revenues amounting to HRK 235.2 million in the time period concerned. It is important to point out that sales revenue increased by HRK 16 million or 8.2 percent in the revenue structure.

Exports have been on the rise as well. Exports worth HRK 98.7 million were realized on the foreign market, which is 8.9 percent or HRK 8.1 million more than in the same time period last year. The majority of exports was realized in countries in the European Union.

Total expenditures in the first nine months of 2011 amounted to HRK 272.2 million.

In the first nine months of this year the company operated with a loss of HRK 37 million, while the loss generated in the same time period last year had amounted to HRK 45.6 million. The positive difference of HRK 8.6 million in relation to the same time period last year is the result of the fact that along with realizing the targeted expenditure cuts the company managed to generate higher revenues, particularly in exports and the B2B segment. Excluding the effects from the sale of assets which are not part of regular business activities, the positive difference in the time period from January to September 2011 amounted to HRK 13 million in relation to the same time period in 2010.

In order to increase business efficiency and reduce the negative effects of the crisis, the Company is continuously implementing its set objectives in line with the Integral Business and Financial Restructuring Plan. On this basis, the Company's manufacturing part has been operating through three separate limited liability companies since May 2011.

It is important to point out that in accordance with the objectives of the Integral Plan and the reorganization, the B2B segment (sales aspect pertaining to corporate clothing and the manufacturing of special-purpose clothing) was detached after the first quarter of 2010 through an affiliate company owned by Varteks d.d. If we examine the effects of the total realization of revenues from this sales aspect, the revenues were HRK 12 million higher in relation to the same time period last year, thus total sales revenues were 10.8 percent higher.

Although business results show positive developments in terms of regular business activities, the total business result continues to be negative. A significant negative effect from the drop in personal spending and general economic illiquidity continues to be present, which is particularly prominent in business operations related to the domestic market.

The negative trend present on the real estate market led to additional difficulties in the implementation of activities in relation to stabilizing the company's liquidity, which directly led to the impossibility to procure raw materials and production materials in a timely manner, to procure and deliver products and brands to the retail network and for wholesale needs, which ultimately had a significant effect on the business result of Varteks d.d.

It is important to point out that the positive business-related changes were mostly realized in the third quarter of this year, so that the total business result for the third quarter, although down HRK 5.8 million in relation to the third quarter loss in 2010 which had amounted to HRK 27.7 million, was better by HRK 21.9 million this year.

For the business results for 1-9/2011 to be comparable to the same time period in 2010, the results of new companies whose scope of work belonged to Varteks d.d. organizationally and in terms of results in 2010 need to be included as well. On this basis, the total result in 2011 was better by an additional HRK 1.3 million, i.e. the loss amounted to HRK 35.7 million, which only confirms the positive developments in business results for 1-9/2011.

Most significant risks and developments for the remainder of the business year

Effects of the crisis continue to be present in the economy, particularly in terms of risks from higher illiquidity, which further hinders the timely procurement of goods and the funding of business activities. The most significant other risks for the remainder of the business year are linked to a potential further drop in personal consumption, which directly affects revenues, and a risk of higher costs (particularly costs for energy, living, etc.).

In line with the given market conditions, Varteks is implementing its set objectives in certain sales aspects by actively working on defined development and raising sales efficiency. In the business segment pertaining to the manufacturing and sale of special-purpose clothing and corporate clothing, significant growth has been continuously present in business revenues and results, while growth has been particularly present in revenues from exports. In the retail segment, development is focused, in line with the situation on the market, on increasing sales efficiency through the comprehensive reorganization of retail network operations. The objective is to alleviate risks arising from the drop in personal consumption through a redefined brand assortment, focusing on developing the company's own brands, reducing accompanying costs in retail units, stabilizing revenues and ultimately a better result through a greater difference in the price realized through reorganization.

In accordance with the Integral Business and Financial Restructuring Plan we continue to carry out activities and additional measures in terms of expenditure cuts by closing unprofitable parts of the system and by further cutting administrative costs with an unfortunately significantly slowed down dynamic which is linked to the illiquidity problem. Special measures are aimed at the company's financial consolidation through the utilization of the company's own assets as an additional source of funding and at activities in relation to taking advantage of Government measures aimed at economic recovery and development. Given the current situation and the problems on the real estate market and in relation to managing measures for economic recovery and development, the realization of the planned dynamic has been unfortunately slowed down and become more difficult.

The stabilization and development of the company's business is primarily based on financial consolidation and liquidity stabilization as essential prerequisites for the implementation of all activities in relation to restructuring, the system's further reorganization and strengthening strategic sales aspects.

