



## **Successful implementation of pre-bankruptcy settlement basis for creation of new Varteks**

*Varteks submits required documentation to FINA  
in line with preliminary agreement with biggest creditors*

**Varaždin, February 5, 2013** – After a preliminary agreement with its biggest creditors, Varteks submitted to FINA (Financial Agency) all the required documentation in connection with pre-bankruptcy settlement proceedings. A settlement council has passed a decision to initiate pre-bankruptcy settlement proceedings on the basis of the submitted documentation, and pursuant to the law, the pre-bankruptcy settlement proceedings must be completed and a final agreement has to be reached with creditors in the coming 120 days.

Over the last months, intensive negotiations have been underway with the company's biggest creditors, i.e. the state and banks, on how to settle company debts. In line with the preliminary agreement, the required documentation has been submitted to FINA, and we are awaiting a positive outcome of the pre-bankruptcy settlement proceedings. A successful settlement through restructuring and financial consolidation will create the prerequisites to stabilize business processes and to initiate development projects, i.e. to create a future stable and development-oriented Varteks.

In accordance with the operational restructuring plan, the focus will lie on ensuring sales and cost efficiency both in the production and trade segment. This requires the further adaptation of business activities to economic development and difficult business conditions, and thus also the restructuring of unprofitable business segments together with a focus on those segments which can generate positive results.

Three years ago, within the context of a restructuring process, Varteks already started settling its obligations towards the state and banks within anticipated statutory possibilities and later pursuant to the new Act on Financial Transactions and Pre-Bankruptcy Settlement. In line with this, Varteks also initiated pre-bankruptcy settlement procedures. Over the past months, the Management Board of Varteks has been in intensive talks with its biggest creditors. The required documentation was harmonized and submitted to FINA and we expect a positive outcome and a successful pre-bankruptcy settlement in the near future.

*"We expect a positive outcome of the pre-bankruptcy settlement proceedings in the near future. At this point, it is essential to urgently secure the company's liquidity, which is a prerequisite for the initiation of all further processes. Concrete actions in terms of operational restructuring will primarily depend on the final agreement with our key creditors, but also on economic indicators", said Zoran Košćec, chairman of the Management Board of Varteks.*

