



PETROKEMIJA, d.d.

UNAUDITED, CONSOLIDATED REPORT

Kutina, July 29, 2011

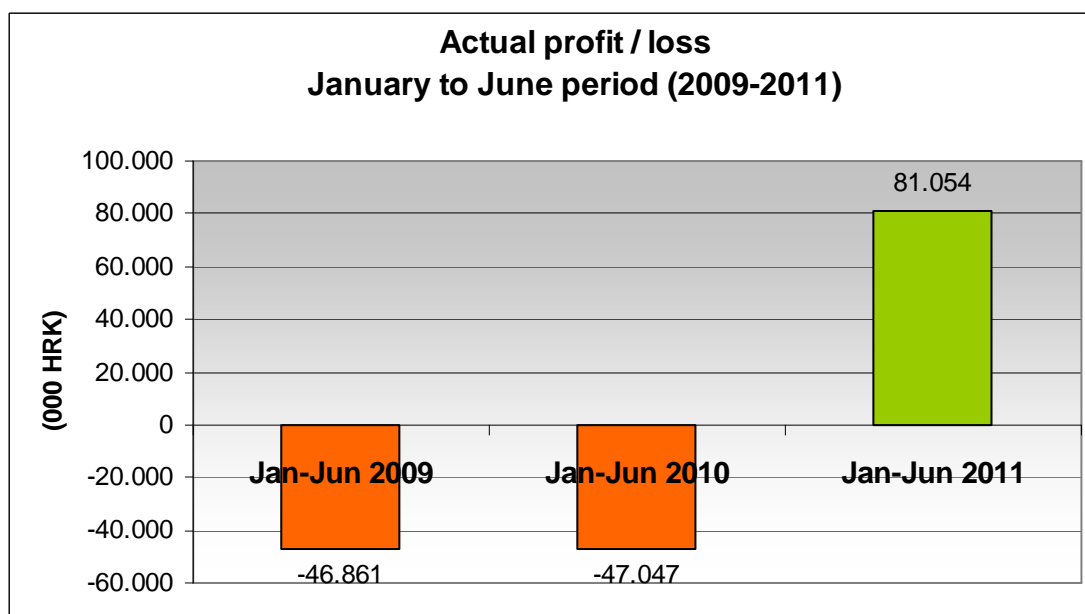
SEMI-ANNUAL REPORT

PETROKEMIJA d.d. KUTINA

PETROKEMIJA GROUP

REPORT FOR PERIOD January to June 2011
INTERIM REPORT FOR PERIOD April to June 2011

- **Actual production 610 and sales 606 thousand tons of fertilizers;**
- **Actual total income of Petrokemija d.d. HRK 1,436.7 million; Petrokemija Group HRK 1,439.0 million;**
- **Actual profit of Petrokemija d.d. HRK 81.1 million (5.6% of total revenues), Petrokemija Group HRK 81.3 million;**
- **Invested funds HRK 18.7 million;**
- **Number of employees of Petrokemija d.d. 2,332; Petrokemija Group 2,343.**



MANAGEMENT BOARD REPORT ON THE STATE OF THE COMPANY FOR Jan – Jun 2011 PERIOD

1. ACTUAL FINANCIAL RESULTS OF PETROKEMIJA d.d.

The total income of Petrokemija d.d. in 1st half 2011 was HRK 1,436.7 million, total expenses were HRK 1,355.6 million and the reported profit in business operations was HRK 81.1 million or 5.6% of total revenues. On the semi-annual basis, the total income was increased by 55.9% and total expenses by 40.0% on the same period of 2010.

Greater actual achievement in operating income and expenses, compared to the same period last year, reflects the growth of input and output prices and increased output and sales in most of the production range. In the first half of 2011, Petrokemija d.d., increased fertilizer production by 13.6% and sales by 21.5% in comparison with the same period last year.

Due to the market situation, a part of plants was halted in the second half of 2009 and this problem is carried over into the third quarter of 2011.

Income from domestic sales increased by 21.9% and that from export sales by 96.3% in the first half of 2011 in comparison with the same period of 2010.

The EBITDA indicator (earnings before interest, taxes, depreciation and amortization) is HRK 143.1 million in the positive. The EBITDA was HRK 23.2 million in the same period of the previous year.

(HRK 000)

	Jan- Jun 2011	Jan- Jun 2010	Difference	% change
Operating income	1 423 312	908 528	514 784	56.66%
Operating expense	1 328 730	936 022	392 708	41.95%
EBITDA *	143 072	23 156	119 916	517.86%
Amortization	48 490	50 650	-2 160	-4.26%
Net financial income (expenses)	-13 528	-19 553	6 025	-30.81%
Net extraordinary income (expenses)	0	0	0	
Profit / loss / before taxation	81 054	-47 047	128 101	0 00%
Non-current assets	793 919	831 494	-37 575	-4 52%
Current assets	705 979	636 017	69 962	11 00%
Shareholders' equity	738 338	746 344	-8 006	-1 07%
Non-current liabilities	75 401	0	75 401	
Current liabilities	686 159	721 167	-35 008	-4.85%

* EBITDA= profit before interest, taxation depreciation and amortization

The data clearly show that the growth of income and expense is the impact of increased volumes, but also of significant increase in input and output prices. The actual profit on a semi-annual basis is the reflection of increased sales, more favourable ratio of input-output prices, and partly has seasonal fluctuation elements - the delivery season for spring sowing in the domestic and regional markets.

In the reporting period Jan to June 2011, the trend of improving financial results from the first quarter of 2011 approximately continued. Despite the rise in gas prices and increasing prices of basic raw materials for production of fertilizers in the world market, price relations were established on the routes that ensured a positive balance of revenues and expenditures in business activities.

During the first half of 2011, a significant share of sales in exports was achieved, in order to fill in the capacity, ensure continuity of production and maintain the liquidity.

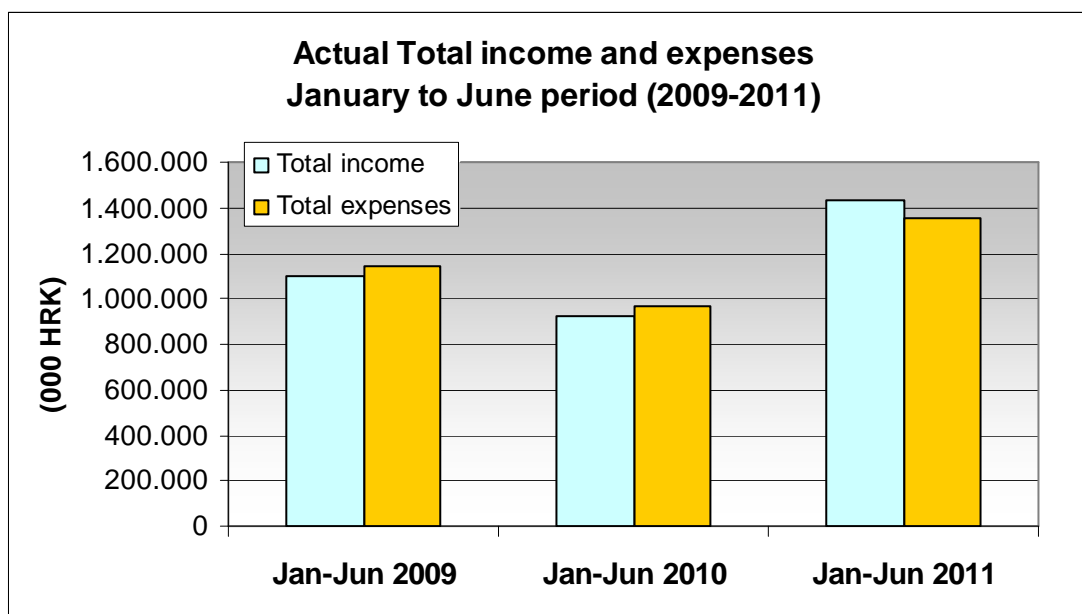
Financial indicators reported in quarters and cumulatively for the six-month period of 2011:

	Jan- Mar 2011	Apr- Jun 2011	Jan- Jun 2011
Operating income	677 804	745 508	1 423 312
Operating expense	635 233	693 497	1 328 730
EBITDA *	66 187	76 885	143 072
Amortization	23 616	24 874	48 490
Net financial income (expenses)	-3 099	-10 429	-13 528
Net extraordinary income (expenses)	0	0	0
Profit / loss / before taxation	39 472	41 582	81 054

* EBITDA= profit before interest, taxation depreciation and amortization

Actual seasonal operating profit during the second quarter was 52.0 million, but there was also a financial loss of 10.4 million, due to high interest and exchange rates. Profit before tax in the second quarter is 41.6 million or 5.3% greater than in the first quarter of 2011.

For a part of raw materials and products the improvement of market position is still uncertain. The open problem of exceptional growth in the price of gas, which is transferred from the European energy fluids market, is here particularly pronounced.



In comparison to the result for the same period last year, there was a positive difference of HRK 128.1 million, due to improved market trends and internal savings. Sales prices of fertilizers were increased in line with the rise of input prices and the evaluation of the market.

STATEMENT OF COMPREHENSIVE INCOME OF PETROKEMIJA d.d. KUTINA

(HRK 000)

POSITION	Petrokemija d.d. Jan-Jun 2011	Petrokemija d.d. Jan-Jun 2010
Total operating income	1 423 312	908 528
Total operating expenses	1 328 730	936 022
PROFIT / LOSS FROM ORDINARY ACTIVITIES	94 582	-27 494
Total financial income	13 357	13 017
Total financial expenses	26 885	32 570
PROFIT / LOSS FROM FINANCIAL ACTIVITIES	-13 528	-19 553
TOTAL INCOME	1 436 669	921 545
TOTAL EXPENSES	1 355 615	968 592
Profit/loss before taxation	81 054	-47 047
Profit tax		
Total comprehensive loss	81.054	-47 047

BALANCE SHEET OF PETROKEMIJA d.d. KUTINA

(HRK 000)

POSITION	Petrokemija d.d. 30.06. 2011	Petrokemija d.d. 30. 06. 2010.
Total long-term assets	793 919	831 494
Total short-term assets	705 979	632 774
Prepaid costs and accrued income	0	3 243
TOTAL ASSETS	1 499 898	1 467 511
Total capital	738 338	746 344
Long-term liabilities	75 401	0
Total short-term liabilities	669 212	718 317
Accruals and deferred income	16 947	2 850
TOTAL LIABILITIES	1 499 898	1 467 511

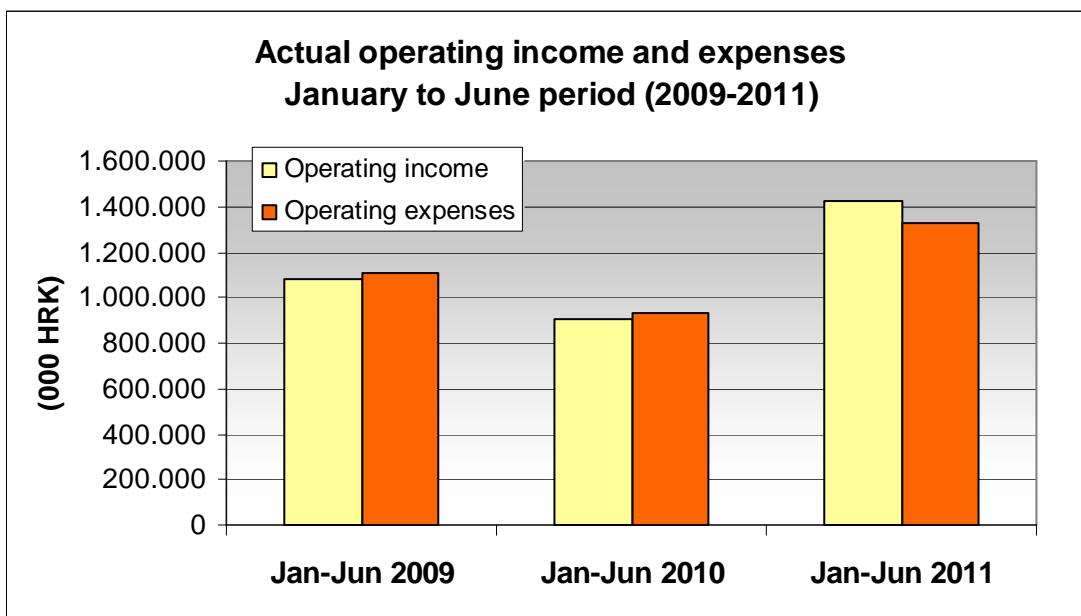
Due to gas shortfall in winter months in the gas system of Republic of Croatia, Petrokemija used the fertilizer production standstill in January 2011 for annual facilities overhaul. The forecast for the long-awaited implementation of gas market in Croatia in 2011 by including a new supply

route and potentially new suppliers, offer good prospects for optimum yearly schedule of production and deliveries of fertilizers in 2012.

