

ATTACHMENT 1

Reporting period:

1.1.2012

to

31.12.2012

Quarterly financial statement of the entrepreneur-TFI-POD

Tax number (MB): 3747034

Company registration
number (MBS): 070004039Personal identification
number (OIB): 00872098033

Issuing company: VARTEKS d.d. VARAŽDIN

Postal code and place: 42000 VARAŽDIN

Street and house number: ZAGREBAČKA 94

E-mail address: vbolsec@varteks.com

Internet address: www.varteks.com

Municipality/city code and name: 472 VARAŽDIN

County code and name: 5 VARAŽDINSKA

Number of employees: 2.155
(quarter end)

Consolidated report: YES

NKD code: 1413

Companies of the consolidation subject (according to IF

Seat:

MB:

BURGTRADE G.m.b.h.	Eisenstadt, Austrija	00128280Y
VARTEKS TRADE d.o.o.	Ljubljana, Slovenija	5351944
VARTEKS PLUS d.o.o.	Beograd, Srbija	100824354
VARTEKS LOGISTIC d.o.o.	Varaždin, Hrvatska	01038133
VARTEKS PRO d.o.o.	Varaždin, Hrvatska	01280511
VARTEKS ESOP d.o.o.	Varaždin, Hrvatska	070092385
VARTEKS ODJEĆA VARAŽDIN d.o.o.	Varaždin, Hrvatska	16891232411
VARTEKS LUDBREG d.o.o.	Ludbreg, Hrvatska	20533712419
VARTEKS BEDNJA d.o.o.	Bednja, Hrvatska	71501150619

Contact person: Bolšec Vlado

(please enter only contact person's family name and name)

Telephone: 042/377-005

Facsimile: 042/377-005

E-mail address: vbolsec@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




(signature of the person authorized to represent the company)

Balance Sheet
as of 31.12.2012.

Varteks group-Varaždin			
Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	805.664.625	781.778.733
I. INTANGIBLE ASSETS (004 do 009)	003	7.942.676	6.796.816
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	7.942.676	6.796.816
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	772.690.389	751.711.415
1. Land	011	187.556.145	185.830.699
2. Buildings	012	517.868.425	506.321.128
3. Plant and equipment	013	57.169.175	51.492.499
4. Tools, working inventory and transportation assets	014	9.039.734	6.992.292
5. Biological assets	015		
6. Advances for purchase of tangible assets	016		33.657
7. Tangible assets in progress	017	824.862	809.082
8. Other tangible assets	018	232.048	232.058
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	21.423.349	20.136.826
1. Share in related parties	021	16.161.621	14.822.645
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	782.828
7. Other non-current financial assets	027	4.365.453	4.365.453
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	3.608.211	3.133.676
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031		
3. Other receivables	032	3.608.211	3.133.676
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	142.611.105	92.868.091
I. INVENTORIES (036 do 042)	035	91.311.157	44.339.905
1. Raw materials and supplies	036	33.330.637	14.782.748
2. Production in progress	037	3.416.655	1.112.161
3. Finished products	038	23.482.388	12.466.999
4. Merchandise	039	30.631.843	15.443.737
5. Advances for inventories	040	449.634	534.260
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	40.069.367	40.675.078
1. Receivables from related parties	044	0	0
2. Receivables from end-customers	045	26.483.372	21.927.121
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	558.491	175.158
5. Receivables from government and other institutions	048	12.497.085	17.899.925
6. Other receivables	049	530.419	672.874
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	9.298.507	2.729.327
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	1.978.131	1.099.112
5. Investments in securities	055	7.320.376	1.630.215
6. Loans, deposits, etc.	056		
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	1.932.074	5.123.781
D) PREPAYMENTS AND ACCRUED INCOME	059	445.538	1.727.943
E) TOTAL ASSETS (001+002+034+059)	060	948.721.268	876.374.767
F) OFF BALANCE SHEET ITEMS	061	21.171.005	16.125.523

