



**Balance Sheet**  
as of 30.09.2012.

Varteks d.d. -Varaždin			
Position	AOP	Previous period	Current period
1	2	3	4
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</b>	<b>001</b>		
<b>B) NON-CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	804.779.368	790.212.329
<b>I. INTANGIBLE ASSETS (004 do 009)</b>	<b>003</b>	6.561.023	5.843.654
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	6.561.023	5.843.654
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008		
6. Other intangible assets	009		
<b>II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)</b>	<b>010</b>	770.487.589	758.986.623
1. Land	011	187.556.077	187.556.077
2. Buildings	012	516.916.998	510.872.525
3. Plant and equipment	013	55.961.564	52.017.834
4. Tools, working inventory and transportation assets	014	8.996.790	7.457.360
5. Biological assets	015		
6. Advances for purchase of tangible assets	016		
7. Tangible assets in progress	017	824.862	851.529
8. Other tangible assets	018	231.298	231.298
9. Investment in real-estate	019		
<b>III. NON-CURRENT FINANCIAL ASSETS (021 do 028)</b>	<b>020</b>	24.122.545	22.122.562
1. Share in related parties	021	2.434.551	408.548
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	756.395
7. Other non-current financial assets	027	4.365.453	4.365.453
8. Equity-accounted investments	028	16.426.266	16.426.266
<b>IV. RECEIVABLES (030 do 032)</b>	<b>029</b>	3.608.211	3.259.490
1. Receivables from related parties	030	2.710.458	2.710.458
2. Receivables arising from sales on credit	031		
3. Other receivables	032	897.753	549.032
<b>V. DEFERRED TAX ASSET</b>	<b>033</b>	0	
<b>C) CURRENT ASSETS (035+043+050+058)</b>	<b>034</b>	145.199.498	103.653.507
<b>I. INVENTORIES (036 do 042)</b>	<b>035</b>	82.166.314	49.360.896
1. Raw materials and supplies	036	33.291.404	17.387.425
2. Production in progress	037	2.554.909	1.857.733
3. Finished products	038	23.482.387	16.195.634
4. Merchandise	039	22.388.018	13.204.477
5. Advances for inventories	040	449.596	715.627
6. Long term assets held for sale	041		
7. Biological assets	042		
<b>II. RECEIVABLES (044 do 049)</b>	<b>043</b>	53.282.373	50.727.447
1. Receivables from related parties	044	21.215.471	13.392.101
2. Receivables from end-customers	045	21.195.449	18.707.830
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	434.180	547.266
5. Receivables from government and other institutions	048	10.424.361	17.275.607
6. Other receivables	049	12.912	804.643
<b>III. CURRENT FINANCIAL ASSETS (051 do 057)</b>	<b>050</b>	8.656.751	2.810.044
1. Share in related parties	051		
2. Loans to related parties	052		
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055	6.800.926	1.739.818
6. Loans, deposits, etc.	056	1.855.825	1.070.226
7. Other financial assets	057		
<b>IV. CASH AND CASH EQUIVALENTS</b>	<b>058</b>	1.094.060	755.120
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	376.361	501.102
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	950.355.227	894.366.938
<b>F) OFF BALANCE SHEET ITEMS</b>	<b>061</b>	20.171.005	18.012.231