Because of positive changes in sales prices and sales structure of the product, the Company operating income in the first half increased by 56.7%, as compared to the same quarter last year. When compared to the to the second half of 2010, operating income in the first half of 2011 is by 5.2% higher and operating expense by 7.0 % lower.

The domestic demand for fertilizers is connected with the situation in agricultural production, i.e. with the price ratio of production materials and finished products in agriculture (low prices of basic agricultural crops generate the extensiveness in use of agro-technical measures and vice versa). As regards their price, imports of fertilizers were still moderately unattractive – approx. 24 thousand tons were imported, which makes approximately 13% market share, with a portion of those products not normally produced by Petrokemija.

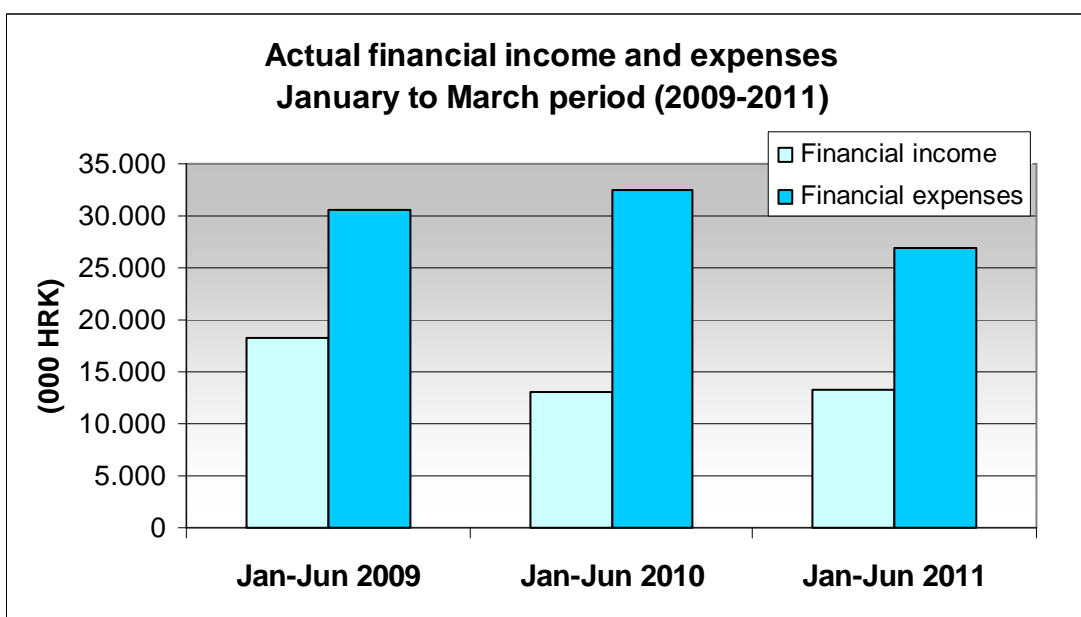
A trend of instability of input-output prices continued in the reported period. Generally, the price of raw materials in world markets was gradually rising, while the gas price in domestic market was growing strongly through quarters, according to the formula. This growth reflects the pricing methodology applied – after the agreed formula (the so-called oil-linked). The gas price growth trend is estimated to continue in the second half of 2011.



Financial income was by 2.6% higher, and financial expense by 17.5% lower than in the same period last year. The HRK 13.5 million loss from financial relations was by 30.8% lower than in the same period last year. Foreign exchange gains accounted for 76% and income from interest and other financial income for 24% share in the financial income.

Foreign exchange losses have 20% share in financial expenses, while 80% share is made up of interest and other financial expenses. Although the interest rate is gradually falling, business banks are still creating comparatively high price of capital for companies reporting a business loss in previous periods.

Since 2009, Petrokemija has been implementing a program of issuing commercial bills (up to HRK 100 million) through Privredna banka Zagreb to provide for short-term working capital. During the reporting period, the liabilities on commercial bills were fulfilled regularly and a new, 15th tranche was released, maturing in May 2012.



2. ACTUAL FINANCIAL RESULT OF PETROKEMIJA GROUP

After consolidation of financial results of Petrokemija d.d. and its daughter companies – Restoran Petrokemija d.o.o. Kutina, Petrokemija d.o.o. Novi Sad and Petrokemija d.o.o. Novo Mesto, the financial result is as follows:

- Total income HRK 1,493.03 million
- Total expenses HRK 1,357.68 million
- Loss before taxation HRK 81.35 million
- Income tax HRK 0.02 million
- Loss after taxation HRK 81.33 million

It is evident from the Profit and Loss and Balance Sheet tables that the daughter companies have no significant influence on the Petrokemija Group business result.

Business results of daughter companies in 100% ownership:

(HRK 000)

POSITION	Actual Jan-Jun 2011	Actual Jan-Jun 2010	Ind 2/3
1	2	3	4
RESTORAN PETROKEMIJA d.o.o.			
TOTAL INCOME	1 077	1 027	104.9
TOTAL EXPENSES	1 027	1 045	98.3
GROSS PROFIT /LOSS	50	-18	
PETROKEMIJA d.o.o. Novi Sad			
TOTAL INCOME	28 630	5 133	557.8
TOTAL EXPENSES	28 396	4 959	572.6
GROSS PROFIT	234	174	134.5
PETROKEMIJA d.o.o. Novo Mesto			
TOTAL INCOME	519	374	138.8
TOTAL EXPENSES	510	372	137.1
GROSS PROFIT	9	2	450.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(HRK 000)

P O S I T I O N	Petrokemija Group Jan-Jun 2011	Petrokemija Group Jan-Jun 2010
Total operating income	1 425 646	909 558
Total operating expenses	1 330 750	936 934
PROFIT/LOSS FROM ORDINARY ACTIVITIES	94 896	-27 376
Total financial income	13 379	13 023
Total financial expenses	26 927	32 537
PROFIT/LOSS FROM FINANCIAL ACTIVITIES	-13 548	-19 514
TOTAL INCOME	1 439 025	922 581
TOTAL EXPENSES	1 357 677	969 471
Profit/Loss before taxation	81 348	-46 890
Profit tax	23	17
Profit/Loss after taxation	81 325	-46 907

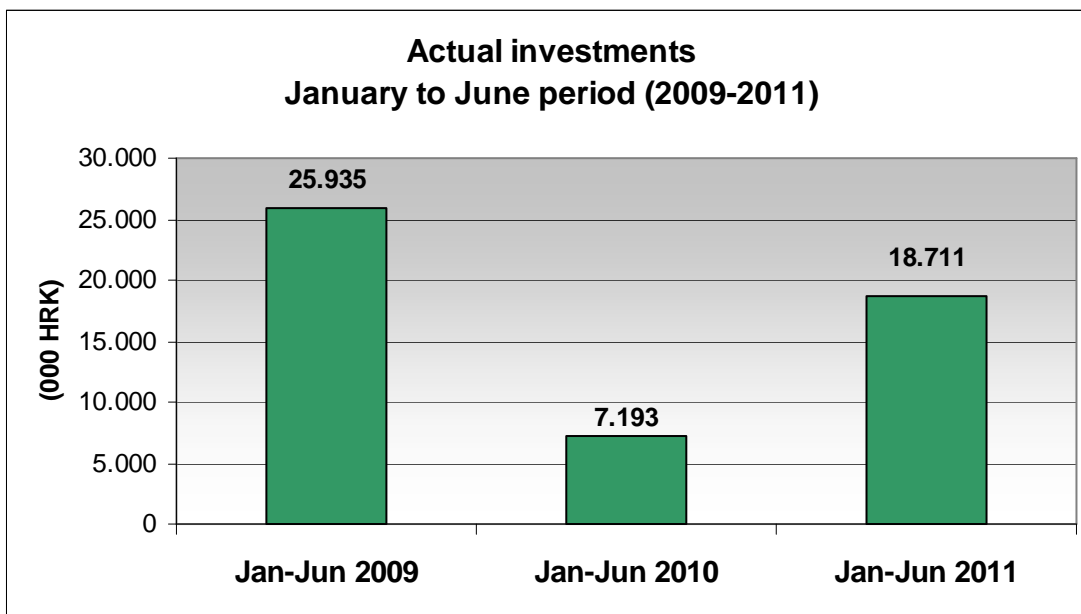
CONSOLIDATED BALANCE SHEET
(HRK 000)

P O S I T I O N	Petrokemija Group 30.06.2011	Petrokemija Group 30.06.2010
Total long-term assets	785 280	824 528
Total short-term assets	711 223	636 150
Prepaid costs and accrued income	8	3 249
TOTAL ASSETS	1 496 511	1 463 927
Total capital	738 565	745 765
Long-term liabilities	75 401	0
Total short-term liabilities	665 598	715 312
Accruals and diferred income	16 947	2 850
TOTAL LIABILITIES	1 496 511	1 463 927

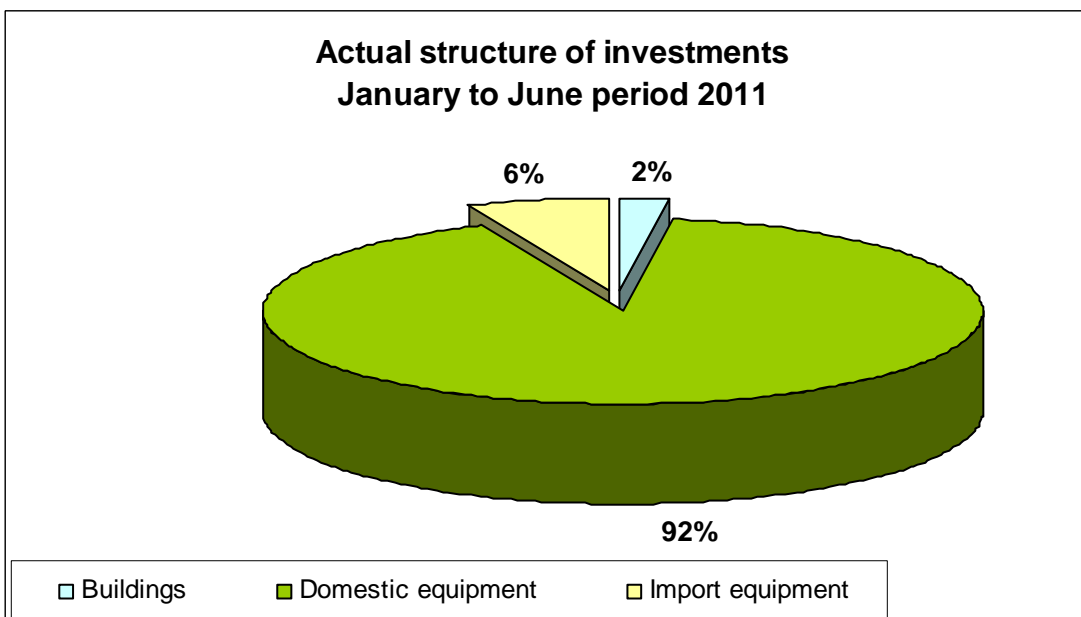
3. INVESTMENTS

Actual investments in 1st half of 2011 amounted to HRK 18.7 million, approximately HRK 11.5 million over the previous year's period amount. Due to limited funds, a trend of relatively low investments compared to earlier years was continued. In the second half, a more intensive investment activity is anticipated.

