

Balance Sheet
as of 30.06.2013.

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	774.219.995
I. INTANGIBLE ASSETS (004 do 009)	003	5.611.683	4.942.718
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	5.611.683	4.942.718
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	742.483.411
1. Land	011	185.830.699	185.830.699
2. Buildings	012	505.420.384	501.444.724
3. Plant and equipment	013	50.788.026	47.993.912
4. Tools, working inventory and transportation assets	014	6.966.466	6.147.697
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	33.657	
7. Tangible assets in progress	017	809.082	835.081
8. Other tangible assets	018	231.298	231.298
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	22.148.995	23.695.998
1. Share in related parties	021	16.834.814	18.354.514
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	3.097.868
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	518.482
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	94.441.932	73.528.337
I. INVENTORIES (036 do 042)	035	38.686.495	30.933.787
1. Raw materials and supplies	036	14.190.529	12.389.485
2. Production in progress	037	545.413	1.359.354
3. Finished products	038	12.362.516	10.093.154
4. Merchandise	039	11.054.563	6.590.338
5. Advances for inventories	040	533.474	501.456
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	51.452.392	38.763.544
1. Receivables from related parties	044	19.442.740	5.015.074
2. Receivables from end-customers	045	15.241.025	15.435.063
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	202.127	187.236
5. Receivables from government and other institutions	048	16.218.825	17.820.050
6. Other receivables	049	347.675	306.121
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	2.772.605	3.546.268
1. Share in related parties	051		
2. Loans to related parties	052	713.808	1.300.214
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055	1.057.888	1.595.152
6. Loans, deposits, etc.	056	1.000.909	650.902
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	1.530.440	284.738
D) PREPAYMENTS AND ACCRUED INCOME	059	507.369	169.372
E) TOTAL ASSETS (001+002+034+059)	060	875.923.267	847.917.704
F) OFF BALANCE SHEET ITEMS	061	15.056.729	4.365.655

EQUITY AND LIABILITIES

A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	200.008.698	137.236.241
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	1.168.075
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	1.168.075
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	-42.291.304
1. Net profit for the period	076		
2. Net loss for the period	077	126.613.324	42.291.304
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	158.114.307
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	86.383.533
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	551.629.937
1. Liabilities to related parties	094	56.767.277	1.013.367
2. Liabilities for loans, deposits, etc.	095	6.784.305	6.653.956
3. Liabilities to banks and other financial institutions	096	179.177.310	211.975.979
4. Liabilities for advances	097	1.919.672	2.220.990
5. Trade payables	098	91.711.020	98.557.425
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	9.402.771	22.729.982
9. Taxes, contributions and similar liabilities	102	140.584.102	193.902.432
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	14.575.806
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	739.601	850.597
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	875.923.267	847.917.704
G) OFF BALANCE SHEET ITEMS	108	15.056.729	4.365.655
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 30.06.2013.

