

ANNUAL REPORT

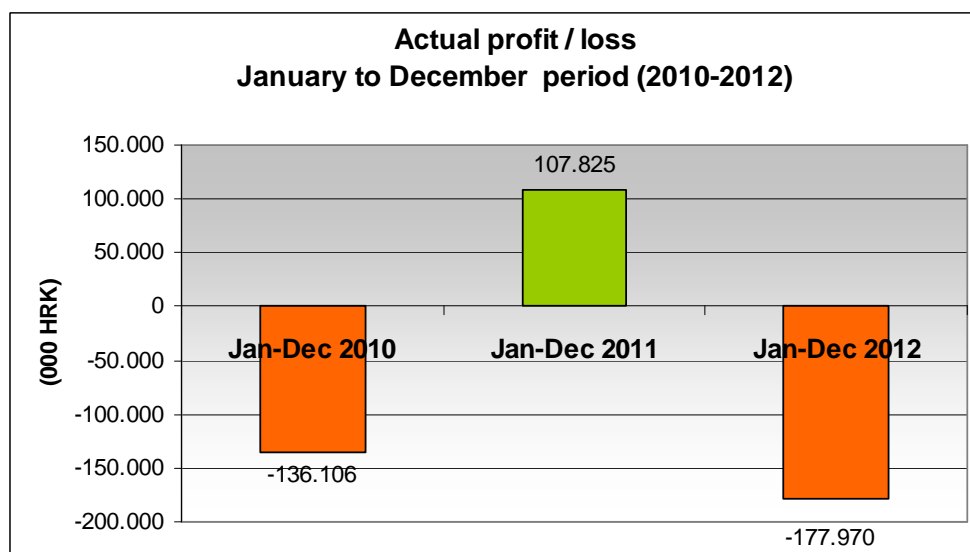
PETROKEMIJA d.d. KUTINA

PETROKEMIJA GROUP

REPORT FOR PERIOD January to December 2012

INTERIM REPORT FOR PERIOD October to December 2012

- Actual production 1.125 and sales 1.121 thousand tons of fertilizers;
- Actual total income of Petrokemija, Plc. HRK 3,030.1 million; Petrokemija Group HRK 3,057.8 million;
- Actual loss of Petrokemija, Plc. HRK 178.0 million (5.9% of total revenues); Petrokemija Group HRK 178.3 million;
- Invested funds HRK 83.1 million;
- Number of employees of Petrokemija, Plc. 2,294; Petrokemija Group 2,481.



MANAGEMENT BOARD REPORT ON THE STATE OF THE COMPANY FOR Jan – Dec 2012 PERIOD

1. ACTUAL FINANCIAL RESULTS OF PETROKEMIJA, Plc.

The total income of Petrokemija, Plc. in January – December 2012 period was HRK 3,030.1 million, total expenses were HRK 3,208.1 million and the Company reported loss in business operations of HRK 178.0 million or 5.9% of total revenues. The total income on an annual basis was increased by 2.0% and total expenses were up by 12.1% compared with the 2011. This disparity was for the major part generated by the pronounced growth of natural gas price.

In the reporting period, the operating income was 2.0% higher than in 2011 in spite of lower actual sales. The total sales of fertilizers decreased by 6.2% compared to the previous year, which indicates the growth of the average actual sales prices, but at a level (under very strong competition) that could not make up for the increase in costs.

Higher actual operating expenses compared to the same period last year reflect the growth in input prices of raw materials, primarily natural gas. **The average actual purchase price of gas in 2012 was 31.1% higher than in 2011, and as high as 71.0% compared to the same period of 2010 (cumulative growth).** Such high growth rates of the basic raw material, which has a share of **57% in the total expenditures** in the reporting period, could not be covered by measures to increase income and savings, undertaken by the Management Board and this led to the loss.

In addition to the high price of gas as the primary cause for the reported loss, the next in importance is the impact of reducing the amount of production and sales, which contributed to the growth of fixed costs per unit of product, although in total these costs are approximately at the same level as in previous year. Compared to the year before, Petrokemija had 10.2% drop in production in 2012, largely due to market reasons, in order to balance the dynamics of inventories and deliveries of fertilizers at an acceptable level, but partly also due to unplanned production stoppages.

In 2012, the income from domestic sales increased by 3.2%, while the income from export sales increased by 0.6% in comparison with the year 2011.

The EBITDA indicator (earnings before interest, taxes, depreciation and amortization) is HRK 53.3 million in the negative. The EBITDA for 2011 was HRK 233.2 million in the positive.

(HRK 000)

	Jan- Dec 2012	Jan- Dec 2011	Difference	% change
Operating income	3.004.901	2.945.053	59.848	2,03%
Operating expense	3.157.005	2.805.899	351.106	12,51%
EBITDA *	-53.322	233.217	-286.539	0,00%
Amortization	98.782	94.063	4.719	5,02%
Net financial income (expenses)	-25.866	-31.329	5.463	-17,44%
Net extraordinary income (expenses)	0	0	0	
Profit / loss / before taxation	-177.970	107.825	-285.795	0,00%
Non-current assets	788.340	767.561	20.779	2,71%
Current assets	1.153.454	879.261	274.193	31,18%
Shareholders' equity	587.140	765.109	-177.969	-23,26%

Non-current liabilities	138.410	94.197	44.213	46,94%
Current liabilities	1.216.244	787.516	428.728	54,44%

* EBITDA= profit before interest, taxation depreciation and amortization

Out of the total loss, HRK 152.1 million or 85.5% is loss from business operations, while HRK 25.9, or 14.5% is loss from financial operations. The actual loss, after the operating profit of the previous year is the result of a number already mentioned factors. The main cause of this loss is the rise of gas price which was not accompanied by appropriate rise in sales prices for market reasons – the fall of average fertilizer prices in the world market. The higher price of gas (31.1% higher than in 2011), as a result of oil derivatives fluctuation in the global market and the growth of US\$ exchange rate, had a major impact on the costs in the reporting period.

What next contributed to the loss is lower production and sales, which had indirect influence on the growth of fixed costs per unit of product. The main reason for this reduction were unfavorable weather conditions in the first quarter, the associated longer-than-planned overhaul, the subsequent difficulties in starting up of the key plants and the blockade of shipment at the time of high snowfall and freezing temperatures.

The lost sales in the 1st quarter could not be made up for in the 2nd quarter, particularly since the situation in the fertilizer market in the meantime deteriorated (early May 2012). This is evident in the decrease in market demand and the consequent fall of prices, which was particularly pronounced in nitrogen fertilizers. Since the situation was similar in most parts of the region, it resulted in additional pressure of imports on the domestic market by competing manufacturers and retailers of fertilizers. In the 2nd quarter, next to the global fall in demand and fertilizer price, an additional negative impact on local and regional markets was caused by unfavorable financial situation of most farmers due to reduced yields in the last year (long drought). Late payments of subsidies to farmers had an additional negative impact on domestic fertilizer sales.

In the third quarter there was no usual strong demand for fertilizers in the autumn sowing season. In the fourth quarter, in addition to the expected seasonal drop in demand in the region, further pronouncedly negative effects of the long-term drought were shown, which took on the proportions of a natural disaster in Croatia and the region for the second year in a row and put the leading agricultural producers in the region in a very bad business situation. Very often, because of the poor financial position, farmers resorted to reducing fertilization, although it is known that satisfactory yields can be achieved by professionally measured fertilization even in conditions of severe drought.

