

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): 070004039

Personal 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: info@varteks.com

Internet address: www.varteks.com

Municipality/city code and name: 472 VARAŽDIN

County code and name: 5 VARAŽDINSKA

Number of employees: 624

(quarter end)

Consolidated report: NO

NKD code: 1413

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

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



(signature of the person authorized to represent the company)

Balance Sheet
as of 31.12.2012.

Varteks d.d. -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	804.779.368	776.604.684
I. INTANGIBLE ASSETS (004 do 009)	003	6.561.023	5.611.683
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	6.561.023	5.611.683
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	770.487.589	750.079.610
1. Land	011	187.556.077	185.830.699
2. Buildings	012	516.916.998	505.420.384
3. Plant and equipment	013	55.961.564	50.788.026
4. Tools, working inventory and transportation assets	014	8.996.790	6.966.465
5. Biological assets	015		
6. Advances for purchase of tangible assets	016		33.657
7. Tangible assets in progress	017	824.862	809.081
8. Other tangible assets	018	231.298	231.298
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	24.122.545	17.779.714
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	779.000
7. Other non-current financial assets	027	4.365.453	
8. Equity-accounted investments	028	16.426.266	16.426.266
IV. RECEIVABLES (030 do 032)	029	3.608.211	3.133.677
1. Receivables from related parties	030	2.710.458	2.579.386
2. Receivables arising from sales on credit	031		
3. Other receivables	032	897.753	554.291
V. DEFERRED TAX ASSET	033	0	
C) CURRENT ASSETS (035+043+050+058)	034	145.199.498	101.319.442
I. INVENTORIES (036 do 042)	035	82.166.314	42.507.522
1. Raw materials and supplies	036	33.291.404	14.745.319
2. Production in progress	037	2.554.909	679.280
3. Finished products	038	23.482.387	15.494.887
4. Merchandise	039	22.388.018	11.054.562
5. Advances for inventories	040	449.596	533.474
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	53.282.373	54.508.874
1. Receivables from related parties	044	21.215.471	22.499.221
2. Receivables from end-customers	045	21.195.449	15.241.025
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	434.180	202.128
5. Receivables from government and other institutions	048	10.424.361	16.218.825
6. Other receivables	049	12.912	347.675
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	8.656.751	2.772.605
1. Share in related parties	051		
2. Loans to related parties	052		713.808
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055	6.800.926	1.057.888
6. Loans, deposits, etc.	056	1.855.825	1.000.909
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	1.094.060	1.530.441
D) PREPAYMENTS AND ACCRUED INCOME	059	376.361	507.368
E) TOTAL ASSETS (001+002+034+059)	060	950.355.227	878.431.494
F) OFF BALANCE SHEET ITEMS	061	47.197.141	15.408.260

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	331.962.607	216.574.489
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	0	-42.975.527
1. Retained earnings	073		
2. Loss carried forward	074		42.975.527
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-60.328.044	-110.047.533
1. Net profit for the period	076		
2. Net loss for the period	077	60.328.044	110.047.533
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	239.775	86.623
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081		
3. Other provisions	082	239.775	86.623
C) NON-CURRENT LIABILITIES (084 do 092)	083	204.324.407	175.187.859
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085	4.702.795	3.288.461
3. Liabilities to banks and other financial institutions	086	130.057.769	103.552.443
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	413.352.366	480.754.823
1. Liabilities to related parties	094	29.854.553	56.767.277
2. Liabilities for loans, deposits, etc.	095	5.404.955	6.784.305
3. Liabilities to banks and other financial institutions	096	157.873.666	178.463.307
4. Liabilities for advances	097	1.948.936	1.919.672
5. Trade payables	098	93.373.151	86.622.926
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	5.482.194	9.402.772
9. Taxes, contributions and similar liabilities	102	111.549.535	140.579.905
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	214.659
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	476.072	5.827.700
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	950.355.227	878.431.494
G) OFF BALANCE SHEET ITEMS	108	47.197.141	15.408.260
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 01.01.2012. to 31.12.2012.