President of the Management Board of Varteks d.d.

Zoran Košćec

VARTEKS d.d.
HR-42000 VARAŽDIN /9

VARTEKS

Varteks d.d.
Zagrebačka 94
42000 Varaždin

Varaždin, October 26, 2011

STATEMENT BY PERSONS RESPONSIBLE FOR THE COMPILATION OF THE REPORT FOR I-IX 2011

With this statement, pursuant to the Capital Market Act, we state that to our best knowledge,

- the set of financial reports for Varteks d.d. for 2011 (hereinafter: Company) which was compiled according to International Financial Reporting Standards and pursuant to the Croatian Accounting Act offers a comprehensive and truthful account of the assets and liabilities, losses and profits, the financial position and business activities of the company.
- The management report contains the truthful account of the development of the business and the position of the company, along with a description of the most significant risks and uncertainties the Company is exposed to.

PERSON RESPONSIBLE:

VARTEKS d.d.
/ Zagrebačka 94 / HR-42000 VARAŽDIN / 9

Nenad Davidović
Board member responsible for finances

Contact person:
Marina Bradarić - Šlujo
Phone 042 / 377-230

ATTACHMENT 1

Reporting period: 1.1.2011. to 30.9.2011

Quarterly financial statement of the entrepreneur-TFI-POD

Tax number (MB): 3747034

Company registration number (MBS): 070004039

Personal identification number (OIB): 872098033

Issuing company: VARTEKS d.d. VARAŽDIN

Postal code and place: 42000 VARAŽDIN

Street and house number: ZAGREBAČKA 94

E-mail address: info@varteks.com

Internet address: www.varteks.com

Municipality/city code and name: 472 VARAŽDIN

County code and name: 5 VARAŽDINSKA

Number of employees (quarter end): 727

Consolidated report: NOT

NKD code: 1413

Companies of the consolidation subject (according to IFRS)	Seat:	MB:

Bookkeeping service:

Contact person: Svetec Zvonimir
(please enter only contact person's family name and name)

Telephone: 042/377-124

Facsimile: 042/377-089

E-mail address: zsvetec@varteks.com

Family name and name: Davidović Nenad
(person authorized to represent the company)

Documents to be published.

1. Financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in equity, and notes to financial statements
2. Statement of persons responsible for the drawing-up of financial statements
3. Report of the Management Board on the Company Status

L.S.

VARTEKS d.d.
/ Zagrebačka 94 / HR-42000 VARAŽDIN / 9

(signature of the person authorized to represent the company)

Balance Sheet
as of 30.09.2011.

Varteks d.d. -Varaždin			
Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABELS FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	413.403.383	419.000.805
I. INTANGIBLE ASSETS (004 do 009)	003	7.707.235	7.014.895
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	7.707.235	7.014.895
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008		
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	394.123.657	384.126.127
1. Land	011	54.753.233	54.753.233
2. Buildings	012	265.285.847	260.719.682
3. Plant and equipement	013	61.118.313	56.780.650
4. Tools, working inventory and transportation assets	014	11.762.520	9.805.597
5. Biological assets	015		
6. Advances for purchase of tangible assets	016		
7. Tangible assets in progress	017	972.446	1.835.667
8. Other tangible assets	018	231.298	231.298
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	7.636.279	24.122.545
1. Share in related parties	021	2.374.551	2.434.551
2. Loans to related parties	022		
3. Participating interests (shares)	023	165.900	165.900
4. Loans to companies with participating interest	024		
5. Investments in securities	025		
6. Loans, deposits, etc.	026	730.375	730.376
7. Other non-current financial assets	027	4.365.453	4.365.453
8. Equity-accounted investments	028		16.426.265
IV. RECEIVABLES (030 do 032)	029	3.936.212	3.737.238
1. Receivables from related parties	030	3.216.364	3.216.364
2. Receivables arising from sales on credit	031		
3. Other receivables	032	719.848	520.874
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	220.151.828	197.127.991
I. INVENTORIES (036 do 042)	035	141.849.108	131.960.803
1. Raw materials and supplies	036	32.646.065	34.623.089
2. Production in progress	037	7.701.697	2.728.881
3. Finished products	038	28.678.781	25.540.952
4. Merchandise	039	26.745.463	24.025.740
5. Advances for inventories	040	754.769	
6. Long term assets held for sale	041	45.322.333	45.042.141
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	66.646.833	59.389.172
1. Receivables from related parties	044	31.409.378	21.011.729
2. Receivables from end-customers	045	29.331.251	27.566.716
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	466.308	427.249
5. Receivables from government and other institutions	048	5.295.879	10.204.775
6. Other receivables	049	144.017	178.703
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	9.386.655	4.877.089
1. Share in related parties	051		
2. Loans to related parties	052	3.994.632	234.515
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055	3.235.314	2.863.846
6. Loans, deposits, etc.	056	2.156.709	1.778.728
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	2.269.232	900.927
D) PREPAYMENTS AND ACCRUED INCOME	059	971.279	189.634
E) TOTAL ASSETS (001+002+034+059)	060	634.526.490	616.318.430
F) OFF BALANCE SHEET ITEMS	061	48.637.632	46.257.592