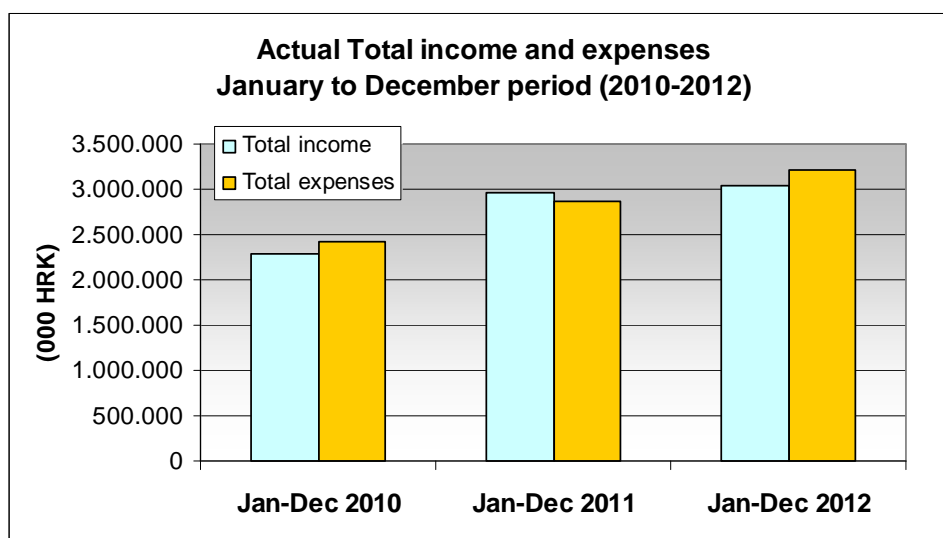
Financial indicators for the first three quarters of 2012, 4th quarter and cumulatively for the January - December period of 2012:

	Jan- Sept 2012	Oct - Dec 2012	Jan- Dec 2012
Operating income	2.099.010	905.891	3.004.901
Operating expense	2.218.746	938.259	3.157.005
EBITDA *	-44.370	-8.952	-53.322
Amortization	75.366	23.416	98.782
Net financial income (expenses)	-18.850	-7.016	-25.866
Net extraordinary income (expenses)	0	0	0
Profit / loss / before taxation	-138.586	-39.384	-177.970

* EBITDA= profit before interest, taxation depreciation and amortization

In such conditions, sales in distant export markets were indispensable for the continuity of the business. During 2012, a significant share of sales in exports was continued, in order to ensure positive effect on the financial result, fill in the capacity, ensure continuity of production and maintain the liquidity.

The actual operating loss during the fourth quarter was HRK 32.4 million because of the said market reasons, and a financial loss of HRK 7.0 million due to high interest costs. The actual loss before tax in the fourth quarter is HRK 39.4 million, despite the all-time high total quarterly income of HRK 911,2 million.



In comparison to the actual result in 2011, in 2012 year there was a significant negative difference. The sales prices of fertilizers were increased in line with the growth of input prices and the evaluation of the market. However, this could not make up for the negative impact of lower volumes and higher prices of major raw materials, especially gas.

For a part of raw materials and products the improvement of market position is still uncertain. The open problem of exceptional growth of gas price, carried over from the European energy fluids market as a consequence of the political crisis in the Middle East that influenced the rise in price of oil and oil derivatives, is here particularly pronounced. This negative impact had a major influence on the business in 2012. For 2013, solutions for cheaper purchase are being sought.

Due to the market situation, a part of facilities had been halted in the second half of 2009 and this problem was carried over into the period of 2013. The Company Management Board estimates that the definitive closure and dismantling of the plants would mean losing even a potential possibility to increase production in the coming years, which is not to be excluded after overcoming the global crisis. In addition, upon the Croatian accession to the EU, with support of an appropriate strategic partner, the potentially growing market for fertilizers in Central and Southeast Europe could show interest in the products which are now being produced in minimum volumes. Including one or more strategic partners is also possible in the segment of equipment modernization, supply of raw materials and / or appearance on the market of fertilizers, chemicals and carbon black.

STATEMENT OF COMPREHENSIVE INCOME OF PETROKEMIJA, Plc.KUTINA

(HRK 000)

POSITION	Petrokemija, Plc. Jan-Dec 2012	Petrokemija, Plc. Jan-Dec 2011
Total operating income	3.004.901	2.945.053
Total operating expenses	3.157.005	2.805.899
PROFIT / LOSS FROM ORDINARY ACTIVITIES	-152.104	139.154
Total financial income	25.179	24.596
Total financial expenses	51.045	55.925
PROFIT / LOSS FROM FINANCIAL ACTIVITIES	-25.866	-31.329
TOTAL INCOME	3.030.080	2.969.649
TOTAL EXPENSES	3.208.050	2.861.824
Profit/loss before taxation	-177.970	107.825
Profit tax		
Profit/loss after taxation	-177.970	107.825

BALANCE SHEET OF PETROKEMIJA, Plc.KUTINA

(HRK 000)

POSITION	Petrokemija,Plc. 31.12. 2012	Petrokemija, Plc. 31. 12. 2011.
Total long-term assets	788.340	767.561
Total short-term assets	1.150.789	876.527
Prepaid costs and accrued income	2.665	2.734
TOTAL ASSETS	1.941.794	1.646.822
Total capital	587.140	765.110
Long-term liabilities	138.409	94.197
Total short-term liabilities	1.212.272	784.052
Accruals and deferred income	3.973	3.463
TOTAL LIABILITIES	1.941.794	1.646.822

- Because of the long collection of claims for fertilizers in the domestic market and the liquidity problems of domestic buyers due to their own lack of working capital, Petrokemija, Plc. has been using factoring as a form of financing and debt collection in the agreed due payment period (with the obligation of the buyer to bear all costs and interest associated with the factoring), and short-term liquidity management of the Company based on sales of current assets, or part of the claims from the three largest customers in the domestic market.
- In reporting the status of current assets (accounts receivable) and current liabilities (contingent recourse obligations to the factoring companies, in the event that the debtor fails to meet its obligation), Petrokemija as of 31 December 2012 included these claims in its Balance Sheet. In the Balance Sheet positions they are indicated in the current assets and liabilities in the amount of HRK 224.16 million.
- Compared with the balance on 31 December 2011, when these transactions were shown in the records outside the Balance Sheet, this significantly increased the level of assets and liabilities (balance) so this report presents comparable status of current assets and current liabilities on 31 December 2012 and 31 December 2011

COMPARATIVE OVERVIEW OF **CURRENT LIABILITIES** WITH AND WITHOUT THE EFFECTS OF ASSIGNMENT (SALE) OF CLAIMS ON 31 DECEMBER 2012 AND 31 DECEMBER 2011

No.	Description	Balance on 31.12.2012	Comparable balances 31.12.2011
1.	Current liabilities without accounting entry of assigned receivables (liabilities as per assignment)	988.109.303,70	784.052.265,81
2.	Balance of assigned receivables (POTENTIAL liabilities as per assignment – buyers)	224.162.186,09	165.401.948,02
3.	Current liabilities plus liabilities as per assignment for sold receivables (row 1 + row 2)	1.212.271.489,79	949.454.213,83
4.	Share of liabilities as per assignment in total reported current liabilities (row 2 / row 3)	18,49%	17,42%

- The status (balance) of the claims assignment to factoring companies of Petrokemija, Plc. as of 31 December 2011 amounted to HRK 165.4 million and they were all duly settled by the buyers of finished products in 2012, as well as in the years before.

COMPARATIVE OVERVIEW OF **CURRENT ASSETS** WITH AND WITHOUT THE EFFECTS OF ASSIGNMENT (SALE) OF CLAIMS ON 31 DECEMBER 2012 AND 31 DECEMBER 2011

No.	Description	Balance on 31.12.2012	Comparable balances 31.12.2011
1.	Current assets without accounting entry of assigned receivables (liabilities as per assignment)	926.627.253,81	876.527.327,07
2.	Balance of POTENTIAL receivables as per assignment (for assigned receivables to	224.162.186,09	165.401.948,02

No.	Description	Balance on 31.12.2012	Comparable balances 31.12.2011
	factoring companies)		
3.	Current assets plus sold receivables to factoring companies (receivables as per assignment)	1.150.789.439,90	1.041.929.275,09
4.	Share of receivables as per assignment in total reported current assets (row 2 / row 3)	19,48%	15,87%

Overall, the Management Board believes that the realization of the potential risk of claims collections from Petrokemija for assigned claims to large customers in the domestic market through the so-called mechanism for recourse factoring, is not likely. This assessment is based on the past experience - all previous transactions (in previous years) were carried out in accordance with sound business practices and justified their purpose as an element of competition in the market and liquidity management of the Company.

In addition to financing issues, 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). The imports of fertilizers have a moderately rising trend, having an approximate market share of 15-20% (by Petrokemija's assessment) with a portion of those products not normally produced by Petrokemija.

Due to the specific nature of the technological process, a part of the spare parts in the current assets are specific, strategically important parts, which are often not used within one year. Their acquisition, construction, or repair, take a longer period of time and they must be kept in reserve since their lack can cause a chain outage of one or more plants. In the balance of 31 December 2012, the Company reclassified a portion of such strategic spare parts worth HRK 12.7 million and added them to fixed assets of the corresponding plant. During 2013 and in the years to follow, it is estimated that the impact of this measure on the increase of depreciation will be about HRK 2.5 to 3 million.

