

ATTACHMENT 1

Reporting period:

1.1.2013

to

31.3.2013

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: 1.945

(quarter end)

Consolidated report: YES

NKD code: 1.413

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

BURGRTRADE G.m.b.h.	Eisenstadt, Austrija	00128280Y
VARTEKS TRADE d.o.o.	Maribor, Slovenija	5351944000
VARTEKS LOGISTIC d.o.o.	Varaždin, Hrvatska	01038133
VARTEKS PRO d.o.o.	Varaždin, Hrvatska	1280511
VARTEKS ESOP d.o.o.	Varaždin, Hrvatska	070092385

Bookkeeping service:

Contact person: Bolšec Vlado

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

Telephone: 042/377-005

Facsimile: 042/377-005

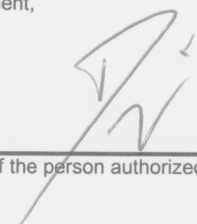
E-mail address: vbolsec@varteks.com

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 31.03.2013.

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	781.778.733	779.260.255
I. INTANGIBLE ASSETS (004 do 009)	003	6.796.816	6.542.022
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	6.796.816	6.542.022
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	751.711.415	748.126.715
1. Land	011	185.830.699	185.830.699
2. Buildings	012	506.321.128	504.357.855
3. Plant and equipment	013	51.492.499	50.273.016
4. Tools, working inventory and transportation assets	014	6.992.292	6.616.932
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	33.657	0
7. Tangible assets in progress	017	809.082	816.164
8. Other tangible assets	018	232.058	232.048
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	20.136.826	21.498.498
1. Share in related parties	021	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		0
5. Investments in securities	025		814.131
6. Loans, deposits, etc.	026	782.828	
7. Other non-current financial assets	027	4.365.453	20.518.467
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	3.133.676	3.093.020
1. Receivables from related parties	030		0
2. Receivables arising from sales on credit	031		
3. Other receivables	032	3.133.676	3.093.020
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	92.868.091	83.807.392
I. INVENTORIES (036 do 042)	035	44.339.905	37.758.002
1. Raw materials and supplies	036	14.782.748	12.320.877
2. Production in progress	037	1.112.161	805.078
3. Finished products	038	12.466.999	11.856.475
4. Merchandise	039	15.443.737	12.250.660
5. Advances for inventories	040	534.260	524.912
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	40.675.078	42.164.283
1. Receivables from related parties	044		1.061
2. Receivables from end-customers	045	21.927.121	23.157.896
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	175.158	228.418
5. Receivables from government and other institutions	048	17.899.925	18.198.556
6. Other receivables	049	672.874	578.351
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	2.729.327	1.789.977
1. Share in related parties	051		
2. Loans to related parties	052		0
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054	1.099.112	1.089.864
5. Investments in securities	055	1.630.215	700.113
6. Loans, deposits, etc.	056		
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	5.123.781	2.095.130
D) PREPAYMENTS AND ACCRUED INCOME	059	1.727.943	1.389.827
E) TOTAL ASSETS (001+002+034+059)	060	876.374.767	864.457.473
F) OFF BALANCE SHEET ITEMS	061	16.125.523	16.264.153

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	181.976.069	159.157.786
I. SUBSCRIBED SHARE CAPITAL	063	96.040.350	96.040.350
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	475.381	1.296.845
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	475.381	1.296.845
IV. REVALUATION RESERVES	071	273.081.818	273.081.818
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-45.942.412	-187.919.582
1. Retained earnings	073		
2. Loss carried forward	074	45.942.412	187.919.582
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-141.679.068	-23.341.646
1. Net profit for the period	076		
2. Net loss for the period	077	141.679.068	23.341.646
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	86.622	97.623
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081		
3. Other provisions	082	86.622	97.623
C) NON-CURRENT LIABILITIES (084 do 092)	083	174.631.076	166.729.177
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085	3.388.461	
3. Liabilities to banks and other financial institutions	086	102.895.660	98.324.692
4. Liabilities for advances	087		
5. Trade payables	088	76.500	134.030
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092	68.270.455	68.270.455
D) CURRENT LIABILITIES (094 do 105)	093	518.792.298	537.521.774
1. Liabilities to related parties	094	17.714	0
2. Liabilities for loans, deposits, etc.	095	6.896.145	6.941.561
3. Liabilities to banks and other financial institutions	096	181.130.167	189.661.745
4. Liabilities for advances	097	1.920.580	1.531.021
5. Trade payables	098	102.563.036	107.518.047
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	21.494.231	22.743.347
9. Taxes, contributions and similar liabilities	102	190.212.916	194.158.386
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	14.557.509	14.967.668
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	888.702	951.113
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	876.374.767	864.457.473
G) OFF BALANCE SHEET ITEMS	108	16.125.523	16.264.153
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 01.01.2013. to 31.03.2013.