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	129.932.684	65.988.972	75.567.010	36.710.461
1. Rendering of services	112	118.665.686	60.958.884	69.018.251	34.116.419
2. Other operating income	113	11.266.998	5.030.088	6.548.759	2.594.042
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	147.885.389	72.104.082	104.295.697	50.900.770
1. Change in inventories of work in progress	115	935.441	772.240	2.027.632	1.138.201
2. Material expenses (117 do 119)	116	103.845.393	50.124.704	34.473.316	15.963.743
a) Costs of raw materials	117	21.758.050	10.430.713	18.655.197	8.898.571
b) Cost of goods sold	118	24.394.406	13.017.592	7.512.970	3.506.713
c) Other material expenses	119	57.692.937	26.676.399	8.305.149	3.558.459
3. Employee benefits expenses (121 do 123)	120	22.819.910	11.296.843	46.519.884	23.041.190
a) Net salaries	121	14.364.254	7.162.546	30.760.351	15.237.160
b) Tax and contributions from salary expenses	122	5.190.150	2.572.637	9.590.734	4.748.767
c) Contributions on salary	123	3.265.506	1.561.660	6.168.799	3.055.263
4. Depreciation and amortisation	124	8.212.796	4.093.381	7.685.553	3.816.208
5. Other expenses	125	8.518.369	4.488.454	11.530.875	5.382.868
6. Write down of assets (127+128)	126	9.133	0	13.834	0
a) non-current assets (except financial assets)	127	9.133	0		
b) current assets (except financial assets)	128	0	0	13.834	0
7. Provisions	129	0	0	0	0
8. Other operating costs	130	3.544.347	1.328.460	2.044.603	1.558.560
III. FINANCIAL INCOME (132 do 136)	131	311.292	148.956	1.290.160	136.622
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	2.385	567	943.730	0
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	308.907	148.389	346.430	136.622
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	12.032.339	7.851.643	14.852.777	5.231.005
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	206.058	206.058	943.388	0
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	11.826.281	7.645.585	13.814.032	5.231.005
3. Unrealised losses (expenses) from financial assets	140		0		0
4. Other financial expenses	141		0	95.357	0
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		0
IX. TOTAL INCOME (111+131+144)	146	130.243.976	66.137.928	76.857.170	36.847.083
X. TOTAL EXPENSES (114+137+143+145)	147	159.917.728	79.955.725	119.148.474	56.131.775
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-29.673.752	-13.817.797	-42.291.304	-19.284.692
1. Profit before taxes (146-147)	149	0	0	0	0
2. Loss before taxes (147-146)	150	29.673.752	13.817.797	42.291.304	19.284.692
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-29.673.752	-13.817.797	-42.291.304	-19.284.692
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	29.673.752	13.817.797	42.291.304	19.284.692
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	-29.673.752	-13.817.797	-42.291.304	-19.284.692
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	287.314	145.859	278.136	139.186
1. Exchange differences from international settlement	159		0		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		0
4. Profit or loss from cash flow hedging	162	287.314	145.859	278.136	139.186
5. Profit or loss from hedging of foreign investments	163		0		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	287.314	145.859	278.136	139.186
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-29.386.438	-13.671.938	-42.013.168	-19.145.506
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

30.6.2013

HRK

Position	AOP oznaka	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	073	-29.673.752	-42.291.304
2. Depreciation and amortisation	074	8.212.796	7.685.553
3. Increase of current liabilities	075	30.461.827	18.347.126
4. Decrease of current receivables	076	0	11.388.634
5. Decrease of inventories	077	6.404.164	7.752.708
6. Other cash flow increases	078	4.640.302	975.544
I. Total increase of cash flow from operating activities	079	20.045.337	3.858.261
1. Decrease of current liabilities	080	0	0
2. Increase of current receivables	081	13.634.870	
3. Increase of inventories	082	0	0
4. Other cash flow decreases	083		0
II. Total decrease of cash flow from operating activities	084	13.634.870	0
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	085	6.410.467	3.858.261
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	56.061	579.613
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	50.943	8.505
III. Total cash inflows from investing activities	092	107.004	588.118
1. Purchase of non-current assets	093	0	0
2. Purchase of non-current financial assets	094	1.300	1.519.700
3. Other cash outflows from investing activities	095	0	0
IV. Total cash outflows from investing activities	096	1.300	1.519.700
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	097	105.704	
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	098		931.582
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	16.308.771
3. Other proceeds from financing activities	101	287.313	
V. Total cash inflows from financing activities	102	287.313	16.308.771
1. Repayment of loans and bonds	103	6.888.413	
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	20.481.152
VI. Total cash outflows from financing activities	108	6.888.413	20.481.152
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	109		
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	110	6.601.100	4.172.381
Total increases of cash flows	111	0	0
Total decreases of cash flows	112	84.929	1.245.702
Cash and cash equivalents at the beginning of period	113	1.094.060	1.530.440
Increase of cash and cash equivalents	114	0	0
Decrease of cash and cash equivalents	115	84.929	1.245.702
Cash and cash equivalents at the end of period	116	1.009.131	284.738

STATEMENT OF CHANGES IN EQUITY

period 1.1.2013 to 30.6.2013

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		
3. Reserves from profit	003	475.381	1.168.075
4. Retained earnings or loss carried forward	004	-42.975.527	-42.291.304
5. Net profit or loss for the period	005	-126.613.324	-190.762.698
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	137.236.241
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		

Notes to the Financial Reports

During the reporting period, on 5 February 2013 started a pre-bankruptcy settlement over Varteks d.d.