**EQUITY AND LIABILITIES**

<b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>331.962.607</b>	<b>236.517.984</b>
I. SUBSCRIBED SHARE CAPITAL	063	96.040.350	96.040.350
II. CAPITAL RESERVES	064	17.748.231	
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	246.700	382.310
1. Legal reserves	066		
2. Reserve for own shares	067	9.182.650	9.182.650
3. Treasury shares and shares (deductible items)	068	9.182.650	9.182.650
4. Statutory reserves	069		
5. Other reserves	070	246.700	382.310
IV. REVALUATION RESERVES	071	278.255.370	275.867.865
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	0	-46.458.086
1. Retained earnings	073		
2. Loss carried forward	074		46.458.086
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-60.328.044	-89.314.455
1. Net profit for the period	076		
2. Net loss for the period	077	60.328.044	89.314.455
VII. MINORITY INTEREST	078		
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	<b>239.775</b>	<b>246.622</b>
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081		
3. Other provisions	082	239.775	246.622
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	<b>204.324.407</b>	<b>172.950.670</b>
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085	4.702.795	3.655.355
3. Liabilities to banks and other financial institutions	086	130.057.769	100.238.349
4. Liabilities for advances	087		
5. Trade payables	088		90.000
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092	69.563.843	68.966.966
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	<b>413.352.366</b>	<b>483.568.401</b>
1. Liabilities to related parties	094	29.854.553	50.715.886
2. Liabilities for loans, deposits, etc.	095	5.404.955	7.062.430
3. Liabilities to banks and other financial institutions	096	157.873.666	180.819.857
4. Liabilities for advances	097	1.948.936	1.351.958
5. Trade payables	098	93.373.151	87.753.072
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	5.482.194	7.389.770
9. Taxes, contributions and similar liabilities	102	111.549.535	140.308.699
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	7.865.376	8.166.729
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>106</b>	<b>476.072</b>	<b>1.083.261</b>
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>950.355.227</b>	<b>894.366.938</b>
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	<b>20.171.005</b>	<b>18.012.231</b>
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

**Income statement**

period 01.01.2012. to 30.09.2012.

Varteks d.d. -Varaždin

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112 do 113)</b>	<b>111</b>	234.737.969	90.195.934	193.808.812	63.876.128
1. Rendering of services	112	211.533.772	74.775.537	174.537.785	55.872.099
2. Other operating income	113	23.204.197	15.420.397	19.271.027	8.004.029
<b>II. OPERATING COSTS (115+116+120+124+125+126+129+130)</b>	<b>114</b>	256.712.936	92.270.863	252.029.357	104.143.968
1. Change in inventories of work in progress	115	8.033.589	3.904.498	3.293.424	2.357.983
2. Material expenses (117 do 119)	116	155.572.723	65.436.614	152.849.997	49.004.604
a) Costs of raw materials	117	48.890.266	16.081.635	31.494.903	9.736.853
b) Cost of goods sold	118	43.993.742	18.474.127	35.735.521	11.341.115
c) Other material expenses	119	62.688.715	30.880.852	85.619.573	27.926.636
3. Employee benefits expenses (121 do 123)	120	58.975.701	12.127.983	33.807.331	10.987.422
a) Net salaries	121	37.608.131	7.553.018	21.367.315	7.003.062
b) Tax and contributions from salary expenses	122	12.685.332	2.789.455	7.705.661	2.515.511
c) Contributions on salary	123	8.682.238	1.785.510	4.734.355	1.468.849
4. Depreciation and amortisation	124	10.012.091	3.567.362	12.262.212	4.049.416
5. Other expenses	125	20.994.430	5.626.219	13.485.426	4.967.057
6. Write down of assets (127+128)	126	0	0	30.499.148	30.490.015
a) non-current assets (except financial assets)	127			183.793	174.660
b) current assets (except financial assets)	128			30.315.355	30.315.355
7. Provisions	129			160.000	160.000
8. Other operating costs	130	3.124.402	1.608.187	5.671.819	2.127.471
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	442.363	177.621	2.300.712	1.989.420
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	15.821	7.118	2.634	249
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	426.542	170.503	2.298.078	1.989.171
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	15.491.085	3.945.246	33.394.622	21.362.283
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	28.000	0	217.448	11.390
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	15.463.085	3.945.246	31.136.023	19.309.742
3. Unrealised losses (expenses) from financial assets	140			2.041.151	2.041.151
4. Other financial expenses	141				
<b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>	<b>142</b>				
<b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</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+144)</b>	<b>146</b>	235.180.332	90.373.555	196.109.524	65.865.548
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	272.204.021	96.216.109	285.423.979	125.506.251
<b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>	<b>148</b>	-37.023.689	-5.842.554	-89.314.455	-59.640.703
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	37.023.689	5.842.554	89.314.455	59.640.703
<b>XII. TAXATION</b>	<b>151</b>				
<b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	-37.023.689	-5.842.554	-89.314.455	-59.640.703
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	37.023.689	5.842.554	89.314.455	59.640.703
<b>ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (=152)</b>	<b>157</b>	-37.023.689	-5.842.554	-89.314.455	-59.640.703
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)</b>	<b>158</b>	0	0	3.119.991	3.119.991
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160			2.984.381	2.984.381
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162			135.610	135.610
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
<b>III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)</b>	<b>167</b>	0	0	3.119.991	3.119.991
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	-37.023.689	-5.842.554	-86.194.464	-56.520.712
<b>ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				