A trend of instability of in- and output prices continued in the reporting period. The prices of some raw materials in world markets were gradually rising, while the prices of key raw materials were reduced. The quarterly gas price in the domestic market was growing according to the formula. The gas price growth trend continued in the 2nd and 3rd quarter of 2012 when it reached its peak and was slightly falling in the 4th quarter.

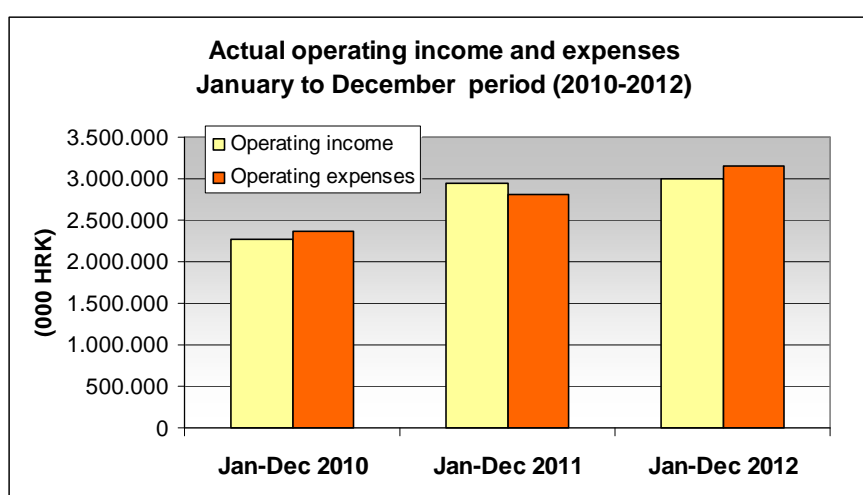
The Management Board of Petrokemija, Plc. believes that the overhauls at the turn of 2011/12 and 2012/13 were the last two winter overhauls. The overhauls were carried out in the winter months due to balancing of gas consumptions in the Croatian gas system. The Company used the fertilizer production standstill in January 2012 for the planned 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, have not been fully realized. This was particularly pronounced during extremely low temperatures in February 2012. Putting a pipeline through Hungary into operation opened an additional route for supplying gas to Croatia, so that in the future security of gas supply should not come into question. The

differences between the gas price determined by the so-called oil formula and oil prices on the spot market could reach 30%, which opens up the possibility of building new price relationships in the Croatian gas market in the next few years.

This most important raw material is supplied in the domestic market under the so-called Russian formula based on the price of oil derivatives and gas price in US\$. In the period from September 2011 to September 2012, Petrokemija, Plc. was not included in the Government Decision on the limited gas prices for privileged consumers and in the regulatory part of the gas market the Company did not have the possibility of simultaneous gas purchase from multiple suppliers. Therefore, the extreme growth of gas price is greatly reflected in the Company financial loss in the reporting period. On the basis of relevant decisions of the Government on the regulation of the gas market in the Republic of Croatia, Petrokemija was finally able to buy gas from multiple suppliers since the third quarter of 2012. The amount of gas supplied at a lower price from a foreign supplier, E.ON Ruhrgas AG and Prvo plinarsko društva d.o.o. (Gas Company) from Vukovar, partially mitigated the cost impact which the Company was faced with during the reporting period.

Unfortunately, the previous contractual restrictions still prevent the Company to purchase significant gas quantities on the free market in 2013, so that only approximately 20% of the required volumes can be purchased on the free market. On 15 January 2013, Petrokemija signed a Contract on Supply of 130 million Sm³ of natural gas with Prvo plinarsko društvo, Ltd. Vukovar (Gas Company) (on behalf of GAZPROM Schweiz AG).

At the time of preparation of these financial statements, the Company are presently negotiating supplies and future cooperation with their current authorized dealer – Prirodni plin d.o.o from Zagreb, a company owned by INA Oil Industry, Plc. Zagreb. In the meantime, the purchase of the above smaller volumes of natural gas from Prvo plinarsko društvo, Ltd., Vukovar is continued, but they cannot significantly influence the total business result in 2013. In the first quarter of 2013, the price of natural gas after the oil formula has remained at the fourth-quarter of 2012 level. A slight fall is expected in the second quarter, while the prices for the third and fourth quarters of 2013 are estimated across a comparatively broad range, depending on the movement of prices for oil derivative products in the world market.

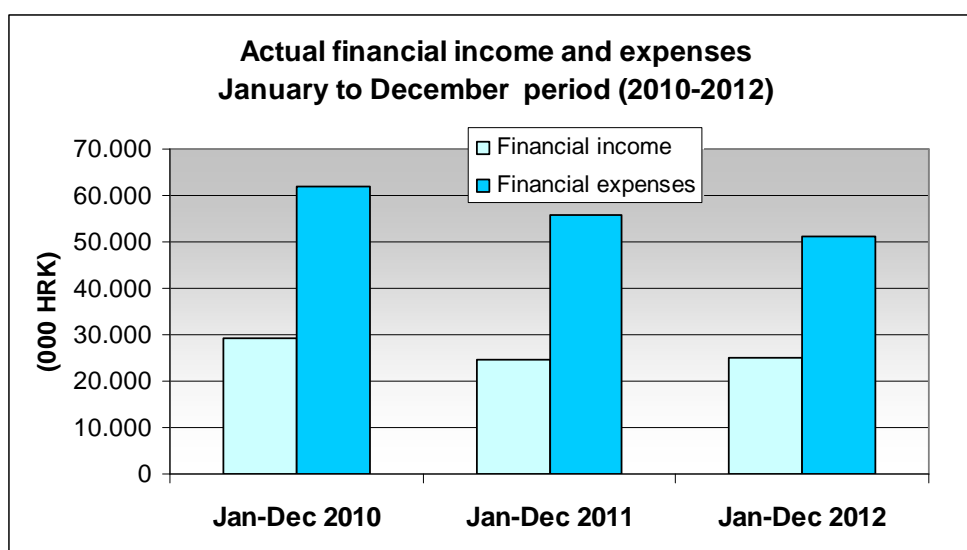


Financial income was by HRK 0.6 million or 2.4% higher, and financial expense by HRK 4.9 million or 8.7% lower than in the previous year. The HRK 25.9 million losses from financial activities were by 17.4% lower than in the year before. Foreign exchange gains accounted for 64% and income from interest and other financial income for 36% share in the financial

income. Foreign exchange losses have 33% share in financial expenses, while 67% is made up of interest and other financial expenses. The positive and negative exchange differences at an annual were balanced and were, despite the high foreign currency turnover, almost at the same level, which indicates successful currency risk management. The loss as per exchange differences was HRK 0.5 million or 2% of the actual loss from financial operations.

Although the interest rates were lower than in the previous period, due to high levels of debt, interest costs were higher by 9.7%. A disturbing trend is opened up by the credit rating downgrade for Croatia and unresolved financial crisis in the Eurozone, which can be directly transferred to financing terms of Petrokemija.

Since 2009, Petrokemija has been implementing a program of issuing commercial papers (up to HRK 100 million) through Privredna Banka Zagreb to provide for short-term working capital. During the whole period of the program, the liabilities on commercial bills were fulfilled regularly. No new liabilities for previous issues of commercial bills are due for payment. Repayment or refinancing of commercial papers in 2013 will depend on the price of other sources of funding at the time of their maturity.



2. ACTUAL FINANCIAL RESULT OF PETROKEMIJA GROUP

After consolidation of financial results of Petrokemija, Plc. and its daughter companies – Restoran Petrokemija, Ltd. Kutina, Petrokemija, Ltd. Novi Sad, Petrokemija, Ltd. Novo Mesto and Luka Šibenik Ltd., the financial result for period Jan-Dec 2012 is as follows:

• Total income	HRK	3,057.83 million
• Total expenses	HRK	3,235,97 million
• Loss before taxation	HRK	-178.14 million
• Profit tax	HRK	0.13 million
• Loss after taxation	HRK	-178.27 million

The EBITDA indicator (earnings before interest, taxes, depreciation and amortization) is HRK 54.2 million in the negative.