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	65.172.587	65.172.587	46.517.066	46.517.066
1. Rendering of services	112	61.848.281	61.848.281	42.734.196	42.734.196
2. Other operating income	113	3.324.306	3.324.306	3.782.870	3.782.870
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	74.812.304	74.812.304	61.088.021	61.088.021
1. Change in inventories of work in progress	115	562.995	562.995	889.431	889.431
2. Material expenses (117 do 119)	116	32.391.210	32.391.210	25.042.656	25.042.656
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	28.363.147	28.363.147	24.309.637	24.309.637
a) Net salaries	121				
b) Tax and contributions from salary expenses	122				
c) Contributions on salary	123				
4. Depreciation and amortisation	124	4.341.542	4.341.542	3.947.839	3.947.839
5. Other expenses	125	6.634.773	6.634.773	6.339.639	6.339.639
6. Write down of assets (127+128)	126	9.134	9.134	13.847	13.847
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129				
8. Other operating costs	130	2.509.503	2.509.503	544.972	544.972
III. FINANCIAL INCOME (132 do 136)	131	163.645	163.645	945.360	945.360
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	0	0	733.809	733.809
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	163.411	163.411	210.823	210.823
3. Income from investments in associates and joint ventures	134		0	0	0
4. Unrealised gains (income) from financial assets	135		0	0	0
5. Other financial income	136	234	234	728	728
IV. FINANCIAL EXPENSES (138 do 141)	137	5.625.132	5.625.132	9.710.669	9.710.669
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	0	0	734.118	734.118
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	5.625.132	5.625.132	8.631.500	8.631.500
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141	0	0	345.051	345.051
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+142+144)	146	65.336.232	65.336.232	47.462.426	47.462.426
X. TOTAL EXPENSES (114+137+143+145)	147	80.437.436	80.437.436	70.798.689	70.798.689
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-15.101.204	-15.101.204	-23.336.264	-23.336.264
1. Profit before taxes (146-147)	149	0	0		0
2. Loss before taxes (147-146)	150	15.101.204	15.101.204	23.336.264	23.336.264
XII. TAXATION	151	5.852	5.852	5.382	5.382
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-15.107.056	-15.107.056	-23.341.646	-23.341.646
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154				
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)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	-15.107.056	-15.107.056	-23.341.646	-23.341.646
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 166)	158	0	0	0	0
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible	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 associated	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	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-15.107.056	-15.107.056	-23.341.646	-23.341.646
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 1.1.2013 to 31.3.2013

HRK

Position	AOP oznaka	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	073	-15.101.204	-23.336.264
2. Depreciation and amortisation	074	4.341.542	3.947.839
3. Increase of current liabilities	075	12.028.102	10.152.482
4. Decrease of current receivables	076	0	0
5. Decrease of inventories	077	7.601.291	6.581.903
6. Other cash flow increases	078	0	1.339.878
I. Total increase of cash flow from operating activities	079	8.869.730	-1.314.162
1. Decrease of current liabilities	080	0	0
2. Increase of current receivables	081	880.161	1.489.205
3. Increase of inventories	082	0	0
4. Other cash flow decreases	083	51.530	
II. Total decrease of cash flow from operating activities	084	931.690	1.489.205
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	085	7.938.040	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	086	0	2.803.367
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	087	124.379	-108.344
2. Proceeds from sale of non-current financial assets	088		14.822.645
3. Interest received	089	0	0
4. Dividend received	090	0	0
5. Other proceeds from investing activities	091	0	0
III. Total cash inflows from investing activities	092	124.379	14.714.301
1. Purchase of non-current assets	093	0	0
2. Purchase of non-current financial assets	094	0	0
3. Other cash outflows from investing activities	095	105.790	16.392.991
IV. Total cash outflows from investing activities	096	105.790	16.392.991
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	097	18.589	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	098	0	1.678.690
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	0	675.095
3. Other proceeds from financing activities	101	410.999	528.982
V. Total cash inflows from financing activities	102	410.999	1.204.077
1. Repayment of loans and bonds	103	8.779.025	
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	249.330
VI. Total cash outflows from financing activities	108	8.779.025	249.330
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	109	0	954.747
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	110	8.368.026	0
Total increases of cash flows	111	0	0
Total decreases of cash flows	112	411.397	3.527.310
Cash and cash equivalents at the beginning of period	113	1.932.074	5.123.781
Increase of cash and cash equivalents	114		
Decrease of cash and cash equivalents	115	411.397	-3.028.651
Cash and cash equivalents at the end of period	116	1.520.677	2.095.130

STATEMENT OF CHANGES IN EQUITY

period 1.1.2013 to 31.03.2013.