Out of the said amount, HRK 18.1 million was invested in the parent company – fertilizer production and its ancillary services and HRK 0.6 million in other production units.



The technical structure of investments is depicted in the following chart:



In the next few years, increased investment is necessary in environmental protection projects, improvement of energy efficiency and condition of facilities. However, the extensiveness of investment will continue to be limited by available financial resources.

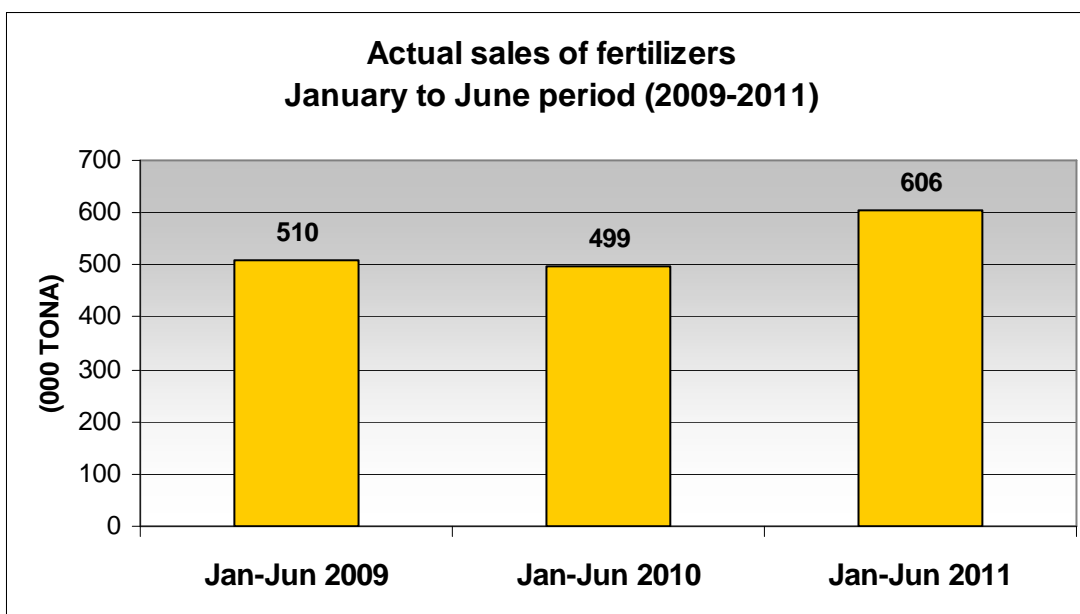
4. ACTUAL PRODUCTION AND SALES

Actual Production in the January to June 2011 period:

- **fertilizers** 609.6 thousand tons
- **clay-based products** 12.7 thousand tons
- **TGUS products** 0.6 thousand tons

In line with the actual production plan, available supplies and market circumstances, the sales results were as follows:

- **fertilizers** 606.3 thousand tons
- **clay-based products** 12.9 thousand tons
- **TGUS products (+chemicals)** 2.8 thousand tons



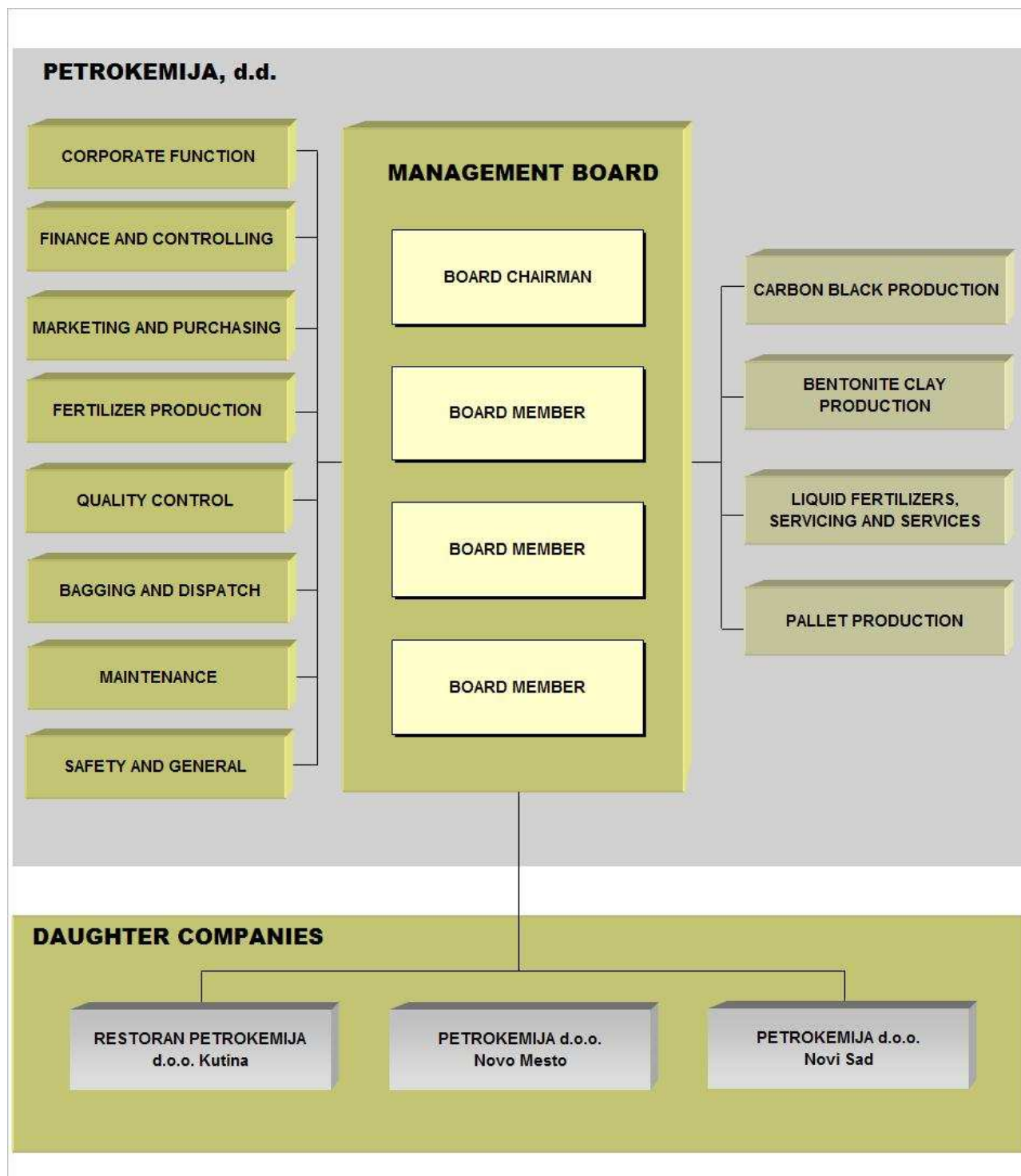
The actual sales were up by 21.5% on the same period last year. Despite the slightly increased domestic sales volumes, there was a decrease in the share of domestic sales in the total volumes. The sales of clay-based products were by 7.3% higher and those of liquid fertilizers and chemicals by 21.2% in comparison to the same period of the previous year. However, these products had no significant impact on total business result of Petrokemija d.d. As the Carbon Black Plant is temporarily shut down for market reasons, there were no sales of carbon black.

5. ORGANIZATION CHART AND HUMAN RESOURCES

In 1st half of 2011, there was no significant change in the existing organization chart.

Petrokemija Group is made up of Petrokemija d.d. Kutina as the parent company and daughter companies:

- Restoran Petrokemija d.o.o. Kutina,
- Petrokemija d.o.o. Novi Sad and
- Petrokemija d.o.o. Novo Mesto.

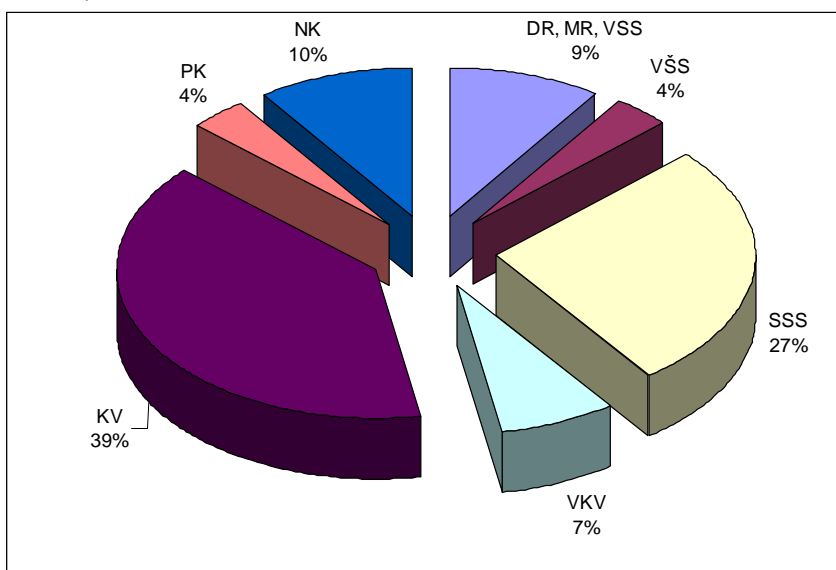


As of June 30, 2011, Petrokemija d.d. had 2,332 employees and their daughter-companies, members of the Petrokemija Group had 11 employees, which makes a total number of 2,343 employees. The high qualification structure corresponds to the complexity of the production and other systems in place in the Company.

During 1st half of 2011, the number of employees in Petrokemija d.d. was reduced by 14. Workers from part of the plants that have been temporarily stalled, have been deployed on operations in other organization units.

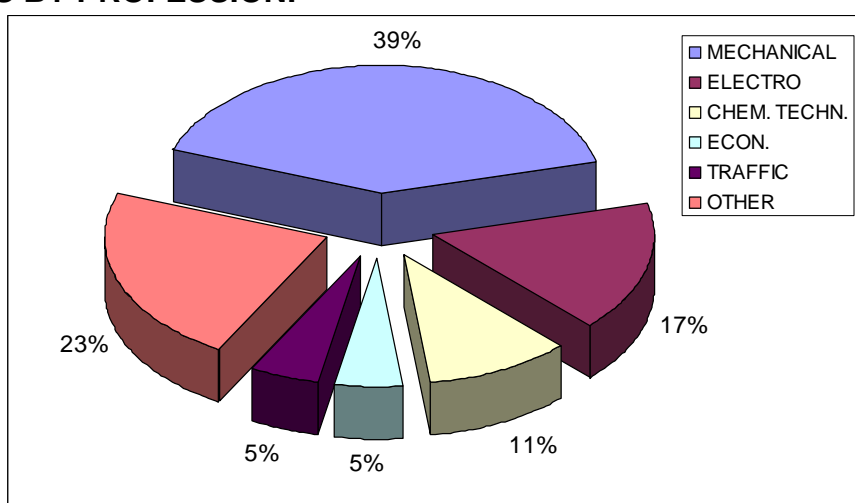
The management structure has changed with the the appointment of new members of the Board on 15 June 2011, for a period of three years. The Chairman of the Board has been doing his term since May 2010. Two new board members were appointed - for finance and commerce, while the current board member for production and technical activities was re-appointed.