The share capital of Luka Šibenik (Port of Šibenik), Ltd. consists of 12,060 shares with a nominal value of HRK 1,300, which amounts to 15,678,000.00 HRK. Petrokemija, Plc.

acquired shares in Luka Šibenik over the past 10 years by gradual purchase from the small shareholders. So as of June 1, 2012, the Company was in possession of 3,584 shares, which was 29.72% ownership of the Luka Šibenik. The acquisition costs amounted to HRK 3,544,982.30, and they were accounted by the equity method. On 19 June 2012, by signing the contract on sale and transfer of shares of the Luka Šibenik, Ltd., Šibenik Company with Transadria, Plc. Rijeka - in bankruptcy, Petrokemija purchased additional 6,030 shares and 50% ownership, which with previously acquired shares makes 79.72% ownership. In this way, Petrokemija acquired a majority shareholder rights in Luka Šibenik, which thus became Petrokemija's subsidiary. Since 30 June 2012 Luka Šibenik, Ltd. is for the first time included in the Company's consolidated financial statements. On 30 June 2012, in its initial consolidation, Petrokemija, Plc. reported the effects of acquisition as per equity book value and the reserves of the balance sheet of the acquired company.

At the time of drafting this Report, the valuation of Luka Šibenik, Ltd. (Port of Šibenik) is underway to determine the value of the goodwill of the Petrokemija, Plc. share in the Luka Šibenik Company. The basis of assessment is the development plan for Luka Šibenik, Ltd. from 2013 to 2015. The key determinant of future business of the Luka Šibenik Company is the concession granted by the Port Authority of Šibenik, without which the Company would be unable to conduct its business. The above concession is at this point valid through 2029. The key for its future business is the relationship with its majority owner Petrokemija from which most of the income is realized and which is essential for retaining the concession and regular fulfilling of its conditions.

Quantified impact of this estimate on the Petrokemija Group (goodwill fair value and impairment test) as of 31 December 2012 will be published in the audited Business Report for 2012 and financial reports for Petrokemija Group.

In the reporting period daughter companies were operating with minimum profit, except for Luka Šibenik, Ltd, which reported a loss of 1.5 million due to a lower turnover.

Business results of daughter companies:

(HRK 000)

POSITION	Actual Jan-Dec 2012	Actual Jan-Dec 2011	Ind 2/3
1	2	3	4
RESTORAN PETROKEMIJA, Ltd.			
TOTAL INCOME	2.111	2.161	97,7
TOTAL EXPENSES	2.098	2.155	97,4
GROSS PROFIT /LOSS	13	6	216,7
PETROKEMIJA Novi Sad, Ltd.			
TOTAL INCOME	169.883	78.370	216,8
TOTAL EXPENSES	168.595	77.820	216,6
GROSS PROFIT	1.288	550	234,2
PETROKEMIJA Novo Mesto, Ltd.			
TOTAL INCOME	649	840	77,3
TOTAL EXPENSES	646	832	77,6
GROSS PROFIT	3	8	37,5
LUKA ŠIBENIK, Ltd.			
TOTAL INCOME	20.806	*25.703	80,9
TOTAL EXPENSES	22.276	*25.364	87,8
GROSS PROFIT	-1.470	*339	0,0

*in 2011 Luka Šibenik, Ltd. was not a member of the Petrokemija Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(HRK 000)

P O S I T I O N	Petrokemija Group Jan-Dec 2012	Petrokemija Group Jan-Dec 2011
Total operating income	3.030.113	2.948.348
Total operating expenses	3.184.873	2.810.416
PROFIT/LOSS FROM ORDINARY ACTIVITIES	-154.760	137.932
Total financial income	27.723	24.695
Total financial expenses	51.099	56.078
PROFIT/LOSS FROM FINANCIAL ACTIVITIES	-23.376	-31.383
TOTAL INCOME	3.057.836	2.973.043
TOTAL EXPENSES	3.235.972	2.866.494
Profit/Loss before taxation	-178.136	106.549
Profit tax	134	61
Profit/Loss after taxation	-178.270	106.488
Comprehensive Profit/Loss for the period		
Credited to parent company capital owners	-177.972	106.488
Credited to minority interest	-298	0

CONSOLIDATED BALANCE SHEET
(HRK 000)

P O S I T I O N	Petrokemija Group 31.12. 2012	Petrokemija Group 31. 12. 2011.
Total long-term assets	769.197	761.843
Total short-term assets	1.172.504	878.243
Prepaid costs and accrued income	2.668	2.734
TOTAL ASSETS	1.944.369	1.642.820
Total capital	593.196	763.875
Long-term liabilities	138.428	94.197
Total short-term liabilities	1.208.772	781.285

P O S I T I O N	Petrokemija Group 31.12. 2012	Petrokemija Group 31. 12. 2011.
Accruals and diferred income	3.973	3.463
TOTAL LIABILITIES	1.944.369	1.642.820

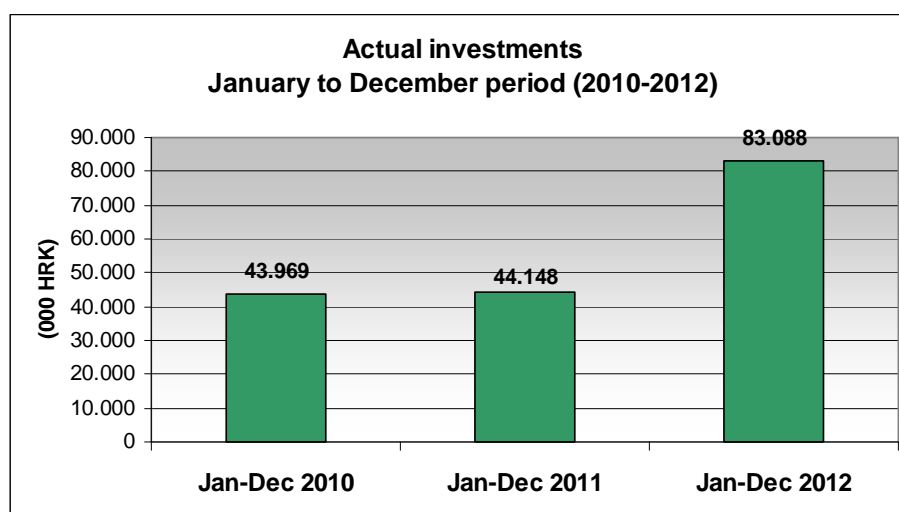
Notes and quantifications relating to the indicated positions of current assets and current liabilities of the Petrokemija, Plc. parent company as of 31 December 2012 also apply to the financial statements of the Petrokemija Group.

The planned key business objectives of Petrokemija, Plc. and Petrokemija Group for the year 2012, (it primarily refers to the profits in operations), were not realized due to market instability and the effects of the key business risks - high growth in gas price, lower sales due to a lower demand for fertilizers and the related fall of fertilizer prices in the world market. The key challenge of imbalance between input and output prices in the domestic, regional and global mineral fertilizer markets was not eliminated in the first quarter of 2013. Local and regional challenges, such as prolonged drought and reduced state incentives to agriculture, should not be repeated in the current year.

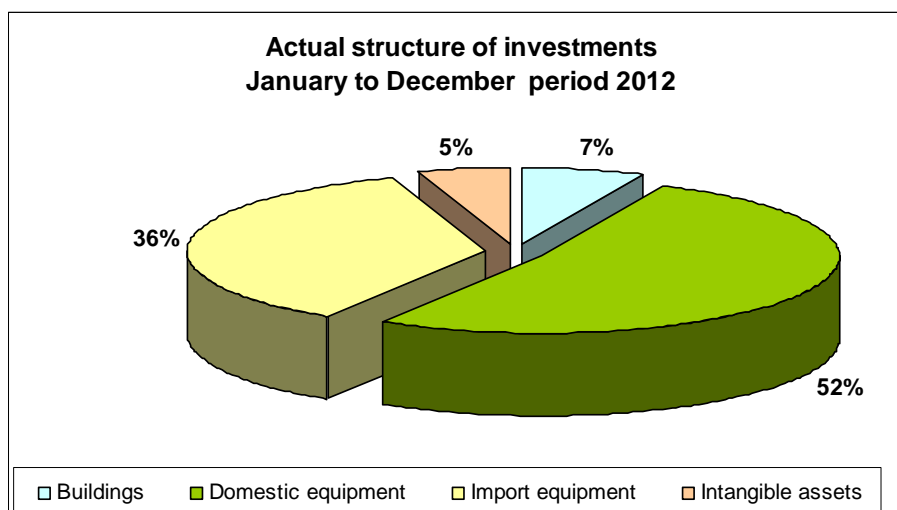
3. INVESTMENTS

Actual investment in the first three quarters of 2012 amounted to HRK 83.1 million, approximately HRK 38.9 million or 88.2% over the previous year's amount. Despite limited funds in 2012, the level of investments was increased as compared to previous years.

