

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. VARAZDIN

Postal code and place: 42000 VARAZDIN

Street and house number: ZAGREBAČKA 94

E-mail address: info@varteks.com

Internet address: www.varteks.com

Municipality/city code and name: 472 VARAZDIN

County code and name: 5 VARAZDINSKA

Number of employees: 1.925

(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



(Handwritten signature)

(signature of the person authorized to represent the company)

Balance Sheet
as of 31.03.2013.

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	780.973.966	778.762.468
I. INTANGIBLE ASSETS (004 do 009)	003	5.611.683	5.381.474
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	5.611.683	5.381.474
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	750.079.612	746.531.976
1. Land	011	185.830.699	185.830.699
2. Buildings	012	505.420.384	503.455.488
3. Plant and equipment	013	50.788.026	49.605.237
4. Tools, working inventory and transportation assets	014	6.966.466	6.593.090
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	33.657	
7. Tangible assets in progress	017	809.082	816.164
8. Other tangible assets	018	231.298	231.298
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	22.148.995	23.755.998
1. Share in related parties	021	16.834.814	18.414.514
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	782.828	810.131
7. Other non-current financial assets	027	4.365.453	4.365.453
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	3.133.676	3.093.020
1. Receivables from related parties	030	2.579.386	2.579.386
2. Receivables arising from sales on credit	031		
3. Other receivables	032	554.290	513.634
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	94.441.932	72.601.598
I. INVENTORIES (036 do 042)	035	38.686.495	33.580.701
1. Raw materials and supplies	036	14.190.529	11.934.457
2. Production in progress	037	545.413	805.078
3. Finished products	038	12.362.516	11.789.082
4. Merchandise	039	11.054.563	8.527.802
5. Advances for inventories	040	533.474	524.282
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	51.452.392	36.131.139
1. Receivables from related parties	044	19.442.740	4.004.880
2. Receivables from end-customers	045	15.241.025	14.356.286
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	202.127	190.100
5. Receivables from government and other institutions	048	16.218.825	17.251.113
6. Other receivables	049	347.675	328.760
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	2.772.605	2.429.609
1. Share in related parties	051		
2. Loans to related parties	052	713.808	1.154.088
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055	1.057.888	674.149
6. Loans, deposits, etc.	056	1.000.909	601.372
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	1.530.440	460.149
D) PREPAYMENTS AND ACCRUED INCOME	059	507.369	168.700
E) TOTAL ASSETS (001+002+034+059)	060	875.923.267	851.532.766
F) OFF BALANCE SHEET ITEMS	061	15.056.729	13.562.878