Varteks d.d. -Varaždin

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	327.124.483	92.386.514	258.745.525	64.936.713
1. Rendering of services	112	296.890.704	85.356.932	227.118.782	52.580.997
2. Other operating income	113	30.233.779	7.029.582	31.626.743	12.355.716
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	352.914.197	96.201.261	320.827.027	68.797.670
1. Change in inventories of work in progress	115	7.691.667	-341.922	5.134.401	1.840.977
2. Material expenses (117 do 119)	116	219.563.183	63.990.460	198.040.596	45.190.599
a) Costs of raw materials	117	67.682.800	18.792.534	44.759.606	13.264.703
b) Cost of goods sold	118	57.080.052	13.086.310	43.747.968	8.012.447
c) Other material expenses	119	94.800.331	32.111.616	109.533.022	23.913.449
3. Employee benefits expenses (121 do 123)	120	70.934.719	11.959.018	44.707.046	10.899.715
a) Net salaries	121	45.058.795	7.450.664	28.298.442	6.931.127
b) Tax and contributions from salary expenses	122	15.428.752	2.743.420	10.218.940	2.513.279
c) Contributions on salary	123	10.447.172	1.764.934	6.189.664	1.455.309
4. Depreciation and amortisation	124	15.340.912	5.328.821	16.245.632	3.983.420
5. Other expenses	125	27.125.915	6.131.485	19.142.797	5.657.371
6. Write down of assets (127+128)	126	6.581.142	6.581.142	30.768.779	269.631
a) non-current assets (except financial assets)	127	773.840	773.840	183.793	0
b) current assets (except financial assets)	128	5.807.302	5.807.302	30.584.986	269.631
7. Provisions	129	0	0	0	-160.000
8. Other operating costs	130	5.676.659	2.552.257	6.787.776	1.115.957
III. FINANCIAL INCOME (132 do 136)	131	2.667.652	2.225.289	3.317.637	1.016.925
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	1.624.039	1.608.218	448.253	445.619
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	1.043.613	617.071	2.837.523	539.445
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	31.861	31.861
IV. FINANCIAL EXPENSES (138 do 141)	137	37.205.982	21.714.897	51.283.668	17.889.046
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	1.400.741	1.372.741	658.627	441.179
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	35.805.241	20.342.156	48.583.890	17.447.867
3. Unrealised losses (expenses) from financial assets	140	0	0	2.041.151	0
4. Other financial expenses	141	0	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	329.792.135	94.611.803	262.063.162	65.953.638
X. TOTAL EXPENSES (114+137+143+145)	147	390.120.179	117.916.158	372.110.695	86.686.716
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-60.328.044	-23.304.355	-110.047.533	-20.733.078
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	60.328.044	23.304.355	110.047.533	20.733.078
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-60.328.044	-23.304.355	-110.047.533	-20.733.078
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	60.328.044	23.304.355	110.047.533	20.733.078
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	-60.328.044	-23.304.355	-110.047.533	-20.733.078
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	246.700	246.700	6.695.621	6.695.621
1. Exchange differences from international settlement	159		0		0
2. Changes in revaluation reserves of long-term tangible and intangible assets	160		0	6.466.940	6.466.940
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	246.700	228.681	228.681
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		0
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166		0		0
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	246.700	246.700	6.695.621	6.695.621
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-60.081.344	-23.057.655	-103.351.912	-14.037.457
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated)					
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 1.1.2012 to 31.12.2012

HRK

Position	AOP oznaka	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	073	-60.328.044	-110.047.533
2. Depreciation and amortisation	074	15.340.983	16.245.632
3. Increase of current liabilities	075	43.943.502	45.433.466
4. Decrease of current receivables	076	13.354.619	0
5. Decrease of inventories	077	59.682.794	39.658.792
6. Other cash flow increases	078	1.397.350	11.104.767
I. Total increase of cash flow from operating activities	079	73.391.204	2.395.124
1. Decrease of current liabilities	080	0	0
2. Increase of current receivables	081	0	1.226.501
3. Increase of inventories	082	0	0
4. Other cash flow decreases	083	0	0
II. Total decrease of cash flow from operating activities	084	0	1.226.501
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	085	73.391.204	1.168.623
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	086	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	087	0	5.111.687
2. Proceeds from sale of non-current financial assets	088	0	2.026.003
3. Interest received	089	0	0
4. Dividend received	090	0	0
5. Other proceeds from investing activities	091	0	4.791.362
III. Total cash inflows from investing activities	092	0	11.929.052
1. Purchase of non-current assets	093	390.558.703	0
2. Purchase of non-current financial assets	094	60.000	0
3. Other cash outflows from investing activities	095	16.098.264	0
IV. Total cash outflows from investing activities	096	406.716.967	0
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	097	0	11.929.052
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	098	406.716.967	0
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	099	0	0
2. Proceeds from loans and borrowings	100	54.152.828	0
3. Other proceeds from financing activities	101	277.997.764	0
V. Total cash inflows from financing activities	102	332.150.592	0
1. Repayment of loans and bonds	103	0	7.167.557
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	0	5.493.737
VI. Total cash outflows from financing activities	108	0	12.661.294
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	109	332.150.592	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	110	0	12.661.294
Total increases of cash flows	111	0	436.381
Total decreases of cash flows	112	1.175.171	0
Cash and cash equivalents at the beginning of period	113	2.269.231	1.094.060
Increase of cash and cash equivalents	114	0	436.381
Decrease of cash and cash equivalents	115	1.175.171	0
Cash and cash equivalents at the end of period	116	1.094.060	1.530.441