During the fourth quarter of the current year, a part of strategic spare parts worth HRK 12.7 million was transferred from short-term into long-term assets to the ongoing investment position. Without this reclassification of assets, investments in fixed assets would amount to HRK 70.4 million.



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



In 2013, the investment activity will depend on the ability to provide the funding. In the next few years, an increase in investments 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.

Because of the market situation, the assessment of time necessary for a possible start of production at the plants which have been stalled, and the level of investment to make them fit for efficient production is uncertain. In the coming years it will be necessary to make strategic decisions - whether to go into possible significant investments in their modernization and re-start or perhaps their preservation, final shut-down and write-off and disposal in accordance with the local environmental requirements.

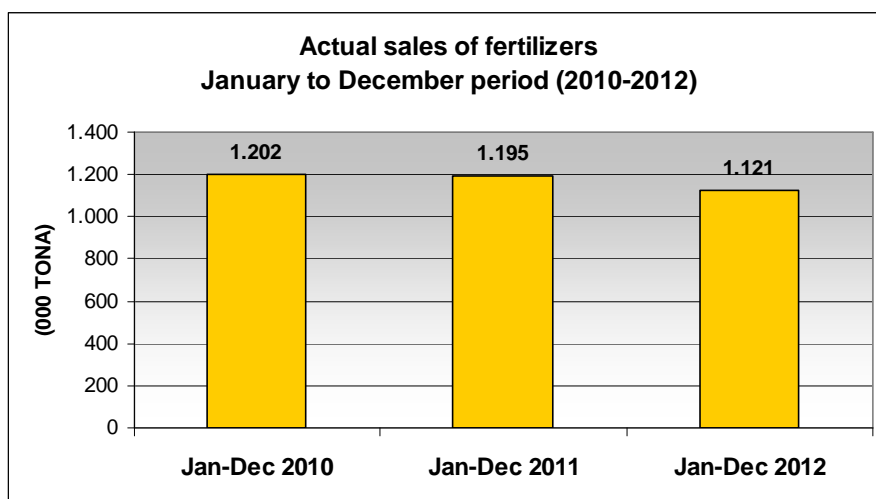
4. ACTUAL PRODUCTION AND SALES

Actual Production in the January to December 2012 period:

- **fertilizers** 1,124.8 thousand tons
- **clay-based products** 14.5 thousand tons
- **TGUS products** 0.9 thousand tons

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

- **fertilizers** 1,120.9 thousand tons
- **clay-based products** 14.7 thousand tons
- **TGUS products (+chemicals)** 4.8 thousand tons



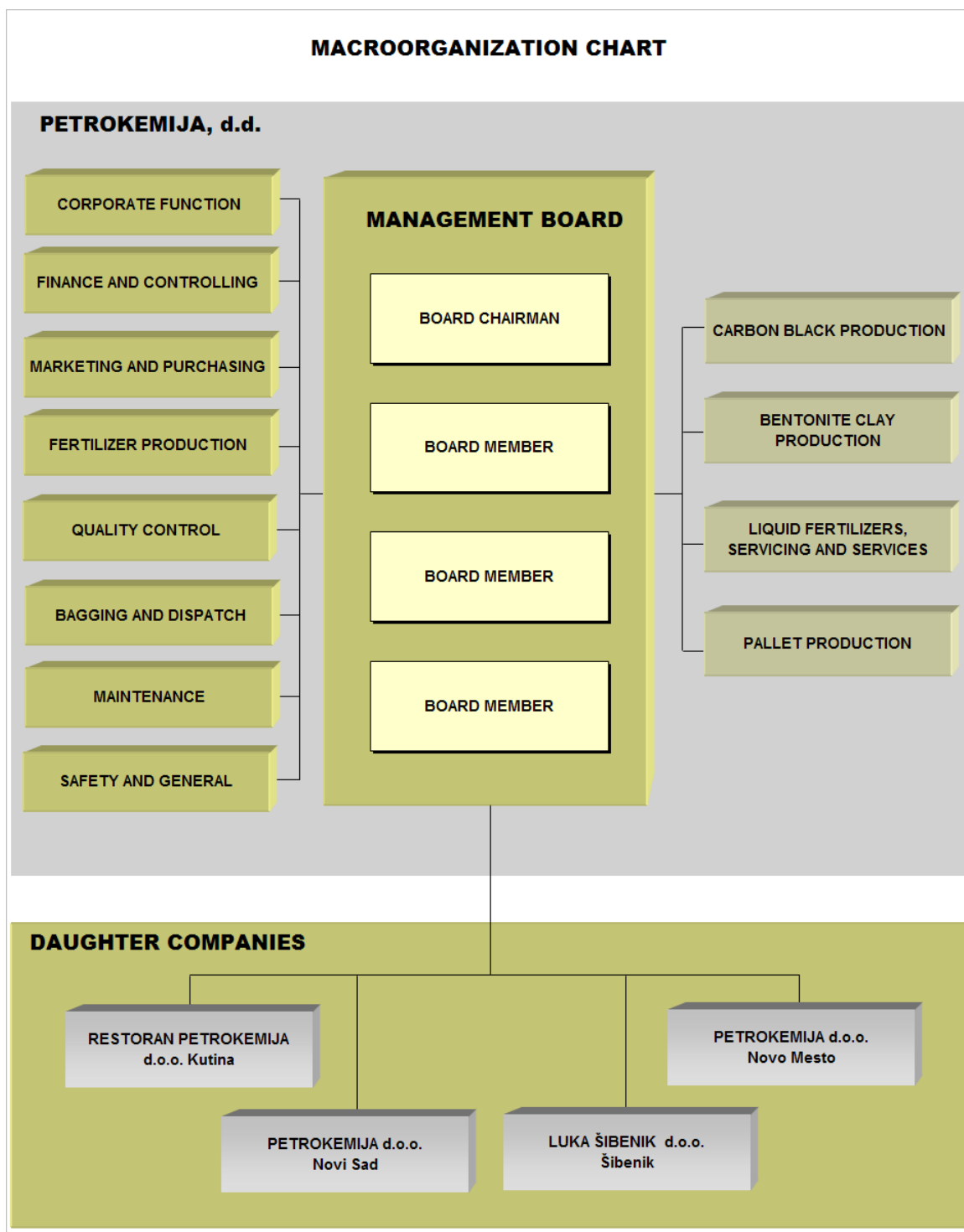
The actual total sales of fertilizers are 6.2% lower than in the same period of the previous year, with certain changes in the structure of the product range. Actual sales of urea and NPK fertilizers were lower, while CAN sales increased. Due to unfavorable weather conditions in the first quarter, the deliveries were aggravated, which resulted in the lower-than-planned sales. For the same reason, the standstill of facilities for overhaul and the subsequent start-up was prolonged. In the third quarter, the sales in the domestic market and in the region were lower as a result of prolonged drought and the crisis in the agricultural sector. Changes in the incentives system did not have a positive impact on fertilizer sales to domestic agriculture. The sales of clay-based products were by 37.2% lower and those of liquid fertilizers and chemicals by 14.4% lower in comparison to the previous year. However, these products had no significant impact on total business result of Petrokemija, Plc. 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 2012, there was no significant change in the existing organization chart until almost to the very end of the 1st half. Towards the end of the 2nd quarter, Petrokemija acquired 6,030 business shares of Luka Šibenik (Port of Šibenik), Ltd. Company in the value of HRK 24,253,051, whereby Petrokemija, Plc. became the owner of a total of 79.72% stake in the company. Luka Šibenik is of strategic interest to the business of Petrokemija because most raw materials are shipped from overseas, and a significant portion of exports of finished products are delivered through the sea port in Šibenik.

As of 31 December 2012, the Petrokemija Group is made up of Petrokemija, Plc. Kutina as the parent company and its daughter companies:

- Restoran Petrokemija, Ltd. Kutina,
- Petrokemija, Ltd. Novi Sad
- Petrokemija, Ltd. Novo Mesto and
- Luka Šibenik, Ltd, Šibenik.