EMPLOYEES BY QUALIFICATION:



The employee structure by profession indicates that Petrokemija has maintenance of production and ancillary facilities in place, as well as other supporting departments such as bagging and dispatch which receives and dispatches up to 2,0 million tons a year of raw materials and finished products.

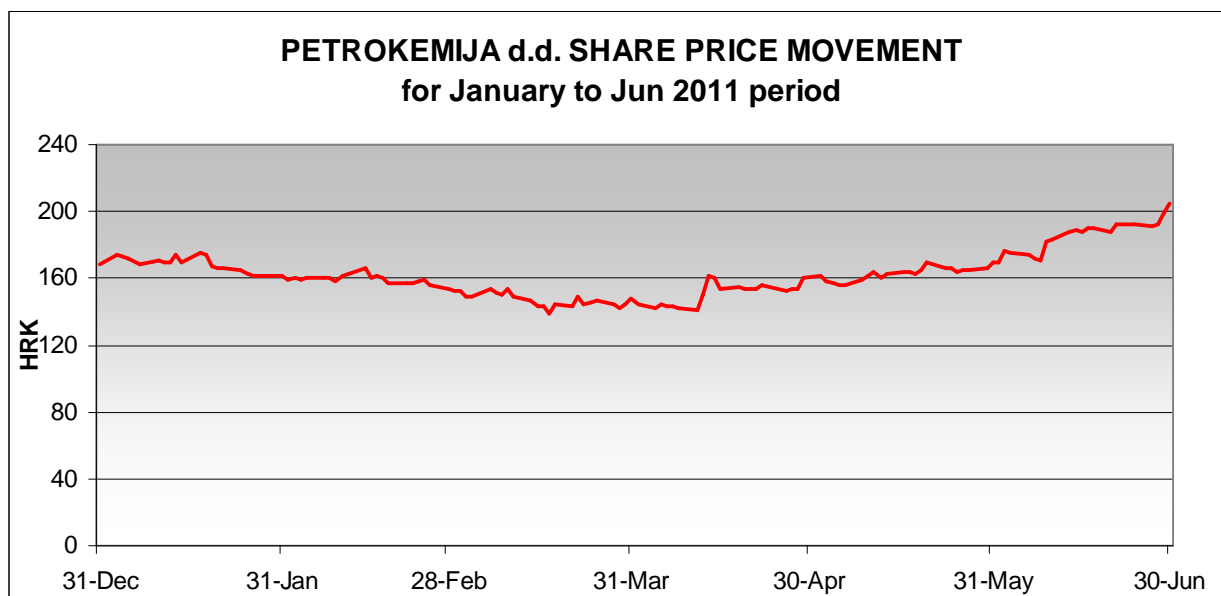
EMPLOYEES BY PROFESSION:



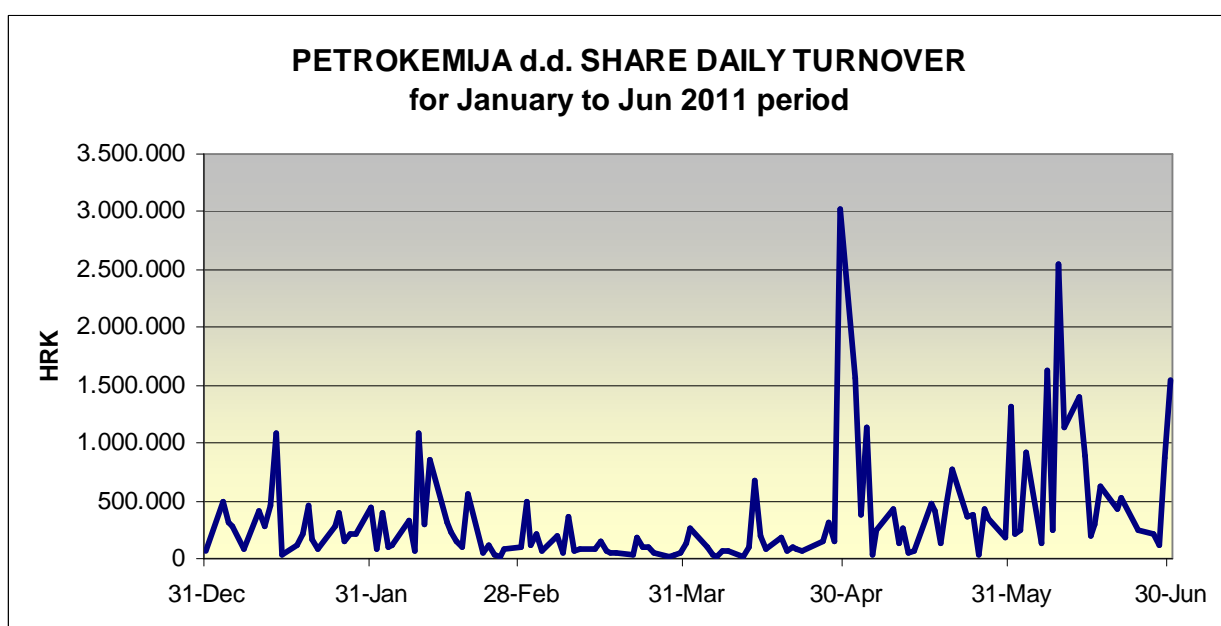
6. PETROKEMIJA d.d. SHARE TRADING AND PRICE MOVEMENTS

The share of Petrokemija d.d. is quoted in the Official Zagreb Stock Exchange Market. The nominal value of share is HRK 270.00.

Petrokemija's share value was HRK 165.44 at the end of December 2010, while on June 30, 2011, its average price was HRK 200.45 (21.2 % growth). The share turnover at the Zagreb Stock Exchange in 1st half of 2011 was HRK 44 million, with price fluctuations mainly influenced by the global financial movements, specific characteristics of the Croatian capital market and actual financial results of Petrokemija.



Source: ZSE



Source: ZSE

7. ENVIRONMENTAL PROTECTION - JANUARY TO JUNE 2011 REPORT

Introduction

Petrokemija d.d. with its core production of fertilizers, carbon black and bentonite clay-based products, has a significant impact on environment. The environmental management system of the Company is in compliance with, and certified against the ISO 14001:2004 standard requirements. The overall goal of Petrokemija is to improve efficiency of the environmental management system in order to achieve a more effective environmental protection and pollution prevention.

Major environmental aspects are pollutant emissions to air and water and waste management. Detailed reports on environmental protection and impact of Petrokemija's production on environment are annually made in accordance with the regulations. What follows is a summary of actual indicators of environmental management for January to June 2011 period by main environmental aspects.

1. Air pollutant emissions and air quality in the Kutina area

According to the data from 2010 and also from the previous years, greenhouse gases, carbon dioxide and nitrous oxide have the largest share (about 99 %) in the total emissions into air from Petrokemija. As regards other typical pollutant emissions (ammonia-NH₃, sulphur dioxide-SO₂, nitrogen dioxide-NO₂, gaseous fluorides-HF, dust), without greenhouse gases and carbon monoxide (CO) from Petrokemija's technological processes, ammonia and nitrogen oxides, with 55,2 % and 32,1 % respectively, have the largest share in total pollutant emissions.

In line with the regulations, emission monitoring was done by individual or periodical measuring throughout the calendar year, except for measurements of air emissions from Power Plant and Ammonia Plant that were continuous. Air quality monitoring in the Kutina area is continuous, by means of automatic and semi-automatic methods.

In the January to June 2011 period, the results of air quality monitoring at six local network measuring stations for the seven pollutants (NH₃, SO₂, NO₂, H₂S, HF, smoke and sediment), recorded one exceeding of 24-hour limit for ammonia at K3 measuring station. In the same period, the air quality measured by the local network was 1st category (clean or slightly polluted air) for all pollutants.

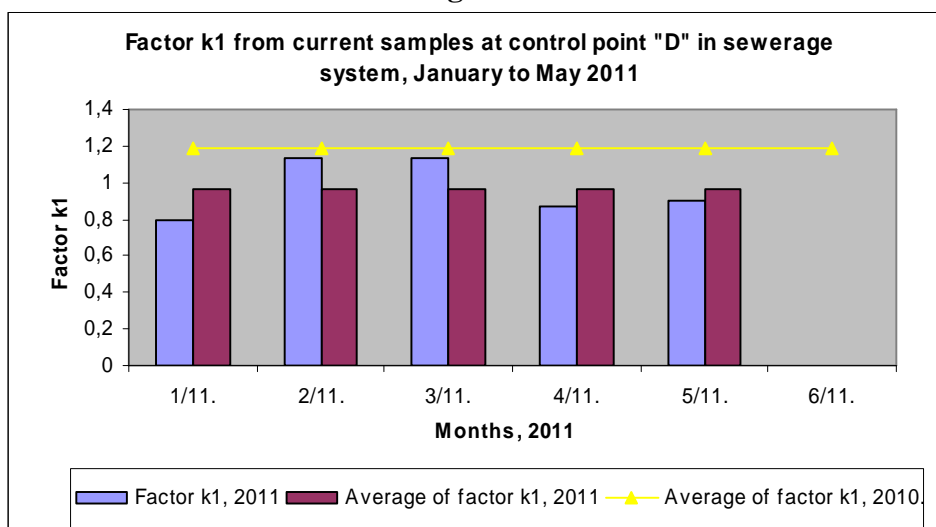
According to unofficial measuring results of the Kutina-1 State Measuring Station for that period, the air quality was 1st category (clean or slightly polluted air) for nitrogen dioxide-NO₂, sulphur dioxide-SO₂, carbon monoxide-CO and PM₁₀.

During the reporting period the concentration measurements of hydrogen sulfide-H₂S, nitrogen dioxide-NO₂ and ammonia-NH₃ were carried out on a very small number of days, i.e. only about 10 days in January. For PM₁₀, there were 33 exceedings of the 24-hour limit value and 33 exceedings of the 24-hour tolerance value. For PM₁₀, 35 exceedings of the limit and 35 exceeding of the tolerance values are acceptable in a calendar year for 1st and 2nd category air.

2. Water management

In the January to May 2011 period, improvement of water protection was achieved as shown by the reduction of factor k1 values (Figure 1).