## CASH FLOW STATEMENT - Indirect method

period 1.1.2012 to 30.9.2012

HRK

Position	AOP oznaka	Previous period	Current period
1	2	3	4
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	073	-37.023.689	-89.314.455
2. Depreciation and amortisation	074	10.012.091	12.262.212
3. Increase of current liabilities	075	34.617.798	63.614.800
4. Decrease of current receivables	076	7.257.661	2.554.926
5. Decrease of inventories	077	9.888.305	32.805.418
6. Other cash flow increases	078	5.291.212	1.346.522
<b>I. Total increase of cash flow from operating activities</b>	<b>079</b>	<b>30.043.378</b>	<b>23.269.423</b>
1. Decrease of current liabilities	080	0	0
2. Increase of current receivables	081	0	0
3. Increase of inventories	082	0	0
4. Other cash flow decreases	083	0	21.845.785
<b>II. Total decrease of cash flow from operating activities</b>	<b>084</b>	<b>0</b>	<b>21.845.785</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>085</b>	<b>30.043.378</b>	<b>1.423.638</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>086</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of non-current assets	087	677.779	215.555
2. Proceeds from sale of non-current financial assets	088	0	0
3. Interest received	089	0	0
4. Dividend received	090	0	0
5. Other proceeds from investing activities	091	0	2.494.876
<b>III. Total cash inflows from investing activities</b>	<b>092</b>	<b>677.779</b>	<b>2.710.431</b>
1. Purchase of non-current assets	093	0	0
2. Purchase of non-current financial assets	094	60.000	0
3. Other cash outflows from investing activities	095	16.227.291	405.604
<b>IV. Total cash outflows from investing activities</b>	<b>096</b>	<b>16.287.291</b>	<b>405.604</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>097</b>	<b>0</b>	<b>2.304.827</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>098</b>	<b>15.609.512</b>	<b>0</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issue of equity securities and debt securities	099	0	0
2. Proceeds from loans and borrowings	100	0	18.925.356
3. Other proceeds from financing activities	101	0	5.846.707
<b>V. Total cash inflows from financing activities</b>	<b>102</b>	<b>0</b>	<b>24.772.063</b>
1. Repayment of loans and bonds	103	15.659.575	28.839.468
2. Dividends paid	104	0	0
3. Repayment of finance lease	105	0	0
4. Purchase of treasury shares	106	0	0
5. Other cash outflows from financing activities	107	142.595	0
<b>VI. Total cash outflows from financing activities</b>	<b>108</b>	<b>15.802.170</b>	<b>28.839.468</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>109</b>	<b>0</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>110</b>	<b>15.802.170</b>	<b>4.067.405</b>
Total increases of cash flows	111	0	0
Total decreases of cash flows	112	1.368.304	338.940
Cash and cash equivalents at the beginning of period	113	2.269.232	1.094.060
Increase of cash and cash equivalents	114	0	0
Decrease of cash and cash equivalents	115	1.368.305	338.940
Cash and cash equivalents at the end of period	116	900.927	755.120

## STATEMENT OF CHANGES IN EQUITY

period 1.1.2012 to 30.9.2012

Position 1	AOP 2	Previous year 3	Current year 4
1. Subscribed share capital	001	96.040.350	96.040.350
2. Capital reserves	002	17.748.231	0
3. Reserves from profit	003	246.700	382.310
4. Retained earnings or loss carried forward	004	0	-46.458.086
5. Net profit or loss for the period	005	-60.328.044	-89.314.455
6. Revaluation of tangible assets	006	278.255.370	275.867.865
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
<b>10. Total equity and reserves (AOP 001 to 009)</b>	<b>010</b>	331.962.607	236.517.984
11. Foreign exchange differences from 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		
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	0	0
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		



In Varaždin, 16<sup>th</sup> October 2013.