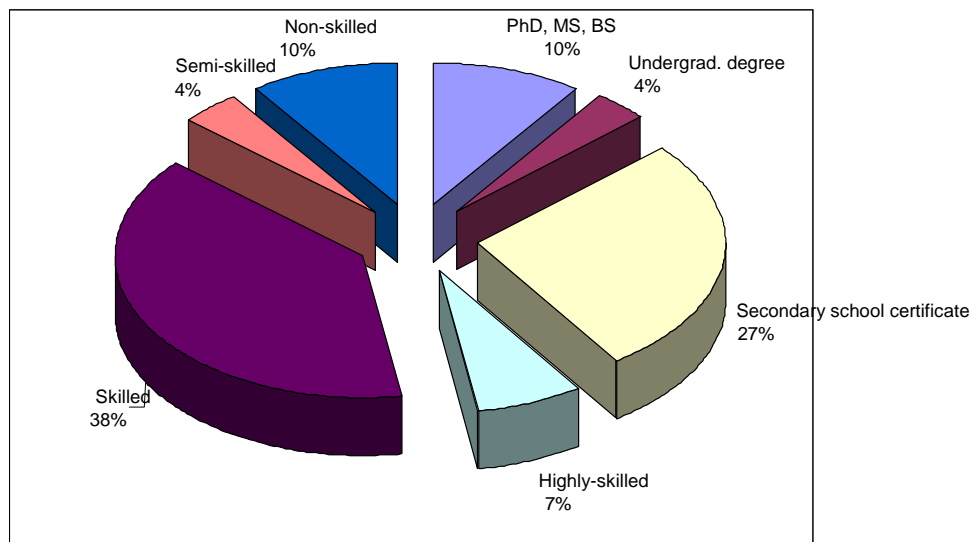
As of December 31, 2012, Petrokemija, Plc. had 2,294 employees and its daughter companies, members of the Petrokemija Group had 187 employees, which makes a total of 2,481 employees. The high qualification structure corresponds to the complexity of the production and other systems in place in the Company. During 2012, the number of employees in Petrokemija was reduced by 7 employees. Workers from the facilities that have been temporarily stalled, have been deployed to work in other organization units.

Due to the continuous reduction in output and sales in the segment of bentonite clay-based products, the Management Board of Petrokemija decided to merge the existing profit centers

Clay Production and Liquid Fertilizers, Servicing and Services into one organizational unit with the aim of more efficient management in 2013.

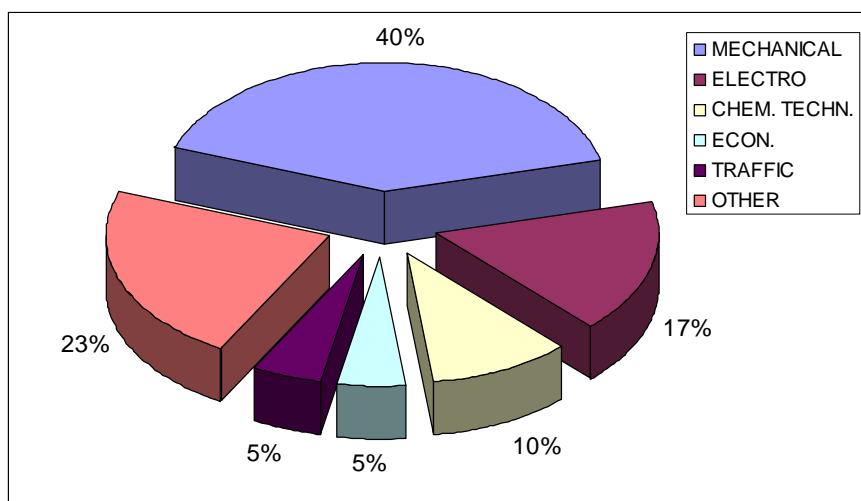
- At the Company General Assembly Meeting on May 17 2012, four new members of the Supervisory Board were elected – Ivan Majstrović, Sonja Ivoš, Ivan Nekvapil and Krešimir Huljev. At the Supervisory Board meeting of 27 July, Goran Kralj was elected new Chairman and Ivan Majstrović Vice Chairman of the Supervisory Board. There were no significant changes in the rest of the management structure of the Company during 2012. However, at the time of drafting this report, on 10 January 2013, the Croatian Government adopted a decision proposing the Petrokemija Supervisory Board, upon previous approval of the State Office for State Property Management, recall of the former members of the Management Board - Tomislav Seletković, Antonija Perošević-Galović and Nenad Marinović - and appointment of Žarko Rijetković, Krešimir Kvaternik and Karlo Došen as new members of the Management Board of the Company.
- At its meeting on February 4, 2013, the Company Supervisory Board issued a decision stating that the mandate of the Management Board members Tomislav Seletković, Antonija Perošević-Galović and Nenad Marinović terminated as of 14 February 2013. The Supervisory Board has appointed three members of the Petrokemija Management Board, as follows: Karlo Došen, MBA, from Zagreb, Krešimir Kvaternik, MBA, from Zagreb and Žarko Rijetković, B.Mech Eng, from Novska. The mandate of the appointed members of the Management Board shall begin on 15 February and end on 14 February 2017.

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.

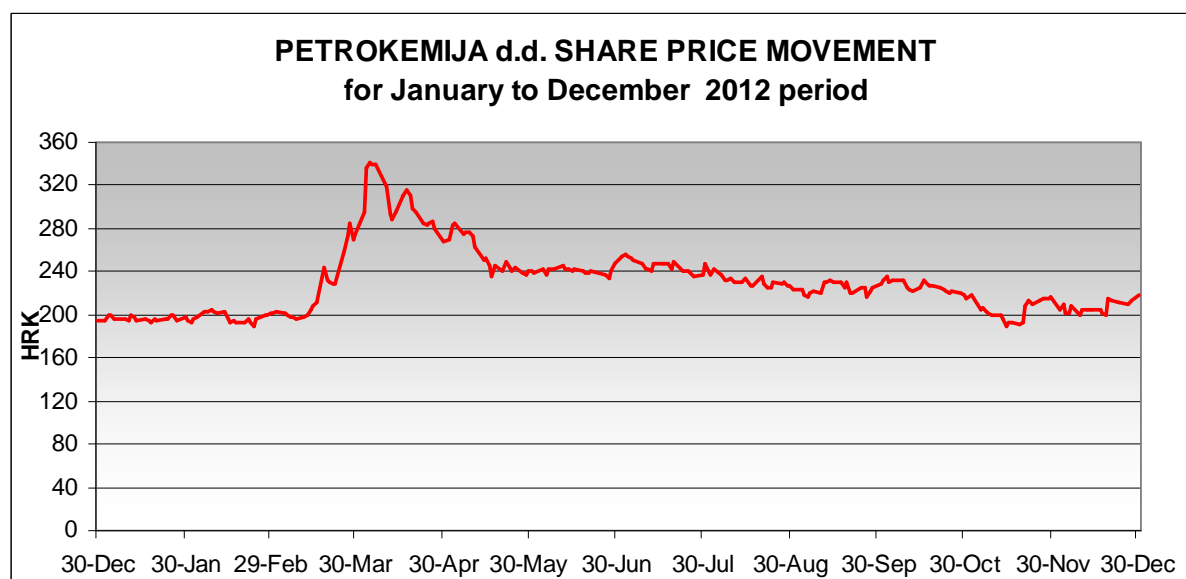
EMPLOYEES BY PROFESSION:



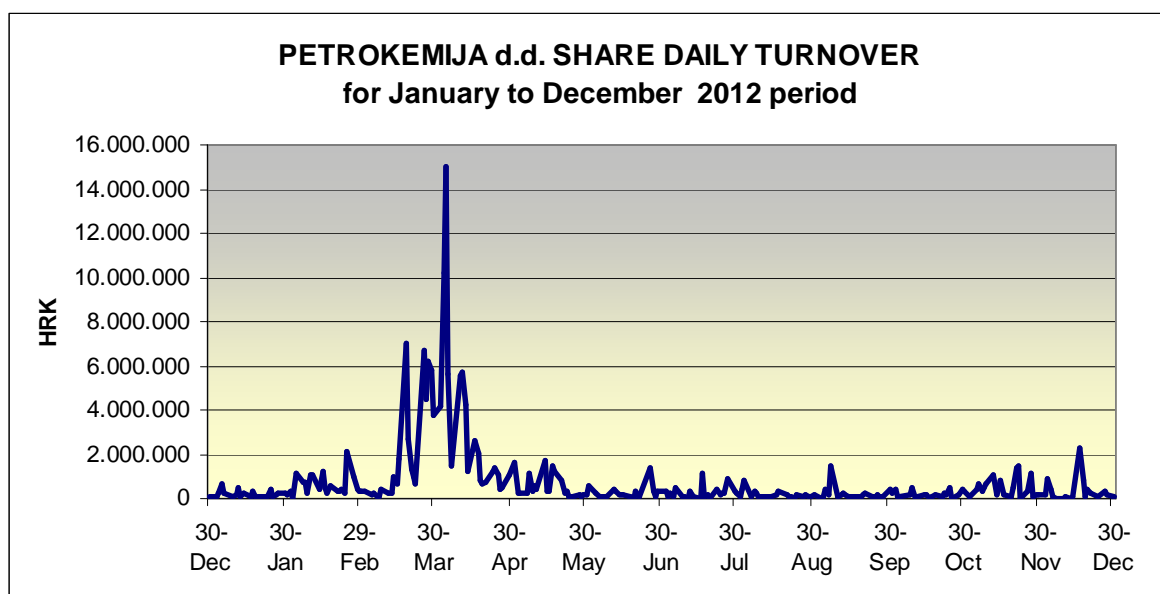
6. PETROKEMIJA, Plc. SHARE TRADING AND PRICE MOVEMENTS