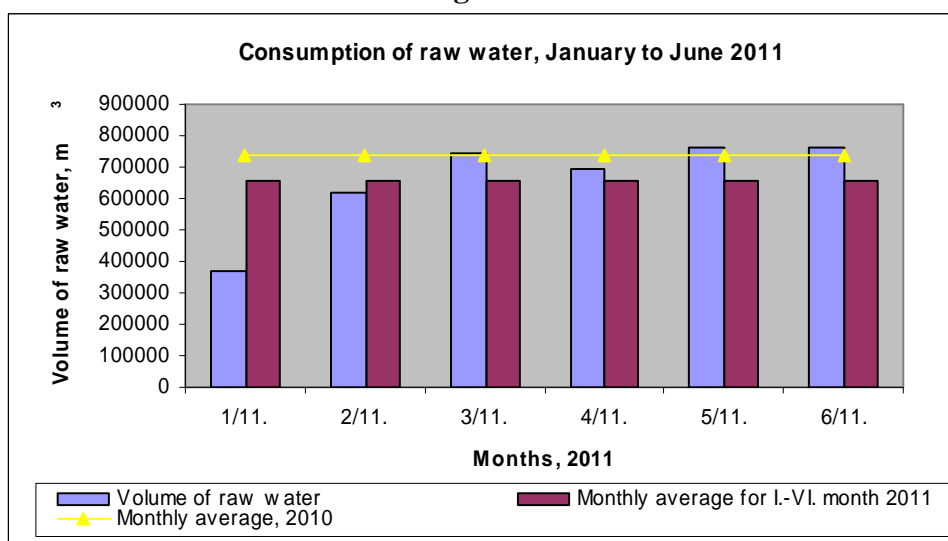
Figure 1.



Note: Factor k_1 is not shown for June because the waste water analysis at control point Krč by the Sisak-Moslavina County Department of Public Health is in process.

In the January to June period of 2011, a reduction of raw water consumption was achieved (Figure 2.).

Figure 2.



3. Waste management

The generated production waste (e.g. calcium fluoride) was regularly disposed at the phosphogypsum disposal pond, in accordance with the valid permit. Other kinds of waste were handed over to licensed collecting and processing companies.

8. MAIN FEATURES OF BUSINESS ACTIVITIES IN THE NEXT PERIOD

The business plan for 2011 anticipates actual profit of HRK 5.2 million, provided the planned market results are achieved. The Petrokemija Management Board estimate that the current market situation – price growth of all major raw materials, but also that of fertilizers in the domestic and world markets, in line with the growing market trends and the rise of food price,

makes grounds for optimism with regard to business result. Certain positive movements were achieved in the domestic market in the first half, which may be explained as season fluctuation. Employment and wages and salaries are under control; a number of facilities are still temporarily shut down due to market situation and the current liquidity is maintained with the support of business banks, Croatian Bank for Reconstruction and Development and issuance of commercial papers.

A more realistic estimate for the business in the coming years will be possible after genuine market relations in gas supply have been established, which is one of the areas of Petrokemija's concerns and activities.

During the reporting period, after the successfully carried out overhaul, the plants in continuous operation were those necessary to supply sufficient volumes of fertilizer for the market. The emphasis will still be placed on the domestic and the markets of neighboring countries, i.e. Petrokemija's traditional markets. However, significant export sales will also be continued. In the course of the 2011, further efforts will be made to take advantage of the largest possible production and sales to all markets.

9. SIGNIFICANT FINANCIAL RISKS IN 2011

The overall considerations of Petrokemija's business position include a number of parameters whose impact is difficult to estimate. However, in view of the present market situation a special attention should be given to risks as follows:

- Petrokemija's d.d. result is highly dependent on the movements of fertilizer and their raw material price in the world market, the exchange rate of HRK against USD and EUR and their interrelations.
- A contract on gas supply was signed with INA Industrija nafte. d.d. Zagreb, i.e. their daughter company Prirodni plin d.o.o. on a yearly basis. The method of price calculation contains a formula for quarterly pricing of gas linked to the movement of oil products prices in the world market, while the monthly price in HRK is linked to USD exchange rate. This implies an additional exposure to HRK foreign exchange rate and energy price fluctuations in the world market. The price of fuel oil, which is included in the formula, has risen significantly in first half of 2011.
- The year 2011 showed signs of fertilizer price recovery in the global markets and this has made possible the realization of profit. However, due to the high cost of transportation, the long-term stronghold of Petrokemija are the domestic and closer markets of neighboring countries.
- The fluctuations of raw material prices present so far in the world market, will have impact on material costs in the next period.
- High costs of working capital – because of insufficient own working capital, high interest rates and necessary credit resources as a result of extended maturity payment period of sold goods in the domestic market will continue to be present in the following period. A part of the short-term liabilities has been transformed into long-term liabilities (loans and reservation).
- In 2010, the key global financial crisis indicators were improved and the optimism with regard to economic growth and the dependence of fertilizer industry on changes in the world food and energy market bring about certain optimism in terms of Petrokemija's business outlook for 2011. These positive global effects may be threatened by the rise of competition, stagnation of Croatian agriculture in the second half of 2011 and quite certain increase in gas price on the local market.

10. STATEMENT OF MANAGEMENT LIABILITY

In line with Articles 407 through 410 of Capital Market Act (OG 88/08 and 146/08), the Managing Board of Petrokemija d.d. Kutina, A. Vukovar 4, make a

Statement on Management Liability

Financial reports were made in accordance with International Financial Reporting Standards (IFRS). Financial reports are also compliant to Croatian Accounting Act, effective at the time of issuing of the reports.

Financial reports for the January 1 to June 30, 2011 period, make an exact and true account of the Company financial state and the business and cash flow results, in compliance with the applicable accounting standards.

This report may contain certain statements relating to the future business of Petrokemija d.d. and Petrokemija Group, their strategy, plans and intentions which express a certain degree of uncertainty. They reflect the current position of Petrokemija with regard to risks, uncertainties and assumptions about the future. Currently, the results, effects and achievements of Petrokemija d.d. or Petrokemija Group are heavily dependent on a large number of factors which may influence their being quite different from the originally set ones.

Chairman of Petrokemija
Management Board
Josip Jaguš

Member of Petrokemija
Management Board
Antonija Perošević-Galović

Member of Petrokemija
Management Board
Nenad Marinović

Member of Petrokemija
Management Board
Tomislav Seletković

Encl: - Quarterly financial report of the company - TFI-POD Petrokemija d.d.
- Quarterly financial report of the Petrokemija Group - TFI-POD Petrokemija Group

Attachment 1.

Reported period:

1.1.

to

30.6.2011.

Quarterly financial statements TFI-PODRegistration number (MB): **03674223**Registration number of subject
(MBS): **080004355**Personal identification number
(OIB): **24503685008**Issuer company: **PETROKEMIJA d.d.**Postal code and city: **44320****KUTINA**Street and number: **ALEJA VUKOVAR 4**E-mail: fin@petrokemija.hrInternet address: www.petrokemija.hrCode and city/municipality: **220** **KUTINA**Code and county name: **3** **SISAČKO-MOSLAVAČKA ŽUPANIJA**Number of employees: **2.332**
(at the end of the year)Consolidated Report: **NO**Code of NKD: **2015**

Entities in consolidation (according to IFRS):

Registered seat:

Registration number (MB):

Book-keeping office:

Contact person: **MARINA MARIĆ**

(name and surname of the contact person)

Telephone number: **044-647-829**Fax: **044-682-819**E-mail: marina.marić@petrokemija.hrName and surname: **JOSIP JAGUŠT, ANTONIJA PEROŠEVIĆ-GALOVIĆ**

(authorized representatives)

Documentation to be published:

1. Financial Statements (Balance Sheet, Profit and Loss Account, Cash Flow Statement, Change in Capital Statement and Notes to Financial Statements)
2. Management Board's Report
3. Statement of persons in charge of making Financial Statements

(seal)

(signature of authorized representative)

BALANCE SHEET
as at 30.06.2011.

Petrokemija d.d.			
Position	AOP code	Previous year (31.12.)	Current year
1	2	3	4
A) RECIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+029+033)	002	823.440.193	793.918.953
I. INTANGIBLE ASSETS (004 do 009)	003	8.056.658	7.668.724
1. Expense for development	004		
2. Concessions, patents, licences, trade and service marks, software and other rights	005	6.614.968	6.191.842
3. Goodwill	006		
4. Advances for intangible assets	007		
5. Intangible assets in progress	008	1.441.690	1.476.882
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 do 019)	010	784.383.239	754.981.284
1. Land	011	49.419.192	49.411.756
2. Buildings	012	320.599.498	311.820.635
3. Plant and equipment	013	366.697.839	372.858.953
4. Tools, plant inventory and transportation assets	014	13.540.974	14.166.524
5. Biological assets	015		
6. Advances for tangible assets	016		
7. Tangible assets in progress	017	33.653.876	6.235.754
8. Other tangible assets	018	471.860	487.662
9. Investments in real estates	019		
III. LONG-TERM FINANCIAL ASSETS (021 do 028)	020	31.000.296	31.023.522
1. Investments (shares) in related companies	021	10.736.317	10.736.317
2. Loans given to related companies	022		
3. Participating interest (shares)	023	12.805.351	12.805.351
4. Loans given to companies with participating interest	024		
5. Investment in securities	025		
6. Loans given, deposits and similar assets	026	3.278.289	3.273.305
7. Other long-term financial assets	027	4.180.339	4.208.549
8. Investments accounted for using the equity method	028		
IV. TRADE RECEIVABLES (030 do 032)	029	0	245.423
1. Receivables from related companies	030		
2. Receivables for sales on loan	031		
3. Other receivables	032		245.423
V. DEFERRED TAX ASSETS	033		
C) SHORT-TERM ASSETS (035+043+050+058)	034	708.857.331	705.978.923
I. INVENTORIES (036 do 042)	035	478.795.342	486.280.405
1. Raw and other material	036	226.957.336	244.940.521
2. Work in progress	037	23.553.044	19.409.808
3. Finished products	038	219.745.764	216.408.794
4. Merchandise inventory	039	3.788.011	4.032.349
5. Advances for inventories	040	4.751.187	1.488.933
6. Long-term assets intended for sale	041		
7. Biological assets	042		
II. TRADE RECEIVABLES (044 do 049)	043	205.175.357	195.546.025
1. Receivables from related companies	044		49.959
2. Receivables from customers (buyers)	045	87.154.900	140.454.036
3. Receivables from participating interest	046		
4. Receivables from employees and members	047	26.293	34.646
5. Receivables from state and other institutions	048	117.334.954	54.691.883
6. Other receivables	049	659.210	315.501
III. SHORT-TERM FINANCIAL ASSETS (051 do 057)	050	3.548.085	2.955.000
1. Investments (shares) in related companies	051		
2. Loans given to related companies	052		
3. Participating interest (shares)	053		
4. Loans given to companies with participating interest	054		
5. Investment in securities	055	3.548.085	2.955.000
6. Loans given, deposits and similar assets	056		
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	21.338.547	21.197.493
D) PREPAID EXPENSES AND ACCRUED INCOME	059	1.763.118	0
E) TOTAL ASSETS (001+002+034+059)	060	1.534.060.642	1.499.897.876
F) OFF BALANCE SHEET ITEMS	061	141.203.382	181.309.350

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	657.284.333	738.338.214
I. SUBSCRIBED CAPITAL	063	902.101.590	902.101.590
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	0	0
1. Legal reserves	066		
2. Reserve for treasury shares	067		
3. Treasury shares and investment (deductible item)	068		
4. Statutory reserves	069		
5. Other reserve	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-108.711.297	-244.817.257
1. Retained earning	073		
2. Loss carried forward	074	108.711.297	244.817.257
VI. PROFIT OR LOSS FOR THE BUSINESS YEAR (076-077)	075	-136.105.960	81.053.881
1. Profit for the year	076		39.472.145
2. Loss for the year	077	136.105.960	
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	14.532.303	13.178.303
1. Provisions for pensions, severance pay and similar liabilities	080	12.282.303	11.078.303
2. Provisions for tax liabilities	081		
3. Other provisions	082	2.250.000	2.100.000
C) LONG-TERM LIABILITIES (084 do 092)	083	62.222.222	62.222.222
1. Liabilities to related companies	084		
2. Liabilities for loans, deposits and similar	085	62.222.222	62.222.222
3. Liabilities to banks and other financial institutions	086		
4. Liabilities for advances	087		
5. Liabilities to suppliers	088		
6. Liabilities for securities	089		
7. Liabilities to companies with participating interest	090		
8. Other long-term liabilities	091		
9. Deferred tax liability	092		
D) SHORT-TERM LIABILITIES (094 do 105)	093	796.587.598	669.211.865
1. Liabilities to related companies	094	4.520.449	4.477.560
2. Liabilities for loans, deposits and similar	095	44.000.000	44.000.000
3. Liabilities to banks and other financial institutions	096	310.017.961	198.798.549
4. Liabilities for advances	097	56.326.281	134.184.443
5. Liabilities to suppliers	098	334.923.497	224.165.543
6. Liabilities for securities	099	22.125.296	34.000.000
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	13.328.610	14.167.426
9. Liabilities for taxes, contributions and other payments	102	8.172.172	11.839.597
10. Liabilities as per share in result	103		
11. Liabilities as per long-term assets intended for sales	104		
12. Other short-term liabilities	105	3.173.332	3.578.747
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	3.434.186	16.947.272
F) TOTAL LIABILITIES (062+079+083+093+106)	107	1.534.060.642	1.499.897.876
G) OFF BALANCE SHEET ITEMS	108	141.203.382	181.309.350
APPENDIX TO BALANCE SHEET (to be completed by companies that prepare consolidated financial statements)			
A) CAPITAL AND RESERVES			
1. Credited to parent company capital owners	109		
2. Credited to minority interest	110		

PROFIT AND LOSS ACCOUNT
for the period 01.01.2011. to 30.06.2011.