**In accordance with regulations of the Capital Market Act, Varteks d.d. Management Board headquartered in Varaždin submitted:**

**MANAGEMENT INTERIM REPORT FOR VARTEKS D.D.**

**For the period of 1<sup>st</sup> January to 30<sup>th</sup> September 2012.**

**Indication of important events that have occurred during the reporting period of the business year and the impact of these events on the abridged set of financial statements**

The report relates to the company's business operations in 2012, i.e. in the time period I – IX/2012, with separate data for the third quarter. Company data also constitutes an integral part of the overall documentation which had to be drawn up and submitted during pre-bankruptcy settlement proceedings, which were officially initiated for Varteks d.d. on February 5, 2013. In accordance with the Financial Transactions and Pre-Bankruptcy Settlement Act, the report for Varteks d.d. was revised by a certified auditor, and the data was published together with other documents from the pre-bankruptcy settlement proceedings on the official website of the financial agency FINA, whereby the provisions of the Capital Market Act were met.

The total loss in the relevant time period amounted to HRK 89.3 million, of which HRK 60 million relates to the third quarter. Since parent company reports were revised, all elements were fully aligned with the annual report. Especially in terms of the evaluation of current assets, where value adjustments which are carried out annually according to accounting policies were carried out in the third quarter, which had an adverse effect of HRK 32.5 million on the result.

Varteks d.d. operations in the examined period and in Q3 2012 continued amidst the further continuation of the economic crisis and growing illiquidity, which particularly affected revenues and financing costs, especially when it comes to interest, which amounted to HRK 30.1 million for company's operations in the examined time period. In terms of business activities, revenues of HRK 193.8 million were generated, which is 17 percent less than in the same time period in 2011.

With regard to the issue of illiquidity, operations took place amidst extreme difficulties in the procurement of raw materials, production materials and merchandise, along with the inability to utilize part of the production capacity and a lack of timely season financing. Aforementioned elements suggest that in current business conditions the operations of the entire company need to be restructured, while maintaining business activities only in those member companies which can operate positively after restructuring. The effects of activities which must be implemented are evident in the adopted pre-bankruptcy settlement proposal and broken down in detail in the company's Business and Financial Restructuring Plan.

**Most significant risks and expectations for the remaining business year**

In 2013, pre-bankruptcy settlement proceedings were successfully implemented and the required creditor majority adopted the Financial Restructuring Plan of Varteks d.d. A pre-bankruptcy settlement was reached on July 11, 2013 before the Commercial Court in

Varaždin. For the company to successfully implement restructuring and to continue business operations, all elements of the concluded pre-bankruptcy settlement and the adopted Financial Restructuring Plan for Varteks d.d. must be implemented, which also includes the conclusion of an agreement on mutual relations with creditors holding separate satisfaction rights and additional funding for Varteks.

Varteks d.d.

Zoran Košćec

Board Chairman



A handwritten signature in black ink, written in a cursive style. The signature is located below the printed name 'Zoran Košćec' and extends to the left, crossing over the 'Board Chairman' text. The signature is partially enclosed by a faint, hand-drawn oval.



Varteks d.d.  
Zagrebačka 94  
42000 Varaždin

Varazdin, 15.10. 2012th

## STATEMENT BY PERSONS RESPONSIBLE FOR THE COMPILATION OF THE REPORT FOR I-IX 2012

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 2012 (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:

Nenad Davidović

Board member responsible for finances

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