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

At the end of December 2011, Petrokemija's share value was HRK 193.31, while on 31 December 2012, its average price was HRK 214.45 (11% growth). The share turnover at the Zagreb Stock Exchange during 2012 was HRK 179.6 million (total amount in 2011 was HRK 93.6 million), with price fluctuations mainly influenced by the global financial movements, specific characteristics of the Croatian capital market, actual financial results of the Company and media announcements of potential privatization.



Source: ZSE



Source: ZSE

7. ENVIRONMENTAL PROTECTION - JANUARY TO DECEMBER 2012 REPORT

Petrokemija, Plc. 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 the Company'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 December 2012 period by main environmental aspects.

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

According to the data from 2011 and also from the previous years, greenhouse gases, carbon dioxide and nitrous oxide (CO₂ and N₂O), 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 60,36 % and 27,49 % 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 December 2012 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 exceeding of 24-hour limit for:

a) ammonia: in three cases at K6 measuring station, in six cases at K2 measuring station and nine cases at K3 measuring station

For all pollutants at all monitoring stations air quality was 1st category (clean or slightly polluted air) except for ammonia at K3 measuring station where 2nd air quality (air pollution) was determined on the basis of the number of limit value exceedances.

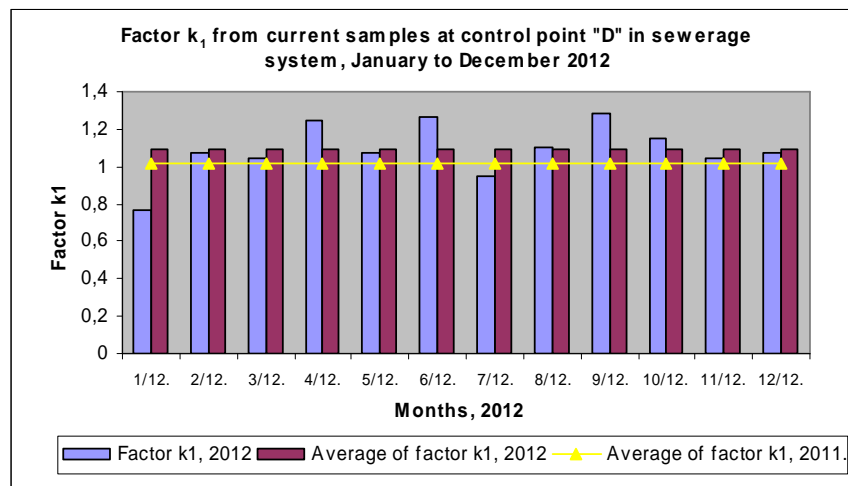
According to unofficial measuring results of the *Kutina-1* State-Established Monitoring Station for 2012, the air quality was 1st category for ammonia-NH₃, nitrogen dioxide-NO₂, sulphur dioxide-SO₂, carbon monoxide-CO and particles PM₁₀.

The air quality was 2nd category (polluted air) for hydrogen sulphide-H₂S based on hourly concentrations measured at the *Kutina-1* State Monitoring Station in May, June, July and December which can not be correlated with the Petrokemija production activities. In the January to December 2012 period, the measuring data of pollutants of *Kutina-1* State Monitoring Station are incomplete.

2. Water management

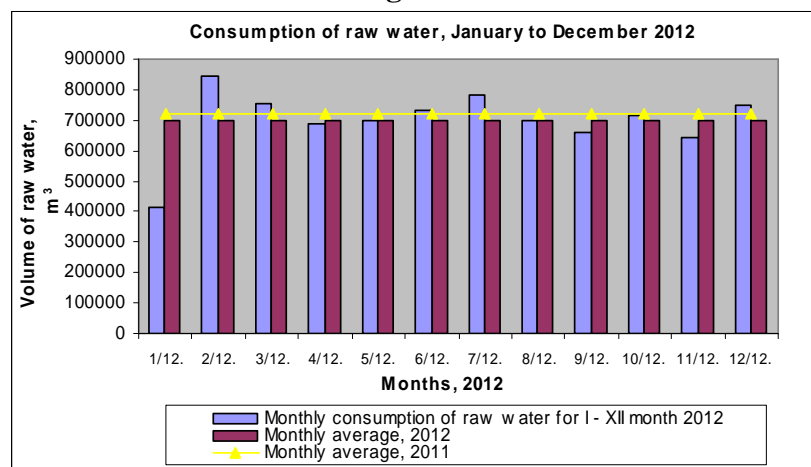
The average value of k1 factor for the period from January to December 2012 is slightly increased compared to average in 2011.

Figure 1.



In the January to December period of 2012, there was a reduction of raw water consumption.

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

Current market situation - the parity of price of most important raw materials and price of fertilizers in the domestic and world markets suggest caution in predicting operating results in 2013 and the following years.

In 2011, certain positive developments were achieved in the domestic market, which could be interpreted as a sign of permanent market recovery, despite the prolonged drought that has taken on proportions of natural disaster in the last two years. In 2012, a part of reported loss can be interpreted as an effect of time difference in the growth of in- and output prices (the formula for gas price) and the growth of USD exchange rate. The actual opening and liberalization of the gas market in Croatia are grounds for optimism with regard to the purchase prices of gas from 2013 onwards. Fixed costs are largely under the control of the Management Board, particularly employment and wages, maintenance costs and overheads. The liquidity is maintained with support of commercial banks, Croatian Bank for Reconstruction and Development and by issuance of commercial bills. Should the loss be continued, it is realistic to expect higher financing costs.

Technical - technological condition of facilities is assessed as satisfactory; some of the plants occasionally operate at a reduced capacity for balancing the supplies and the decision on the dynamics of production in the next period will depend on the market trends. The emphasis in sale will continue to be on the domestic and neighboring markets, where Petrokemija is traditionally present, but strong sales activity will be continued in the global market, too. Assessment of long-term business prospects in the following years is aggravated by the fluctuation in global flows and unstable parity of energy, fertilizers and food prices in world markets. A key success factor is the correlation between the purchase price and gas sales prices of nitrogen fertilizers. A stronger investment cycle and modernization is imposed as a necessity for a permanent consolidation of the Company business.

9. SIGNIFICANT FINANCIAL RISKS IN 2013

The overall considerations of Petrokemija's business position in 2013 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 Plc. 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, Plc. Zagreb, i.e. their daughter company Prirodni plin, Ltd. for 2012 and 2013. The formula of quarterly pricing of gas is 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 foreign exchange rate of HRK and energy price fluctuations in the global market. The price of fuel oil, which is included in the formula, has risen significantly in 2012. At the time of drafting this report, negotiations are underway on possibly more favorable terms for gas deliveries in 2013 and contracting a part of volumes for 2014.

- The rise of natural gas price, viewed cumulatively for 2011 and 2012 has the feature of hyperinflation, measured in relation to other factors in the operating result whose fluctuations in price were within reasonable limits.
- The sales prices of fertilizers in the global markets continue to be influenced by cyclic and seasonal changes.
- 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, finance costs will continue to be present in the following period.
- In reporting of the balance of assigned claims from the three largest domestic customers and potential liabilities to the factoring companies (so-called extrinsic or recourse factoring), the Company as of 31 December 2012 reported these receivables and payables in the Balance Sheet amounting to of HRK 224.2 million. On 31 December 2011, the comparable amount of HRK 165.4 million was not included in the Company Balance Sheet. However, during 2012 it was fully collected, as it used to be in the earlier years.
- A part of the short-term liabilities has been transformed into long-term liabilities (loans and reservation). In the next period efforts will be made to provide additional long-term resources to finance permanent working capital and the indispensable investments.
- The most significant individual risk is the growth of gas price in European and the local markets.