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	0
3. Reserves from profit	003	246.700	475.381
4. Retained earnings or loss carried forward	004	0	-42.975.527
5. Net profit or loss for the period	005	-60.328.044	-110.047.533
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	331.962.607	216.574.489
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		
17 b. Attributable to minority interest	019		



Varaždin, April 17, 2013

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

**UNAUDITED INTERIM ANNUAL MANAGEMENT REPORT
on the business results of Varteks d.d. for the time period
from January 1 - December 31, 2012**

Outline of significant events which took place during the business year 2012 and their impact on the abbreviated set of financial statements

Influenced by the long-lasting economic crisis and the lack of new financing sources and relying on its own resources which were insufficient to implement the company's comprehensive restructuring and financial consolidation, the business operations of Varteks marked a loss in 2012.

Total revenues amounted to HRK 262.1 million, which constitutes a drop of 20.6% in relation to 2011, while the business loss amounted to HRK 110 million in 2012.

The absence of liquidity essential for the procurement of new goods, raw materials and production materials resulted in a reduced market position and the loss of certain already contracted deals, which rendered impossible the realization of the planned revenues. One-off restructuring costs amounting to HRK 32.8 million and financial expenditures of HRK 51.3 million, which include interest expenses amounting to HRK 45.1 million, constitute the largest part in the loss structure. This loss and expense structure confirms the necessity of a comprehensive and urgent implementation of the company's proposed Operational and Financial Restructuring Plan.

Pursuant to the new Act on Financial Mediation and Pre-Bankruptcy Settlement, Varteks filed for pre-bankruptcy settlement proceedings at the end of 2012, which were officially initiated on February 5, 2013.

Varteks's Restructuring Plan includes proposed measures and methods on how to resolve the existing debt through the settlement of liabilities towards all company creditors and a modality to ensure the necessary liquidity. The implementation of the proposed Restructuring Plan constitutes the basis for the company's sustainable and profitable future business operations.

Žiro račun:
2360000-1101339483
Zagrebačka banka d.d.
Zagreb
2340009-1100110339
Privredna banka d.d.
Zagreb
2484008-1100417652
Raiffeisenbank Austria d.d.
Zagreb

VARTEKS D.D.
Zoran Koščec
Board Chairman



VARTEKS d.d. / Zagrebačka 94 / HR-42000 VARAŽDIN / tel. +385 42 377 105 / fax.+385 42 377 284 / P.P. 32 / info@varteks.com / www.varteks.com

/ Temeljni kapital 96.040.350,00 kn, uplaćen u cijelosti i podjeljen na 1.920.807 redovnih dionica, svaka nominalne vrijednosti 50 kn.

Društvo je upisano u registar Trgovačkog suda u Varaždinu, poslovni broj iz upisnika Tt: 95/463-2 (MBS) 070004039, M.B. 3747034, OIB: 00872098033.

Uprava: predsjednik Zoran Koščec, članovi Miljenko Vidaček, Nenad Davidović. Predsjednik Nadzornog odbora: Milan Horvat.

Varteks d.d.
Zagrebačka 94
42000 Varaždin

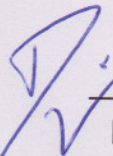
Varaždin, April 15, 2013

**STATEMENT BY PERSONS RESPONSIBLE FOR
THE COMPILATION OF THE REPORT FOR I-XII 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