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	113.788.581	77.109.641
I. SUBSCRIBED SHARE CAPITAL	063	384.161.400	384.161.400
II. CAPITAL RESERVES	064		
III.RESERVES FROM PROFIT (066+067-068+069+070)	065	10.428.371	10.773.120
1. Legal reserves	066		
2. Reserve for own shares	067	46.013.062	46.013.062
3. Treasury shares and shares (deductible items)	068	36.730.600	36.730.600
4. Statutory reserves	069		
5. Other reserves	070	1.145.909	1.490.658
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-184.131.093	-280.801.190
1. Retained earnings	073		
2. Loss carried forward	074	184.131.093	280.801.190
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-96.670.097	-37.023.689
1. Net profit for the period	076		
2. Net loss for the period	077	96.670.097	37.023.689
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	744.081	256.737
1. Provisions for pensions, severance pay and similar libabilities	080	436.458	
2. Provisions for tax liabilities	081		
3. Other provisions	082	307.623	256.737
C) NON-CURRENT LIABILITIES (084 do 092)	083	153.402.629	129.547.891
1. Liabilites to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	153.380.129	129.525.391
4. Liabilities for advances	087		
5. Trade payables	088	22.500	22.500
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 do 105)	093	366.187.655	409.000.616
1. Liabilites to related parties	094	1.577.733	30.649.667
2. Liabilities for loans, deposits, etc.	095	12.980.957	10.456.644
3. Liabilities to banks and other financial institutions	096	147.066.615	157.786.091
4. Liabilities for advances	097	2.484.304	2.412.545
5. Trade payables	098	101.187.371	94.927.124
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to emloyees	101	14.328.878	7.781.915
9. Taxes, contributions and similar liabilities	102	79.146.173	97.619.318
10. Liabilities arising from share in the result	103		
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	7.415.624	7.367.312
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	403.544	403.545
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	634.526.490	616.318.430
G) OFF BALANCE SHEET ITEMS	108	48.637.632	46.257.592
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

Income statement

period 01.01.2011. to 30.09.2011.

Varteks d.d.- Varaždin

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	223.646.408	70.213.600	234.737.969	90.195.934
1. Rendering of services	112	195.568.870	68.161.854	211.533.772	74.775.537
2. Other operating income	113	28.077.538	2.051.746	23.204.197	15.420.397
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	253.939.099	90.653.777	256.712.936	92.270.863
1. Change in inventories of work in progress	115	19.119.714	9.007.416	8.033.589	3.904.498
2. Material expenses (117 do 119)	116	104.454.353	38.692.419	155.572.723	65.436.614
a) Costs of raw materials	117	45.412.929	18.333.264	48.890.266	16.081.635
b) Cost of goods sold	118	41.034.698	14.009.290	43.993.742	18.474.127
c) Other material expenses	119	18.006.726	6.349.865	62.688.715	30.880.852
3. Employee benefits expenses (121 do 123)	120	90.855.081	30.202.724	58.975.701	12.127.983
a) Net salaries	121	58.357.232	19.482.087	37.608.131	7.553.018
b) Tax and contributions from salary expenses	122	19.110.512	6.268.149	12.685.332	2.789.455
c) Contributions on salary	123	13.387.337	4.452.488	8.682.238	1.785.510
4. Depreciation and amortisation	124	9.498.746	3.164.325	10.012.091	3.567.362
5. Other expenses	125	25.699.775	8.683.836	20.994.430	5.626.219
6. Write down of assets (127+128)	126	0	0	0	0
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129				
8. Other operating costs	130	4.311.430	903.057	3.124.402	1.608.187
III. FINANCIAL INCOME (132 do 136)	131	3.307.619	332.856	442.363	177.621
1. Interest, foreign exchange differences, dividens and similar income from related parties	132	176.884	122.661	15.821	7.118
2. Interest, foreign exchange differences, dividens and similar income from third parties	133	3.130.735	210.195	426.542	170.503
3. Income from investments in associates and joint ventures	134	0	0	0	0
4. Unrealised gains (income) from financial assets	135	0	0	0	0
5. Other financial income	136	0	0	0	0
IV. FINANCIAL EXPENSES (138 do 141)	137	18.608.098	7.617.828	15.491.085	3.945.246
1. Interest, foreign exchange differences, dividens and similar income from related parties	138	9.953	3.972	28.000	0
2. Interest, foreign exchange differences, dividens and similar income from third parties	139	18.555.890	7.613.856	15.463.085	3.945.246
3. Unrealised losses (expenses) from financial assets	140	0	0	0	0
4. Other financial expenses	141	42.255	0	0	0
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	226.954.027	70.546.456	235.180.332	90.373.555
X. TOTAL EXPENSES (114+137+143+145)	147	272.547.197	98.271.605	272.204.021	96.216.109
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-45.593.170	-27.725.149	-37.023.689	-5.842.554
1. Profit before taxes (146-147)	149				
2. Loss before taxes (147-146)	150	45.593.170	27.725.149	37.023.689	5.842.554
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-45.593.170	-27.725.149	-37.023.689	-5.842.554
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	45.593.170	27.725.149	37.023.689	5.842.554

ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)

XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	-45.593.170	-27.725.149	-37.023.689	-5.842.554
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158				
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associatied companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167				
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-45.593.170	-27.725.149	-37.023.689	-5.842.554
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

CASH FLOW STATEMENT - Indirect method

period 1.1.2011 to 30.9.2011

HRK

Position	AOP oznaka	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	-45.593.170	-37.023.689
2. Depreciation and amortisation	002	9.498.746	10.012.091
3. Increase of current liabilities	003	21.478.621	34.617.798
4. Decrease of current receivables	004	0	7.257.661
5.Decrease of inventories	005	19.279.241	9.888.305
6. Other cash flow increases	006		5.291.212
I. Total increase of cash flow from operating activities	007	4.663.438	30.043.378
1. Decrease of current liabilities	008		0
2. Increase of current receivables	009	4.660.486	0
3. Increase of inventories	010		0
4. Other cash flow decreases	011	1.550.206	0
II. Total decrease of cash flow from operating activities	012	6.210.692	0
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	30.043.378
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	1.547.254	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	16.575.684	677.779
2. Proceeds from sale of non-current financial assets	016	0	0
3. Interest received	017	0	0
4. Dividend received	018	0	0
5. Other proceeds from investing activities	019	162.958	0
III. Total cash inflows from investing activities	020	16.738.642	677.779
1. Purchase of non-current assets	021	0	0
2. Purchase of non-current financial assets	022	20.000	60.000
3. Other cash outflows from investing activities	023	0	16.227.291
IV. Total cash outflows from investing activities	024	20.000	16.287.291
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	16.718.642	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026		15.609.512
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	0	0
2. Proceeds from loans and borrowings	028	0	0
3. Other proceeds from financing activities	029	340.682	0
V. Total cash inflows from financing activities	030	340.682	0
1. Repayment of loans and bonds	031	16.296.590	15.659.575
2. Dividends paid	032	0	0
3. Repayment of finance lease	033	0	0
4. Purchase of treasury shares	034	0	0
5. Other cash outflows from financing activities	035	0	142.595
VI. Total cash outflows from financing activities	036	16.296.590	15.802.170
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	15.955.908	15.802.170
Total increases of cash flows	039	0	0
Total decreases of cash flows	040	784.520	1.368.304
Cash and cash equivalents at the beginning of period	041	3.979.597	2.269.232
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043	784.520	1.368.305
Cash and cash equivalents at the end of period	044	3.195.078	900.927

STATEMENT OF CHANGES IN EQUITY

period 1.1.2011 to 30.9.2011.

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	384.161.400	384.161.400
2. Capital reserves	002		
3. Reserves from profit	003	10.428.371	10.773.120
4. Retained earnings or loss carried forward	004	-184.131.093	-280.801.190
5. Net profit or loss for the period	005	-96.670.097	-37.023.689
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaliuation	009		
10. Total equity and reserves (AOP 001 to 009)	010	113.788.581	77.109.641
11. Foreign exchenge differences ffrom foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016		
17.Total increase or decrease of equity (AOP 011 to 016)	017	0	0
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		