



Varteks Group business results for Q1 2012

The business operations of Varteks Group in the first quarter were marked by a positive trend in overall business results

Varaždin, 17.07.2012. – The business operations of Varteks Group in the first quarter of 2012 took place amidst negative trends in its surroundings. The continuation of the economic crisis, a further decline in personal spending and growing illiquidity marked the Croatian economy in particular, but also the economies of countries in the region and Europe in the first quarter of this year.

The group's implemented restructuring activities managed to partially mitigate the negative effects of the crisis on the expenditure side, which nevertheless did not suffice to lead to positive results under the currently severe economic conditions. The overall business results of Varteks Group show that the loss before taxes was reduced by HRK 1.5 million in relation to the same time period last year and that it amounted to HRK 15.1 million. Overall revenues amounted to HRK 65.3 million, which amounts to 25 percent than last year, while overall expenditures were reduced by 22.6 percent.

Along with the decline in personal spending, the inability to finance the season on time further adversely affected the realized revenues. Also, the planned sale of real estates necessary for the stabilization of liquidity, due to negative trends in the market has not been realized. Negative elements, particularly on the domestic market: tax burdens, higher unemployment and higher basic living costs further adversely affect customer demand for clothing and textile products, and this industry branch has proven to be extremely sensitive to any additional burdens.

In 2012, Varteks Group is continuing the set objectives of the Integral Business and Financial Restructuring Plan. Within the framework of the current crisis, activities are internally aimed at raising efficiency within the group, and externally at an active adjustment to market trends. The maximum utilization and adaptation of existing own resources along with the development and implementation of new approaches to sales and market conditions are priorities in business activities until the end of the year. The aim is to stabilize liquidity, increase revenues and to continue to further cut operating costs and thus improve the efficiency of overall business operations. In certain sales aspects, some of the activities planned for the beginning of the year were extended to the second and third quarter, which will certainly affect revenues.

In such circumstances, it is essential that the state initiates the announced intervention measures for the textile industry as soon as possible, as well as other essential measures related to maintaining competitiveness in the overall processing industry, which will act to put an end to the negative trends.