Petrokemija d.d.					
Position	AOP code	Previous year		Current year	
		Comulative	Quarterly	Comulative	Quarterly
1	2	3	4	5	6
I. OPERATING REVENUES (112+113)	111	908.527.510	510.200.877	1.423.311.744	745.507.572
1. Sales revenues	112	898.436.390	506.455.094	1.403.060.683	734.623.058
2. Other operating revenues	113	10.091.120	3.745.783	20.251.061	10.884.514
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	936.021.647	507.156.053	1.328.730.180	693.497.264
1. Changes in value of work in progress and finished products	115	-27.872.933	-44.973.787	7.480.207	-16.267.077
2. Material costs (117 do 119)	116	770.031.431	448.413.931	1.100.560.481	603.882.523
a) Cost of raw and production materials	117	736.383.520	431.201.154	1.050.577.656	576.637.978
b) Cost of goods sold	118	1.545.034	977.215	2.238.821	1.107.668
c) Other external costs	119	32.102.877	16.235.562	47.744.004	26.136.877
3. Employees costs (121 do 123)	120	106.636.255	54.101.607	113.249.808	57.247.869
a) Net salaries and wages	121	66.698.031	33.869.538	71.094.635	35.907.750
b) Costs for taxes and contributions from salaries	122	24.268.676	12.282.060	25.502.645	12.922.545
c) Contributions on salaries	123	15.669.548	7.950.009	16.652.528	8.417.574
4. Depreciation	124	50.650.419	25.382.526	48.490.124	24.874.020
5. Other costs	125	36.253.513	23.961.515	41.906.139	26.725.617
6. Value adjustments (127+128)	126	322.962	270.261	96.149	87.040
a) of long-term assets (except for financial assets)	127	24.249	24.249	11.088	3.783
b) of short-term assets (except for financial assets)	128	298.713	246.012	85.061	83.257
7. Provisions	129			16.947.272	-3.052.728
8. Other operating expenses	130				
III. FINANCIAL REVENUES (132 do 136)	131	13.017.216	8.316.579	13.356.802	6.957.850
1. Interest, exchange rate fluctuations, dividends and similar from associated companies	132	15.071	9.917	25.159	24.610
2. Interest, exchange rate fluctuations, dividends and similar from non-associated companies and others	133	12.256.701	8.306.662	13.331.643	6.933.240
3. Part of revenue from associated companies and participating interests	134				
4. Unrealised gains (revenues) from financial assets	135	745.444	0		
5. Other financial revenues	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	32.569.832	21.955.446	26.884.485	17.386.422
1. Interest, exchange rate fluctuations and other costs with associated companies	138	205.725	77.722	94.644	47.842
2. Interest, exchange rate fluctuations and other costs with non-associated companies	139	30.169.225	19.682.842	26.789.841	17.338.580
3. Unrealised losses (costs) from financial assets	140	2.194.882	2.194.882		
4. Other financial expenses	141				
V. PORTION IN PROFIT OF ASSOCIATED COMPANIES	142				
VI. PORTION IN LOSS OF ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER REVENUES	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL REVENUES (111+131+142 + 144)	146	921.544.726	518.517.456	1.436.668.546	752.465.422
X. TOTAL EXPENSES (114+137+143 + 145)	147	968.591.479	529.111.499	1.355.614.665	710.883.686
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-47.046.753	-10.594.043	81.053.881	41.581.736
1. Profit before taxation (146-147)	149	0	0	81.053.881	41.581.736
2. Loss before taxation (147-146)	150	47.046.753	10.594.043	0	0
XII. PROFIT TAX	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-47.046.753	-10.594.043	81.053.881	41.581.736
1. Profit for the period (149-151)	153	0	0	81.053.881	41.581.736
2. Loss for the period (151-148)	154	47.046.753	10.594.043	0	0

APPENDIX TO PLA (to be completed by companies that prepare consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Credited to parent company capital owners	155				
2. Credited to minority interest	156				
STATEMENT OF COMPREHENSIVE INCOME (to be completed by company obligated to apply IFRS)					
I. PROFIT OR LOSS OF THE PERIOD (= 152)	157	-47.046.753	-10.594.043	81.053.881	41.581.736
II. OTHER COMPREHENSIVE GAINS/LOSS BEFORE TAXES (159 do 165)	158	0	0	0	0
1. Exchange rate differences from translation of foreign currency operations	159				
2. Change in revaluation reserves of fixed tangible and intangible assets	160				
3. Gain or loss from revaluation of financial assets held for sale	161				
4. Gain or loss from effective cash flow hedge	162				
5. Gain or loss from effective hedge in net investments in abroad	163				
6. Portion in other comprehensive gain/loss of associated companies	164				
7. Actuarial gains/losses on defined benefit plans	165				
III. TAX ON OTHER COMPREHENSIVE GAINS OR LOSSES FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE GAINS OR LOSSES FOR THE PERIOD (158-166)	167	0	0	0	0
V. COMPREHENSIVE GAIN OR LOSS FOR THE PERIOD (157+167)	168	-47.046.753	-10.594.043	81.053.881	41.581.736
APPENDIX TO STATEMENT OF COMPREHENSIVE INCOME (to be completed by companies that prepare consolidated financial statements)					
VI. COMPREHENSIVE GAIN OR LOSS FOR THE PERIOD					
1. Credited to parent company capital owners	169				
2. Credited to minority interest	170				

CASH FLOW STATEMENT - Direct method

for the period 01.01.2011. to 30.06.2011.

Petrokemija d.d.			
Position	AOP code	Previous year	Current year
1	2	3	4
CASH FLOW FROM PERATIONG ACTIVITIES			
1. Cash increase from buyers	001	1.167.648.896	1.640.514.687
2. Cash increase from royalties, fees commissions and other	002		
3. Cash increase from insurance compensations	003	2.925.693	2.297.205
4. Cash increase from tax return	004	41.094.145	67.460.913
5. Other cash increase	005	7.402.370	1.764.034
I. Total increase of cash flow from operating activities (001 do 005)	006	1.219.071.104	1.712.036.839
1. Expenses to suppliers	007	952.586.364	1.389.254.003
2. Expenses for employees	008	122.934.682	130.242.109
3. Expenses for insurance compensations	009	3.647.096	7.218.092
4. Expenses for interest	010	12.839.162	13.075.363
5. Expenses for taxes	011	60.008.110	42.250.922
6. Other cash decrease	012	12.053.332	12.048.158
II. Total decrease in cash flow from operating activities (007 do 012)	013	1.164.068.746	1.594.088.647
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (006-013)	014	55.002.358	117.948.192
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES (013-006)	015	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash proceeds from sale of non-current tangible and intangible assets	016		38.253
2. Cash proceeds from sale of equity and debt security instruments	017		
3. Cash proceeds from interest payment*	018		
4. Cash proceeds of dividend payment*	019	369.664	359.018
5. Other cash proceeds from investing activities	020		
III. Total cash inflow from investing activities (016 do 020)	021	369.664	397.271
1. Cash outflow for acquisition of non-current tangible and intangible assets	022	10.465.644	19.113.598
2. Cash outflow for acquisition of equity and debt financial instruments	023	20.041	28.210
3. Other cash outflows from investing activities	024		
IV. Total cash outflow from investing activities (022 do 024)	025	10.485.685	19.141.808
B1) NET CASH FLOW FROM INVESTIN ACTIVITIES (021-025)	026	0	0
B2) NET CASH FLOW OUTFLOW FROM INVESTING ACTIVITIES (025-021)	027	10.116.021	18.744.537
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflows from issuance of equity and debt financial instruments	028	21.160.187	33.934.336
2. Cash inflows from loan principals, debentures, credits and other borrowings	029	160.987.661	374.249.483
3. Other inflows from financial activities	030	25.866.662	
V. Total cash inflow from financial activities (028 do 030)	031	208.014.510	408.183.819
1. Cash outflows for repayment of loan principal and bonds	032	123.678.852	485.468.896
2. Cash outflows for dividend payment	033		
3. Cas outflow for financial lease	034		
4. Cash outflows for buybackof own shares	035		
5. Other cash outflows for financial activities	036	146.802.361	22.059.632
VI. Total cash outflow for financial activities (032 do 036)	037	270.481.213	507.528.528
C1) NET CASH FLOW INCREASE FROM FINANCIAL ACTIVITIES (031-037)	038	0	0
C2) NET CASHFLOW DECREASE FROM FINANCIAL ACTIVITIES (037-031)	039	62.466.703	99.344.709
Total increase of cash flow (014 – 015 + 026 – 027 + 038 – 039)	040	0	0
Total decrease of cash flow (015 – 014 + 027 – 026 + 039 – 038)	041	17.580.366	141.054
Cash and cash equivalent at the beginning of the period	042	26.190.868	21.338.547
Increase of cash and cash equivalents	043		
Decrease of cash adn cash equivalents	044	17.580.366	141.054
Cash and cash equivalent at the end of the period	045	8.610.502	21.197.493

*Inflow from interest and dividend can be listed as operating activities (MRS 7 Appendix A)

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2011 to 30.6.2011

Position	AOP code	Previous year	Current year
1	2	3	4
1. Suscribed capital	001	902.101.590	902.101.590
2. Capital reserves	002		
3. Reserves from profit	003		
4. Retained profit or loss carried forward	004	-108.711.297	-244.817.257
5. Profit or loss for the year	005	-136.105.960	81.053.881
6. Revaluation of fixed tangeble assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	009		
10. Total capital and reserves (AOP 001 do 009)	010	657.284.333	738.338.214
11. Exchange differences on translationof financial statements of foreign operations	011		
12. Curent and deferred taxes (part))	012		
13. Protektion of cash flow	013		
14. Changes in accounting policies	014		
15. Adjustment of significant errors from previous period	015		
16. Other changes in captal	016		
17. Total increase or decrease of capital (AOP 011 do 016)	017	0	0
17 a. Creadited to parent company capital owners	018		
17 b. Creadited to minority interest	019		

Items that decrease the capital are entered with a minus sign.