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		
3. Reserves from profit	003	475.381	1.296.845
4. Retained earnings or loss carried forward	004	-45.942.412	-187.919.582
5. Net profit or loss for the period	005	-141.679.068	-23.341.646
6. Revaluation of tangible assets	006	273.081.818	273.081.818
7. Revaluation of intangible assets	007	0	
8. Revaluation of available for sale assets	008	0	
9. Other revaluation	009	0	
10. Total equity and reserves (AOP 001 to 009)	010	181.976.069	159.157.786
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	181.976.069	159.157.786
17 b. Attributable to minority interest	019		

Notes to financial reports

Note: As of 07.01.2013. The Varteks dd - Varazdin are linked to the company which operated the day as a separate legal entity. For this reason, the financial size of individual positions in the period differ from the period of the previous year.

Companies that have merged Varteks dd as of 07.01.2013.:

Varteks Clothing d.o.o. - Varazdin

Varteks Ludbreg d.o.o. - Ludbreg

Varteks Bednja d.o.o. - Bednja

Society for Inter Trade d.o.o. Slovenia, which was found in 100% ownership Varteksa Inc., on 19/03/2013. the opening of the bankruptcy proceedings so that the company is consolidated with the results to date of the bankruptcy procedure

In Varaždin, 16th August 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 March 2013.

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

In accordance with the Act on Financial Operations and Pre-Bankruptcy Settlement, Varteks Group applied in procedure of Pre-Bankruptcy Settlement, based on the criteria of insolvency, which was officially opened 5th February 2013. On this basis, illiquidity that has accumulated during years of economic crisis, significantly affected the operations and operating results of Varteks Group as well in 2012th year and also in the first quarter of 2013th year. The company has operated in the reporting period with a loss of 23,3 million HRK, while for the same period of the 2012th the loss amounted to 15,1 million HRK. Significant items that have affected the loss of the period are the interest expense in the amount of 7,4 million HRK and severance pay as part of the restructuring costs in the amount of 1,1 million HRK. Although financial restructuring plan provides write-off of the total interest on parent Company, in the reporting period prior to the implementation of the Financial Restructuring Plan, the impact of interest costs is still present and it's higher compared to the same period last year by 3,3 million HRK.

At the beginning of the 2013th, Varteks d.d. officially merged with associated production companies and Pre-Bankruptcy Settlement of all companies consolidated in a single procedure. Regarding the merger, some items of operating income and expenses, as well as the level of total revenues are not comparable in relation to last year.

The most important risks and expectations for the remaining period of the business year

The Company's Financial Restructuring Plan is adopted at the beginning of June, which was confirmed at the hearing held on 11th July 2013 before the Commercial Court. The Financial Restructuring Plan defines a complete solution and the consolidation of the company's business, and thereby also of Varteks Group.

In its realization, using more legally estimated measures of financial restructuring, Varteks d.d. participates with a significant amount of its contribution through the transfer and sale of the property on behalf of the settlement of major creditors. In accordance with the agreed and accepted Financial Restructuring Plan, an agreement with creditors holding rights to separate satisfaction is in final stage. Along with the settlement obligations, this agreement defines a new line of credit in the amount of 10 million euro which is essential for

the establishment of liquidity, stabilization of business processes and the implementation of other elements of the restructuring.

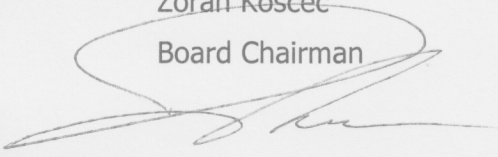
Continuation of the Varteks Group's business is related to the successful implementation of a comprehensive Restructuring Plan and reorganization of the business of the Group members, through the expansion of the business activities but also through the cessation of operations of certain affiliated Companies, in order to focus on the segments of the Group which show a positive potential. Also, on 19th March 2013, bankruptcy proceedings were initiated over the affiliated Company Varteks Trade, whose business was mainly related to the sale of Levi's products, but the results of consolidation include the business period until initiation of the bankruptcy proceedings.

It is necessary to implement estimated part of measures, according to the elements of the agreed and accepted Financial Restructuring Plan, which includes an Agreement on regulation of mutual relations with creditors holding rights to separate satisfaction and new supplementary financing of Varteks, by the end of 2013.

Varteks d.d.

Zoran Koščec

Board Chairman



Varteks d.d.
Zagrebačka 94
42000 Varaždin

Varazdin, August 16, 2013

STATEMENT BY PERSONS RESPONSIBLE FOR THE COMPILATION OF THE REPORT FOR I-III 2013

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 2013 (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 - Šlujo
Phone 042 / 377-230