The settlement was used as a base for the Plan of financial restructuring of the company, and the pre-bankruptcy settlement was reached on 11 July 2013 at the Commercial Court in Varaždin.

On 7 February 2013 three affiliates owned by Varteks d.d. in amount of 100% merged with the parent company.

Varteks d.d. merged: Varteks odječa d.o.o. Varaždin, Varteks Ludbreg d.o.o. Ludbreg and Varteks Bednja d.o.o. Bednja.

In the reporting period, business was presented together with data of the merged companies.

For Varteks Trade d.o.o. Slovenia, which was owned by the Varteks d.d. in amount of 100% a pre-bankruptcy settlement started

on 19 March 2013, and the business of affiliate Varteks Plus d.o.o. in Serbia, also owned by the Varteks d.d. in amount of 100%, was put on hold.

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 D.D.

For the period of 1st January to 30th June 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

Varteks d.d. submitted at the end of 2012 pursuant to the Financial Transactions and Pre-Bankruptcy Settlement Act and based on the criterion of insolvency a request for the initiation of pre-bankruptcy settlement proceedings, which were officially initiated on February 5, 2013. The illiquidity accumulated during years of economic crisis significantly affected the company's business conditions and results, both in 2012 and in the first half of 2013. It is important to note that the following three affiliated production companies were integrated into the parent company Varteks d.d. at the beginning of 2013: Varteks odjeća d.o.o., Varteks Ludbreg d.o.o. and Varteks Bednja d.o.o. On this basis, certain operating revenue and expenditure items for 2013 cannot be compared to 2012 data.

In line with the company's organization in 2013, operating revenues consolidated with integrated affiliated companies were 35.9 percent lower than in the same time period in 2012. In terms of operating revenue structure, 4.8 percent was realized in exports. Illiquidity particularly impacted revenues due to the inability to procure new goods, raw materials and production materials, which affected production and the sale of the company's own products, as well as the overall funding of the season for the sale of products and goods in retail and wholesale networks on the domestic market and markets of countries of the former Yugoslavia.

Company operated in the examined period with a loss of HRK 42.3 million, while the loss in the same time period in 2012 had amounted to HRK 29.7 million. A significant item which affected loss in that time period are interest costs of HRK 12.5 million and severance pays as part of the restructuring costs amounting to HRK 1.5 million.

Most significant risks and expectations for the remaining business year

The Financial Restructuring Plan for Varteks d.d. was adopted at the beginning of June, while a pre-bankruptcy settlement was concluded in line with the adopted plan on July 11, 2013 before the Commercial Court in Varaždin. The plan defines a comprehensive solution and the consolidation of company operations. The drafting of an agreement to govern mutual relations with creditors holding separate satisfaction rights as part of the adopted Financial Restructuring Plan is in the final stage. Apart from obligation settlement options, the plan also defines a new credit line of EUR 10 million necessary to establish liquidity, stabilize business processes and continue company operations.

By the end of the year, part of the measures provided for in the pre-bankruptcy settlement will have to be implemented, which will not affect the reporting period for company's operations in the first half of 2013.

Varteks d.d.
Zoran Koščec
Board Chairman



A handwritten signature in black ink, appearing to be "Zoran Koščec", is written over a light blue circular stamp. The signature is fluid and cursive.

Varteks d.d.
Zagrebačka 94
42000 Varaždin

Varazdin, 10/16/2013


STATEMENT BY PERSONS RESPONSIBLE FOR THE COMPILATION OF THE REPORT FOR I-VI 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. – 6. 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