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	200.008.698	156.441.748
I. SUBSCRIBED SHARE CAPITAL	063	96.040.350	96.100.350
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	475.381	1.028.890
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	1.028.890
IV. REVALUATION RESERVES	071	273.081.818	273.081.818
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-42.975.527	-190.762.698
1. Retained earnings	073		
2. Loss carried forward	074	42.975.527	190.762.698
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-126.613.324	-23.006.612
1. Net profit for the period	076		
2. Net loss for the period	077	126.613.324	23.006.612
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	86.622	86.622
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081		
3. Other provisions	082	86.622	86.622
C) NON-CURRENT LIABILITIES (084 do 092)	083	174.473.856	166.599.807
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085	3.288.461	3.383.819
3. Liabilities to banks and other financial institutions	086	102.838.440	94.869.033
4. Liabilities for advances	087		
5. Trade payables	088	76.500	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	68.270.455	68.270.455
D) CURRENT LIABILITIES (094 do 105)	093	500.614.490	527.597.593
1. Liabilities to related parties	094	56.767.277	697.910
2. Liabilities for loans, deposits, etc.	095	6.784.305	6.941.561
3. Liabilities to banks and other financial institutions	096	179.177.310	189.565.756
4. Liabilities for advances	097	1.919.672	1.106.415
5. Trade payables	098	91.711.020	98.844.434
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	9.402.771	22.455.772
9. Taxes, contributions and similar liabilities	102	140.584.102	193.417.798
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	14.268.033	14.567.947
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	739.601	806.996
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	875.923.267	851.532.766
G) OFF BALANCE SHEET ITEMS	108	15.056.729	13.562.878
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 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	63.943.712	63.943.712	38.856.549	38.856.549
1. Rendering of services	112	57.706.802	57.706.802	34.901.832	34.901.832
2. Other operating income	113	6.236.910	6.236.910	3.954.717	3.954.717
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	75.781.307	75.781.307	53.394.927	53.394.927
1. Change in inventories of work in progress	115	163.201	163.201	889.431	889.431
2. Material expenses (117 do 119)	116	53.720.689	53.720.689	18.509.573	18.509.573
a) Costs of raw materials	117	11.327.337	11.327.337	9.756.626	9.756.626
b) Cost of goods sold	118	11.376.814	11.376.814	4.006.257	4.006.257
c) Other material expenses	119	31.016.538	31.016.538	4.746.690	4.746.690
3. Employee benefits expenses (121 do 123)	120	11.523.067	11.523.067	23.476.694	23.476.694
a) Net salaries	121	7.201.708	7.201.708	15.523.191	15.523.191
b) Tax and contributions from salary expenses	122	2.617.513	2.617.513	4.841.967	4.841.967
c) Contributions on salary	123	1.703.846	1.703.846	3.113.536	3.113.536
4. Depreciation and amortisation	124	4.119.415	4.119.415	3.869.345	3.869.345
5. Other expenses	125	4.029.915	4.029.915	6.148.007	6.148.007
6. Write down of assets (127+128)	126	9.133	9.133	13.847	13.847
a) non-current assets (except financial assets)	127	9.133	9.133		0
b) current assets (except financial assets)	128	0	0	13.847	13.847
7. Provisions	129	0	0	0	0
8. Other operating costs	130	2.215.887	2.215.887	486.030	486.030
III. FINANCIAL INCOME (132 do 136)	131	162.336	162.336	1.153.538	1.153.538
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	1.818	1.818	943.730	943.730
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	160.518	160.518	209.808	209.808
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	4.180.696	4.180.696	9.621.772	9.621.772
1. Interest, foreign exchange differences, dividends and similar income from related parties	138		0	943.388	943.388
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	4.180.696	4.180.696	8.583.027	8.583.027
3. Unrealised losses (expenses) from financial assets	140		0		0
4. Other financial expenses	141		0	95.357	95.357
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142		0		0
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143		0		0
VII. EXTRAORDINARY - OTHER INCOME	144		0		0
VIII. EXTRAORDINARY - OTHER EXPENSES	145				0
IX. TOTAL INCOME (111+131+144)	146	64.106.048	64.106.048	40.010.087	40.010.087
X. TOTAL EXPENSES (114+137+143+145)	147	79.962.003	79.962.003	63.016.699	63.016.699
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-15.855.955	-15.855.955	-23.006.612	-23.006.612
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	15.855.955	15.855.955	23.006.612	23.006.612
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-15.855.955	-15.855.955	-23.006.612	-23.006.612
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	15.855.955	15.855.955	23.006.612	23.006.612
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	-15.855.955	-15.855.955	-23.006.612	-23.006.612
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	0	0	0	0
1. Exchange differences from international settlement	159				0
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				0
3. Profit or loss from re-evaluation of financial assets held for sale	161				0
4. Profit or loss from cash flow hedging	162		0		0
5. Profit or loss from hedging of foreign investments	163				0
6. Share of other comprehensive income/loss from associated companies	164				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	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-15.855.955	-15.855.955	-23.006.612	-23.006.612
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	-15.855.955	-23.006.612
2. Depreciation and amortisation	074	4.119.415	3.869.345
3. Increase of current liabilities	075	17.482.964	16.437.401
4. Decrease of current receivables	076	0	15.321.253
5. Decrease of inventories	077	5.948.597	5.105.794
6. Other cash flow increases	078	0	749.060
I. Total increase of cash flow from operating activities	079	11.695.021	18.476.241
1. Decrease of current liabilities	080	0	0
2. Increase of current receivables	081	4.661.880	
3. Increase of inventories	082	0	0
4. Other cash flow decreases	083	275.685	
II. Total decrease of cash flow from operating activities	084	4.937.565	0
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	085	6.757.456	18.476.241
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	12.298	-91.500
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	158.454	13.353
III. Total cash inflows from investing activities	092	170.752	-78.147
1. Purchase of non-current assets	093	0	0
2. Purchase of non-current financial assets	094	1.300	1.579.700
3. Other cash outflows from investing activities	095	0	0
IV. Total cash outflows from investing activities	096	1.300	1.579.700
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	097	169.452	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	098	0	1.657.847
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	2.671.653
3. Other proceeds from financing activities	101	145.858	
V. Total cash inflows from financing activities	102	145.858	2.671.653
1. Repayment of loans and bonds	103	7.346.683	
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	20.560.338
VI. Total cash outflows from financing activities	108	7.346.683	20.560.338
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	109	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	110	7.200.825	17.888.685
Total increases of cash flows	111	0	0
Total decreases of cash flows	112	273.917	1.070.291
Cash and cash equivalents at the beginning of period	113	1.094.060	1.530.440
Increase of cash and cash equivalents	114		
Decrease of cash and cash equivalents	115	273.917	1.070.291
Cash and cash equivalents at the end of period	116	820.143	460.149

STATEMENT OF CHANGES IN EQUITY

period **1.1.2013** to **31.3.2013**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	96.040.350	96.100.350
2. Capital reserves	002		
3. Reserves from profit	003	475.381	1.028.890
4. Retained earnings or loss carried forward	004	-42.975.527	-190.762.698
5. Net profit or loss for the period	005	-126.613.324	-23.006.612
6. Revaluation of tangible assets	006	273.081.818	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	200.008.698	156.441.748
11. Foreign exchange 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		

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 Inter dd as of 07.01.2013.:

Varteks Clothing d.o.o. - Varazdin

Varteks Ludbreg d.o.o. - Ludbreg

Varteks Bednja d.o.o. - Bednja

Varteks d.d.
Zagrebačka 94
42000 Varaždin

Varaždin, July 25, 2013

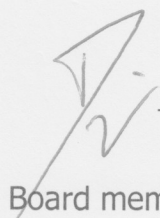
STATEMENT BY PERSONS RESPONSIBLE FOR THE COMPILATION OF THE REPORT FOR I-III 2013

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

- the set of financial reports for Varteks d.d. for 1. – 3. 2013 (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

In Varaždin, 26th July 2013.

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

MANAGEMENT INTERIM REPORT

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 d.d. 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 d.d. 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 million HRK, while for the same period of the 2012th the loss amounted to 15.6 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, 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. It is worth noting that the overseas realized 21.8 million HRK income, which makes up over 50% of operating income.

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.

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 company's business is related to the successful implementation of a comprehensive Restructuring Plan. 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 with creditors holding rights to separate satisfaction, by the end of the year.

Varteks d.d.

Zoran Koščec

Board Chairman