Items under AOP marke 001 to 009 are entered as status on balance sheet date.

Note

PETROKEMIJA d.d.

In the first half of 2011, Petrokemija d.d. had total actual income of HRK 1,436.7 million and total expense of HRK 1,355.6 million. On a semi-annual basis, total revenues have increased by 55.9%, and total expenditures by 40.0% as compared to the same period of 2010.

Greater actual achievement in operating income and expenses, compared to the same period last year, reflects the growth of input and output prices and increased output and sales in most of the production range. In the first half of 2011, Petrokemija increased fertilizer production by 13.6% and sales by 21.5% in comparison with the same period last year.

In the first half of 2011, the Company reported HRK 81.1 million in business profits, which is by HRK 128.1 million better result than in the same period last year, when the loss of 47.0 million was reported. The EBITDA indicator (earnings before interest, taxes, depreciation and amortization) is HRK 143.1 million in the positive. In the same period last year, EBITDA was HRK 23.2 million.

The data clearly show that the growth of income and expense is the impact of increased volumes, but also of significant increase in input and output prices. The actual profit on a quarterly basis is the reflection of increased sales, more favorable ratio of input-output prices, and partly has seasonal fluctuation elements - the delivery season for spring sowing in the domestic and regional markets.

As a reflection of trends in the global energy market, there is a rise in gas price. This most important raw material is supplied in the domestic market under the so-called "Russian formula". It is estimated that in the course of 2011 price of gas will continue to grow in accordance with the movement of the price of fuel oil in world markets and the USD exchange rate.

Due to the market situation, a part of plants was halted in the second half of 2009 and this problem is carried over into the third quarter of 2011. The crisis in market demand of carbon black is still present. Petrokemija is influenced by developments in the global market which gives space to significant potential risks and financial fluctuations in the rest of 2011.

In addition to their own working capital, short-term bank loans and a long-term loan from the Croatian Bank for Reconstruction and Development, Petrokemija secured their source of financing working capital partly by the release of commercial papers in the Zagreb Stock Exchange, through Privredna banka Zagreb as agent and dealer of the program.

The future trends in financial results of Petrokemija d.d. will be influenced by many factors. Besides the gas price, which is set in the domestic market, the majority of future risk comes from the international environment, and mainly through:

1. Change in price of basic raw materials in the world markets (MAP, DAP, phosphate, potassium chloride, sulfur);
2. Change in sales price of fertilizers;
3. Price fluctuation of energy fluids - gas and oil;
4. Price fluctuation of basic agricultural crops;
5. Exchange rate of USD and EUR to the local currency,
6. Costs of financing and inter-currency relations.

Attachment 1.

Reported period:

1.1.

to

30.6.2011.

Quarterly financial statements TFI-PODRegistration number (MB): **03674223**Registration number of subject
(MBS): **080004355**Personal identification number
(OIB): **24503685008**Issuer company: **THE GROUP PETROKEMIJA**Postal code and city: **44320****KUTINA**Street and number: **ALEJA VUKOVAR 4**E-mail: fin@petrokemija.hrInternet address: www.petrokemija.hrCode and city/municipality: **220** **KUTINA**Code and county name: **3** **SISAČKO-MOSLAVAČKA ŽUPANIJA**Number of employees: **2.343**
(at the end of the year)Consolidated Report: **YES**Code of NKD: **2015**

Entities in consolidation (according to IFRS):

Registered seat:

Registration number (MB):

Book-keeping office:

Contact person: **MARINA MARIĆ**

(name and surname of the contact person)

Telephone number: **044-647-829**Fax: **044-682-819**E-mail: marina.marić@petrokemija.hrName and surname: **JOSIP JAGUŠT, ANTONIJA PEROŠEVIĆ-GALOVIĆ**

(authorized representatives)

Documentation to be published:

1. Financial Statements (Balance Sheet, Profit and Loss Account, Cash Flow Statement, Change in Capital Statement and Notes to Financial Statements)
2. Management Board's Report
3. Statement of persons in charge of making Financial Statements

(seal)

(signature of authorized representative)

BALANCE SHEET
as at 30.06.2011.

The Group Petrokemija d.d.			
Position	AOP code	Previous year (31.12.)	Current year
1	2	3	4
A) RECIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+029+033)	002	814.812.913	785.279.645
I. INTANGIBLE ASSETS (004 do 009)	003	8.063.645	7.674.155
1. Expense for development	004		
2. Concessions, patents, licences, trade and service marks, software and other rights	005	6.621.955	6.197.273
3. Goodwill	006		
4. Advances for intangible assets	007		
5. Intangible assets in progress	008	1.441.690	1.476.882
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 do 019)	010	786.485.289	757.072.861
1. Land	011	49.419.193	49.411.757
2. Buildings	012	322.501.078	313.732.317
3. Plant and equipment	013	366.707.246	372.866.605
4. Tools, plant inventory and transportation assets	014	13.732.036	14.338.766
5. Biological assets	015		
6. Advances for tangible assets	016		
7. Tangible assets in progress	017	33.653.876	6.235.754
8. Other tangible assets	018	471.860	487.662
9. Investments in real estates	019		
III. LONG-TERM FINANCIAL ASSETS (021 do 028)	020	20.263.979	20.287.206
1. Investments (shares) in related companies	021		
2. Loans given to related companies	022		
3. Participating interest (shares)	023	12.805.351	12.805.351
4. Loans given to companies with participating interest	024		
5. Investment in securities	025		
6. Loans given, deposits and similar assets	026	3.278.289	3.273.306
7. Other long-term financial assets	027	4.180.339	4.208.549
8. Investments accounted for using the equity method	028		
IV. TRADE RECEIVABLES (030 do 032)	029	0	245.423
1. Receivables from related companies	030		
2. Receivables for sales on loan	031		
3. Other receivables	032		245.423
V. DEFERRED TAX ASSETS	033		
C) SHORT-TERM ASSETS (035+043+050+058)	034	713.791.048	711.223.393
I. INVENTORIES (036 do 042)	035	478.883.337	486.420.030
1. Raw and other material	036	226.983.987	245.006.681
2. Work in progress	037	23.553.044	19.409.808
3. Finished products	038	219.745.765	216.408.794
4. Merchandise inventory	039	3.849.354	4.099.682
5. Advances for inventories	040	4.751.187	1.495.065
6. Long-term assets intended for sale	041		
7. Biological assets	042		
II. TRADE RECEIVABLES (044 do 049)	043	205.564.624	195.925.963
1. Receivables from related companies	044		
2. Receivables from customers (buyers)	045	87.514.440	140.869.872
3. Receivables from participating interest	046		
4. Receivables from employees and members	047	26.313	34.776
5. Receivables from state and other institutions	048	117.364.540	54.705.684
6. Other receivables	049	659.331	315.631
III. SHORT-TERM FINANCIAL ASSETS (051 do 057)	050	3.548.085	2.955.000
1. Investments (shares) in related companies	051		
2. Loans given to related companies	052		
3. Participating interest (shares)	053		
4. Loans given to companies with participating interest	054		
5. Investment in securities	055	3.548.085	2.955.000
6. Loans given, deposits and similar assets	056		
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	25.795.002	25.922.400
D) PREPAID EXPENSES AND ACCRUED INCOME	059	1.773.159	7.491
E) TOTAL ASSETS (001+002+034+059)	060	1.530.377.120	1.496.510.529
F) OFF BALANCE SHEET ITEMS	061	141.203.382	181.309.350

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	657.012.802	738.565.323
I. SUBSCRIBED CAPITAL	063	902.101.590	902.101.590
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	0	0
1. Legal reserves	066		
2. Reserve for treasury shares	067		
3. Treasury shares and investment (deductible item)	068		
4. Statutory reserves	069		
5. Other reserve	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-108.982.828	-244.860.731
1. Retained earning	073		
2. Loss carried forward	074	108.982.828	244.860.731
VI. PROFIT OR LOSS FOR THE BUSINESS YEAR (076-077)	075	-136.105.960	81.324.464
1. Profit for the year	076		81.324.464
2. Loss for the year	077	136.105.960	
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	14.532.303	13.178.303
1. Provisions for pensions, severance pay and similar liabilities	080	12.282.303	11.078.303
2. Provisions for tax liabilities	081		
3. Other provisions	082	2.250.000	2.100.000
C) LONG-TERM LIABILITIES (084 do 092)	083	62.222.222	62.222.222
1. Liabilities to related companies	084		
2. Liabilities for loans, deposits and similar	085	62.222.222	62.222.222
3. Liabilities to banks and other financial institutions	086		
4. Liabilities for advances	087		
5. Liabilities to suppliers	088		
6. Liabilities for securities	089		
7. Liabilities to companies with participating interest	090		
8. Other long-term liabilities	091		
9. Deferred tax liability	092		
D) SHORT-TERM LIABILITIES (094 do 105)	093	793.175.607	665.597.408
1. Liabilities to related companies	094		
2. Liabilities for loans, deposits and similar	095	44.000.000	44.000.000
3. Liabilities to banks and other financial institutions	096	310.017.961	198.798.548
4. Liabilities for advances	097	56.326.281	134.184.443
5. Liabilities to suppliers	098	335.739.131	224.865.401
6. Liabilities for securities	099	22.125.296	34.000.000
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	13.360.399	14.201.337
9. Liabilities for taxes, contributions and other payments	102	8.410.705	11.914.415
10. Liabilities as per share in result	103		
11. Liabilities as per long-term assets intended for sales	104		
12. Other short-term liabilities	105	3.195.834	3.633.264
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	3.434.186	16.947.273
F) TOTAL LIABILITIES (062+079+083+093+106)	107	1.530.377.120	1.496.510.529
G) OFF BALANCE SHEET ITEMS	108	141.203.382	181.309.350
APPENDIX TO BALANCE SHEET (to be completed by companies that prepare consolidated financial statements)			
A) CAPITAL AND RESERVES			
1. Credited to parent company capital owners	109	657.012.802	738.565.323
2. Credited to minority interest	110		

PROFIT AND LOSS ACCOUNT
for the period 01.01.2011. to 30.06.2011.