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	316.703.078	181.976.069
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	475.381
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	475.381
IV. REVALUATION RESERVES	071	278.255.370	273.081.818
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-4.906.751	-45.942.412
1. Retained earnings	073		
2. Loss carried forward	074	4.906.751	45.942.412
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-70.680.822	-141.679.068
1. Net profit for the period	076		
2. Net loss for the period	077	70.680.822	141.679.068
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	239.775	86.622
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081		
3. Other provisions	082	239.775	86.622
C) NON-CURRENT LIABILITIES (084 do 092)	083	204.431.050	174.631.076
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085	4.802.795	3.388.461
3. Liabilities to banks and other financial institutions	086	130.064.412	102.895.660
4. Liabilities for advances	087		
5. Trade payables	088		76.500
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092	69.563.843	68.270.455
D) CURRENT LIABILITIES (094 do 105)	093	426.721.970	518.792.298
1. Liabilities to related parties	094	17.320	17.714
2. Liabilities for loans, deposits, etc.	095	6.414.281	6.896.145
3. Liabilities to banks and other financial institutions	096	158.923.445	181.130.167
4. Liabilities for advances	097	1.948.936	1.920.580
5. Trade payables	098	102.701.466	102.563.036
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	11.998.383	21.494.231
9. Taxes, contributions and similar liabilities	102	136.546.089	190.212.916
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	8.172.050	14.557.509
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	625.395	888.702
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	948.721.268	876.374.767
G) OFF BALANCE SHEET ITEMS	108	21.171.005	16.125.523
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	316.703.078	181.976.069
2. Attributable to minority interest	110		

Income statement

period 01.01.2012. to 31.12.2012.

Varteks group -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	347.698.221	92.697.534	270.851.585	68.401.536
1. Rendering of services	112	319.332.947	87.607.353	249.190.347	57.005.679
2. Other operating income	113	28.365.274	5.090.181	21.661.238	11.395.857
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	381.047.224	105.674.476	361.198.268	101.393.033
1. Change in inventories of work in progress	115	6.829.921	-546.499	5.326.140	1.736.938
2. Material expenses (117 do 119)	116	191.825.024	55.657.220	145.881.713	37.105.924
a) Costs of raw materials	117				
b) Cost of goods sold	118				
c) Other material expenses	119				
3. Employee benefits expenses (121 do 123)	120	120.241.111	29.187.259	109.194.770	26.507.915
a) Net salaries	121				
b) Tax and contributions from salary expenses	122				
c) Contributions on salary	123				
4. Depreciation and amortisation	124	16.303.323	5.557.874	16.972.726	4.129.580
5. Other expenses	125	32.281.939	6.006.566	30.124.300	8.626.395
6. Write down of assets (127+128)	126	7.087.985	6.620.309	36.960.778	12.581.518
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129	0	0	0	-160.000
8. Other operating costs	130	6.477.921	3.191.747	16.737.841	10.864.763
III. FINANCIAL INCOME (132 do 136)	131	3.041.561	2.511.101	5.344.015	3.031.343
1. Interest, foreign exchange differences, dividends and similar income from related parties	132				
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	3.041.561	2.511.101	5.344.015	3.031.343
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	40.142.716	22.512.829	56.251.142	21.908.955
1. Interest, foreign exchange differences, dividends and similar income from related parties	138				
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	40.142.716	22.512.829	56.251.142	21.908.955
3. Unrealised losses (expenses) from financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	0	0
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142		0		
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143		0		
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	350.739.782	95.208.635	276.195.600	71.432.879
X. TOTAL EXPENSES (114+137+143+145)	147	421.189.940	128.187.305	417.449.410	123.301.988
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-70.450.158	-32.978.670	-141.253.810	-51.869.109
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	70.450.158	32.978.670	141.253.810	51.869.109
XII. TAXATION	151	230.664	213.869	425.258	411.839
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-70.680.822	-33.192.539	-141.679.068	-52.280.948
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	70.680.822	33.192.539	141.679.068	52.280.948

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	-70.680.822	-33.192.539	-141.679.068	-52.280.948
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	-1.495.676	0	7.202.368	4.082.377
1. Exchange differences from international settlement	159	-1.742.376		506.747	506.747
2. Changes in revaluation reserves of long-term tangible and intangible assets	160		0	5.173.552	2.189.171
3. Profit or loss from re-evaluation of financial assets held for sale	161		0		0
4. Profit or loss from cash flow hedging	162	246.700		1.522.069	1.386.459
5. Profit or loss from hedging of foreign investments	163		0		0
6. Share of other comprehensive income/loss from associated companies	164		0		0
7. Actuarial gains/losses from defined benefit plans	165				0
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				0
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	-1.495.676	0	7.202.368	4.082.377
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-72.176.498	-33.192.539	-134.476.700	-48.198.571
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169	-72.176.498	-33.192.539	-134.476.700	-48.198.571
2. Attributable to minority interest	170				

CASH FLOW STATEMENT - Indirect method

period 1.1.2012 to 31.12.2012

HRK

Varteks group - Varaždin			
Position 1	AOP oznaka 2	Previous period 3	Current period 4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	073	-70.450.158	-141.253.810
2. Depreciation and amortisation	074	16.303.323	16.972.726
3. Increase of current liabilities	075	68.691.071	97.511.424
4. Decrease of current receivables	076	16.310.266	0
5. Decrease of inventories	077	19.829.656	46.971.252
6. Other cash flow increases	078	3.073.843	14.073.446
I. Total increase of cash flow from operating activities	079	53.758.001	34.275.038
1. Decrease of current liabilities	080	0	153.153
2. Increase of current receivables	081	32.111.362	1.888.116
3. Increase of inventories	082	0	0
4. Other cash flow decreases	083	734.970	32.378.668
II. Total decrease of cash flow from operating activities	084	32.846.332	34.419.937
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	085	20.911.669	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	086	0	144.899
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	087	5.676.031	5.505.658
2. Proceeds from sale of non-current financial assets	088	0	20.000
3. Interest received	089	0	0
4. Dividend received	090	0	0
5. Other proceeds from investing activities	091	2.633.292	5.817.076
III. Total cash inflows from investing activities	092	8.309.323	11.342.734
1. Purchase of non-current assets:	093	3.566.911	581.030
2. Purchase of non-current financial assets	094	3.739.027	
3. Other cash outflows from investing activities	095	1.120	33.657
IV. Total cash outflows from investing activities	096	7.307.058	614.687
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	097	1.002.265	10.728.047
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	098	0	0
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	099	27.757.671	35.170.824
2. Proceeds from loans and borrowings	100		0
3. Other proceeds from financing activities	101		2.672.530
V. Total cash inflows from financing activities	102	27.757.671	37.843.354
1. Repayment of loans and bonds	103	45.920.417	45.182.342
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	4.825.213	52.453
VI. Total cash outflows from financing activities	108	50.745.630	45.234.795
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	109	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	110	22.987.959	7.391.441
Total increases of cash flows	111	0	3.191.707
Total decreases of cash flows	112	1.074.025	0
Cash and cash equivalents at the beginning of period	113	3.006.099	1.932.074
Increase of cash and cash equivalents	114	0	3.191.707
Decrease of cash and cash equivalents	115	1.074.025	0
Cash and cash equivalents at the end of period	116	1.932.074	5.123.781

STATEMENT OF CHANGES IN EQUITY
period 1.1.2012 to 31.12.2012

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	96.040.350	96.040.350
2. Capital reserves	002	17.748.231	
3. Reserves from profit	003	246.700	475.381
4. Retained earnings or loss carried forward	004	-4.906.751	-45.942.412
5. Net profit or loss for the period	005	-70.680.822	-141.679.068
6. Revaluation of tangible assets	006	278.255.370	273.081.818
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	316.703.078	181.976.069
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		
17. Total increase or decrease of equity (AOP 011 to 016)	017	0	0
17 a. Attributable to majority owners	018	316.703.078	181.976.069
17 b. Attributable to minority interest	019		

In Varaždin, 16th 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 GROUP

For the period of 1st January to 31st December 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 Group's business operations in 2012, i.e. in the time period I – XII/2012, with separate data for the fourth quarter. Parent 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 141,3 million, of which HRK 51,9 million relates to the fourth 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 37 million on the result.

The Group's operations in the examined period and in Q4 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 49,4 million for Group operations in the examined time period. In terms of business activities, revenues of HRK 270,9 million were generated, which is 22,1 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 Group 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 the parent company Varteks d.d. A pre-bankruptcy settlement was reached on July 11, 2013 before the

Commercial Court in Varaždin. For the Group 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, appearing to be "Zoran Košćec". A thin black line is drawn above the signature, starting from the left and curving around the top of the signature.

Varteks d.d.
Zagrebačka 94
42000 Varaždin


Varazdin, 10/17/2013.

STATEMENT BY THE PERSON RESPONSIBLE FOR THE COMPILATION OF THE REPORT FOR 2012

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

- the set of financial reports for Varteks Group for 2012. (hereinafter: Group) 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 Group.
- The management report contains the truthful account of the development of the Group's operations and position, along with a description of the most significant risks and uncertainties the Group is exposed to.



Person responsible:

Nenad Davidović
Board Member Responsible for Finances

Contact Person:
Marina Bradarić-Šluja
Phone 042 / 377-230