The Group Petrokemija d.d.					
Position	AOP code	Previous year		Current year	
		Comulative	Quarterly	Comulative	Quarterly
1	2	3	4	5	6
I. OPERATING REVENUES (112+113)	111	909.558.575	510.434.019	1.425.646.074	747.021.203
1. Sales revenues	112	896.980.056	504.206.760	1.405.340.233	736.112.132
2. Other operating revenues	113	12.578.519	6.227.259	20.305.841	10.909.071
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	936.933.566	507.261.982	1.330.749.580	694.655.391
1. Changes in value of work in progress and finished products	115	-27.872.933	-44.973.787	7.480.207	-16.267.077
2. Material costs (117 do 119)	116	769.753.125	448.009.188	1.101.485.114	604.404.214
a) Cost of raw and production materials	117	736.954.708	431.485.261	1.051.226.346	576.965.449
b) Cost of goods sold	118	1.675.350	657.090	3.085.794	1.614.598
c) Other external costs	119	31.123.067	15.866.837	47.172.974	25.824.167
3. Employees costs (121 do 123)	120	107.290.852	54.435.589	113.892.119	57.592.909
a) Net salaries and wages	121	67.220.327	34.136.169	71.603.863	36.182.267
b) Costs for taxes and contributions from salaries	122	24.360.167	12.328.478	25.594.027	12.970.665
c) Contributions on salaries	123	15.710.358	7.970.942	16.694.229	8.439.977
4. Depreciation	124	50.712.863	25.413.476	48.538.973	24.898.387
5. Other costs	125	36.726.697	24.107.255	42.309.746	26.992.646
6. Value adjustments (127+128)	126	322.962	270.261	96.149	87.040
a) of long-term assets (except for financial assets)	127	24.249	24.249	11.088	3.783
b) of short-term assets (except for financial assets)	128	298.713	246.012	85.061	83.257
7. Provisions	129			16.947.272	-3.052.728
8. Other operating expenses	130				
III. FINANCIAL REVENUES (132 do 136)	131	13.022.565	8.317.247	13.378.799	6.968.498
1. Interest, exchange rate fluctuations, dividends and similar from associated companies	132			24.238	24.238
2. Interest, exchange rate fluctuations, dividends and similar from non-associated companies and others	133	12.277.121	8.317.247	13.354.561	6.944.260
3. Part of revenue from associated companies and participating interests	134				
4. Unrealised gains (revenues) from financial assets	135	745.444			
5. Other financial revenues	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	32.537.167	21.986.505	26.927.416	17.458.436
1. Interest, exchange rate fluctuations and other costs with associated companies	138				
2. Interest, exchange rate fluctuations and other costs with non-associated companies	139	30.342.285	19.791.623	26.927.416	17.458.436
3. Unrealised losses (costs) from financial assets	140	2.194.882	2.194.882		
4. Other financial expenses	141				
V. PORTION IN PROFIT OF ASSOCIATED COMPANIES	142				
VI. PORTION IN LOSS OF ASSOCIATED COMPANIES	143				
VII. EKSTRAORDINARY - OTHER REVENUES	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL REVENUES (111+131+142 + 144)	146	922.581.140	518.751.266	1.439.024.873	753.989.701
X. TOTAL EXPENSES (114+137+143 + 145)	147	969.470.733	529.248.487	1.357.676.996	712.113.827
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-46.889.593	-10.497.221	81.347.877	41.875.874
1. Profit before taxation (146-147)	149	0	0	81.347.877	41.875.874
2. Loss before taxation (147-146)	150	46.889.593	10.497.221	0	0
XII. PROFIT TAX	151	17.372	10.998	23.412	23.412
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-46.906.965	-10.508.219	81.324.465	41.852.462
1. Profit for the period (149-151)	153	0	0	81.324.465	41.852.462
2. Loss for the period (151-148)	154	46.906.965	10.508.219	0	0

APPENDIX TO PLA (to be completed by companies that prepare consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Credited to parent company capital owners	155	-46.906.965	-10.508.219	81.324.465	41.852.462
2. Credited to minority interest	156				
STATEMENT OF COMPREHENSIVE INCOME (to be completed by company obligated to apply IFRS)					
I. PROFIT OR LOSS OF THE PERIOD (= 152)	157	-46.906.965	-10.508.219	81.324.465	41.852.462
II. OTHER COMPREHENSIVE GAINS/LOSS BEFORE TAXES (159 do 165)	158	0	0	0	0
1. Exchange rate differences from translation of foreign currency operations	159				
2. Change in revaluation reserves of fixed tangible and intangible assets	160				
3. Gain or loss from revaluation of financial assets held for sale	161				
4. Gain or loss from effective cash flow hedge	162				
5. Gain or loss from effective hedge in net investments in abroad	163				
6. Portion in other comprehensive gain/loss of associated companies	164				
7. Actuarial gains/losses on defined benefit plans	165				
III. TAX ON OTHER COMPREHENSIVE GAINS OR LOSSES FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE GAINS OR LOSSES FOR THE PERIOD (158-166)	167	0	0	0	0
V. COMPREHENSIVE GAIN OR LOSS FOR THE PERIOD (157+167)	168	-46.906.965	-10.508.219	81.324.465	41.852.462
APPENDIX TO STATEMENT OF COMPREHENSIVE INCOME (to be completed by companies that prepare consolidated financial statements)					
VI. COMPREHENSIVE GAIN OR LOSS FOR THE PERIOD					
1. Credited to parent company capital owners	169	-46.906.965	-10.508.219	81.324.465	41.852.462
2. Credited to minority interest	170				

CASH FLOW STATEMENT - Direct method
for the period 01.01.2011. to 30.06.2011.

The Group Petrokemija d.d.			
Position	AOP code	Previous year	Current year
1	2	3	4
CASH FLOW FROM PPERATIONG ACTIVITIES			
1. Cash increase from buyers	001	1.167.648.896	1.640.514.687
2. Cash increase from royalties, fees commissions and other	002		
3. Cash increase from insurance compensations	003	2.925.693	2.297.205
4. Cash increase from tax return	004	41.094.145	67.460.913
5. Other cash increase	005	7.402.370	1.764.034
I. Total increase of cash flow from operating activities (001 do 005)	006	1.219.071.104	1.712.036.839
1. Expenses to suppliers	007	952.586.364	1.389.254.003
2. Expenses for employees	008	122.934.682	130.242.109
3. Expenses for insurance compensations	009	3.647.096	7.218.092
4. Expenses for interest	010	12.839.162	13.075.363
5. Expenses for taxes	011	60.008.110	42.250.922
6. Other cash decrease	012	13.174.674	11.779.706
II. Total decrease in cash flow from operating activities (007 do 012)	013	1.165.190.088	1.593.820.195
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (006-013)	014	53.881.016	118.216.644
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES (013-006)	015	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash proceeds from sale of non-current tangible and intangible assets	016		38.253
2. Cash proceeds from sale of equity and debt security instruments	017		
3. Cash proceeds from interest payment*	018		
4. Cash proceeds of dividend payment*	019	369.664	359.018
5. Other cash proceeds from investing activities	020		
III. Total cash inflow from investing activities (016 do 020)	021	369.664	397.271
1. Cash outflow for acquisition of non-current tangible and intangible assets	022	10.465.644	19.113.598
2. Cash outflow for acquisition of equity and debt financial instruments	023	20.041	28.210
3. Other cash outflows from investing activities	024		
IV. Total cash outflow from investing activities (022 do 024)	025	10.485.685	19.141.808
B1) NET CASH FLOW FROM INVESTIN ACTIVITIES (021-025)	026	0	0
B2) NET CASH FLOW OUTFLOW FROM INVESTING ACTIVITIES (025-021)	027	10.116.021	18.744.537
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash infows from issuance of equity and debt financial instruments	028	21.160.187	33.934.336
2. Cash inflows from loan pricipals, debentures, credits and other borrowings	029	160.987.661	374.249.483
3. Other inflows from financial activities	030	25.866.662	
V. Total cash inflow from financial activities (028 do 030)	031	208.014.510	408.183.819
1. Cash outflows for repayment of loan principal and bonds	032	123.678.852	485.468.896
2. Cash outflows for dividend payment	033		
3. Cas outflow for financial lease	034		
4. Cash outflows for buybackof own shares	035		
5. Other cash outflows for financial activities	036	146.802.361	22.059.632
VI. Total cash outflow for financial activities (032 do 036)	037	270.481.213	507.528.528
C1) NET CASH FLOW INCREASE FROM FINANCIAL ACTIVITIES (031-037)	038	0	0
C2) NET CASHFLOW DECREASE FROM FINANCIAL ACTIVITIES (037-031)	039	62.466.703	99.344.709
Total increase of cash flow (014 – 015 + 026 – 027 + 038 – 039)	040	0	127.398
Total decrease of cash flow (015 – 014 + 027 – 026 + 039 – 038)	041	18.701.708	0
Cash and cash equivalents at the begining of the period	042	30.452.095	25.795.002
Increase of cash and cash equivalents	043		127.398
Decrease of cash adn cash equivalents	044	18.701.808	
Cash and cash equivalents at the end of the period	045	11.750.287	25.922.400

*Inflow from interest and dividend can be listed as operating activities (MRS 7 Appendix A)

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2011 to 30.6.2011

Position	AOP code	Previous year	Current year
1	2	3	4
1. Suscribed capital	001	902.101.590	902.101.590
2. Capital reserves	002		
3. Reserves from profit	003		
4. Retained profit or loss carried forward	004	-108.982.828	-244.860.731
5. Profit or loss for the year	005	-136.105.960	81.324.464
6. Revaluation of fixed tangeble assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	009		
10. Total capital and reserves (AOP 001 do 009)	010	657.012.802	738.565.323
11. Exchange differences on translationof financial statements of foreign operations	011		
12. Curent and deferred taxes (part))	012		
13. Protektion of cash flow	013		
14. Changes in accounting policies	014		
15. Adjustment of significant errors from previous period	015		
16. Other changes in captal	016		
17. Total increase or decrease of capital (AOP 011 do 016)	017	0	0
17 a. Creadited to parent company capital owners	018	657.012.802	738.565.323
17 b. Creadited to minority interest	019		

Items that decrease the capital are entered with a minus sign.

Items under AOP marke 001 to 009 are entered as status on balance sheet date.

Note

PETROKEMIJA GROUP

As evident from the Profit and Loss Account and Balance Sheet tables, Petrokemija's daughter companies have no significant influence on the Petrokemija Group result. The daughter companies are: Restoran Petrokemija d.o.o. Kutina, Petrokemija d.o.o. Novi Sad and Petrokemija d.o.o. Novo Mesto.

In the first half of 2011, Petrokemija Group had total actual income of HRK 1,439.0 million and total expense of HRK 1,357.7 million and the reported profit in business operations was HRK 81.3 million or 5.7% of total revenues. The EBITDA indicator (earnings before interest, taxes, depreciation and amortization) is HRK 143.4 million in the positive. In the same period last year, EBITDA was HRK 23.3 million.

On a semi-annual basis, total revenues have increased by 56.0% and total expenditures by 40.0% as compared to the same period of 2010.

Greater actual achievement in operating income and expenses, compared to the same period last year, reflects the growth of input and output prices and increased output and sales in most of the production range. In the first half of 2011, Petrokemija increased fertilizer production by 13.6% and sales by 21.5% in comparison with the same period last year.

The data clearly show that the growth of income and expense is the impact of increased volumes, but also of significant increase in input and output prices. The actual profit on a semi-annual basis is the reflection of increased sales, more favorable ratio of input-output prices, and partly has seasonal fluctuation elements - the delivery season for spring sowing in the domestic and regional markets.

As a reflection of trends in the global energy market, there is a rise in gas price. This most important raw material is supplied in the domestic market under the so-called "Russian formula". It is estimated that in the course of 2011, price of gas will continue to grow in accordance with the movement of the price of fuel oil in world markets and the USD exchange rate.

Due to the market situation, a part of plants was halted in the second half of 2009 and this problem is carried over into the third quarter of 2011. The crisis in market demand of carbon black is still present. Petrokemija is influenced by developments in the global markets which gives space to significant potential risks and financial fluctuations in the rest of 2011.

In addition to their own working capital, short-term bank loans and a long-term loan from the Croatian Bank for Reconstruction and Development, Petrokemija secured their source of financing working capital partly by the release of commercial papers in the Zagreb Stock Exchange, through Privredna banka Zagreb as agent and dealer of the program.

The future trends in financial results of Petrokemija Group will be influenced by many factors. Besides the gas price, which is defined in the domestic market, the majority of future risks come from the international environment, and mainly through:

1. Change in price of basic raw materials in the world markets (MAP, DAP, phosphate, potassium chloride, sulfur);
2. Change in sales price of fertilizers;
3. Price fluctuation of energy fluids - gas and oil;
4. Price fluctuation of basic agricultural crops;
5. Exchange rate of USD and EUR to the local currency,
6. Costs of financing and inter-currency relations.