10. OTHER IMPORTANT INFORMATION

In accordance with the Code of Corporate Governance of the Zagreb Stock Exchange, i.e. the obligation of public release of the Annual Questionnaire for 2012, Petrokemija, Plc. gives the following information:

10.1. BUSINESS RELATIONSHIP BETWEEN PETROKEMIJA, Plc. AND A SUPERVISORY BOARD MEMBER

In 2012, Contract No. 140/12 on delivery of equipment and services for modernization of existing vibration measurement at Nitric Acid 2 Plant was executed, concluded between Petrokemija, Plc. and Turbomehanika, Ltd., Slavonska 1a, Kutina, represented by its director Ivan Majstrović, member of the Petrokemija Supervisory Board since 17.05.2012. The total value of the contract was HRK 520,189.78. The contract was signed before the election of Ivan Majstrović to the Supervisory Board of Petrokemija.

10.2. THE SERVICES OF INDEPENDENT EXTERNAL AUDITORS IN 2012

The Audit services of the statutory audit of Petrokemija's consolidated and unconsolidated financial statements for the year ending on 31 December 2012 were performed by the KPMG Croatia, Ltd. Audit Company, Eurotower, 17. kat, Ivana Lučića 2a, 10 000 Zagreb.

The valuation services of the Luka Šibenik, Ltd. Company, the determination of goodwill at the acquisition date and the impairment test on 31 December 2012, were conducted by BDO Croatia, Ltd. Company, Trg J.F. Kennedyja 6b, 10 000 Zagreb.

11. STATEMENT OF MANAGEMENT LIABILITY

In line with Articles 407 through 410 of Capital Market Act (OG 88/08, 146/08 and 74/09), the Managing Board of Petrokemija, Plc. 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 December 31, 2012 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, Plc. and Petrokemija Group, their strategy, plans and intentions which express a certain degree of uncertainty. They reflect the current position of the Company with regard to risks, uncertainties and assumptions about the future. Currently, the results, effects and achievements of Petrokemija, Plc. or Petrokemija Group are heavily dependent on a large number of factors which may influence their being quite different from the originally set ones.

President of Petrokemija
Management Board
Josip Jagušt

Member of Petrokemija
Management Board for Finance
Antonija Perošević-Galović

Member of Petrokemija
Management Board for Commerce
Nenad Marinović

Member of Petrokemija
Management Board for Production
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:

01.01.2012.

to

31.12.2012.

Quarterly financial statements TFI-POD

Registration number (MB): 03674223

Registration number of subject
(MBS): 080004355Personal 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.hr

Code and city/municipality: 220 KUTINA

Code and county name: 3 SISAČKO-MOSLAVAČKA ŽUPANIJA

Number of employees: 2.294
(at the end of the year)

Consolidated Report: NO

Code of NKD: 20.15

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.hr

Name 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 31.12.2012.

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	767.561.009	788.340.056
I. INTANGIBLE ASSETS (004 do 009)	003	7.666.622	8.148.485
1. Expense for development	004		
2. Concessions, patents, licences, trade and service marks, software and other rights	005	5.691.975	4.540.412
3. Goodwill	006		
4. Advances for intangible assets	007		
5. Intangible assets in progress	008	1.974.647	3.608.073
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 do 019)	010	737.831.972	733.063.300
1. Land	011	49.411.756	49.482.152
2. Buildings	012	303.807.515	289.770.183
3. Plant and equipment	013	354.706.148	321.195.288
4. Tools, plant inventory and transportation assets	014	12.502.844	13.342.741
5. Biological assets	015		
6. Advances for tangible assets	016	3.081.885	3.020.898
7. Tangible assets in progress	017	13.828.059	55.752.053
8. Other tangible assets	018	493.765	499.985
9. Investments in real estates	019		
III. LONG-TERM FINANCIAL ASSETS (021 do 028)	020	22.062.415	47.128.271
1. Investments (shares) in related companies	021	7.770.691	35.568.724
2. Loans given to related companies	022		
3. Participating interest (shares)	023	10.766.762	11.559.547
4. Loans given to companies with participating interest	024		
5. Investment in securities	025		
6. Loans given, deposits and similar assets	026		
7. Other long-term financial assets	027		
8. Investments accounted for using the equity method	028	3.524.962	
IV. TRADE RECEIVABLES (030 do 032)	029	0	0
1. Receivables from related companies	030		
2. Receivables for sales on loan	031		
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033		
C) SHORT-TERM ASSETS (035+043+050+058)	034	876.527.328	1.150.789.440
I. INVENTORIES (036 do 042)	035	653.760.359	658.809.848
1. Raw and other material	036	307.535.935	247.917.930
2. Work in progress	037	41.135.157	70.216.160
3. Finished products	038	300.391.370	333.852.838
4. Merchandise inventory	039	4.261.657	4.869.080
5. Advances for inventories	040	436.240	1.953.840
6. Long-term assets intended for sale	041		
7. Biological assets	042		
II. TRADE RECEIVABLES (044 do 049)	043	195.200.328	448.263.232
1. Receivables from related companies	044	4.617.071	11.599.180
2. Receivables from customers (buyers)	045	147.436.701	139.577.954
3. Receivables from participating interest	046		
4. Receivables from employees and members	047	21.316	56.426
5. Receivables from state and other institutions	048	39.789.121	72.435.277
6. Other receivables	049	3.336.119	224.594.395
III. SHORT-TERM FINANCIAL ASSETS (051 do 057)	050	20.211.233	30.473.359
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	5.150.393	5.545.769
6. Loans given, deposits and similar assets	056	15.060.840	24.927.590
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	7.355.408	13.243.001
D) PREPAID EXPENSES AND ACCRUED INCOME	059	2.733.794	2.664.743
E) TOTAL ASSETS (001+002+034+059)	060	1.646.822.131	1.941.794.239
F) OFF BALANCE SHEET ITEMS	061	186.462.200	297.691.767

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	765.109.515	587.139.599
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 (deductable item)	068		
4. Statutory reserves	069		
5. Other reserve	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-244.817.257	-136.992.075
1. Retained earning	073		
2. Loss carried forward	074	244.817.257	136.992.075
VI. PROFIT OR LOSS FOR THE BUSINESS YEAR (076-077)	075	107.825.182	-177.969.916
1. Profit for the year	076	107.825.182	
2. Loss for the year	077		177.969.916
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	14.197.080	15.076.437
1. Provisions for pensions, severance pay and similar liabilities	080	12.112.252	13.126.437
2. Provisions for tax liabilities	081		
3. Other provisions	082	2.084.828	1.950.000
C) LONG-TERM LIABILITIES (084 do 092)	083	80.000.000	123.333.333
1. Liabilities to related companies	084		
2. Liabilities for loans, deposits and similar	085		
3. Liabilities to banks and other financial institutions	086	80.000.000	123.333.333
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	784.052.266	1.212.271.490
1. Liabilities to related companies	094	3.492.737	6.730.060
2. Liabilities for loans, deposits and similar	095	12.000.000	4.500.000
3. Liabilities to banks and other financial institutions	096	295.722.222	323.166.667
4. Liabilities for advances	097	25.990.680	61.021.489
5. Liabilities to suppliers	098	331.324.720	484.375.423
6. Liabilities for securities	099	81.176.464	82.000.000
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	13.613.928	13.427.611
9. Liabilities for taxes, contributions and other payments	102	9.921.035	11.599.920
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	10.810.480	225.450.320
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	3.463.270	3.973.380
F) TOTAL LIABILITIES (062+079+083+093+106)	107	1.646.822.131	1.941.794.239
G) OFF BALANCE SHEET ITEMS	108	186.462.200	297.691.767
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		

Note 1.: The appendix to the balance sheet i to be filled if consolidated financial statements are to be compiled.

PROFIT AND LOSS ACCOUNT

for the period 01.01.2012. to 31.12.2012.

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	2.945.052.975	710.503.789	3.004.900.793	905.890.995
1. Sales revenues	112	2.895.874.255	687.217.595	2.939.114.596	877.432.140
2. Other operating revenues	113	49.178.720	23.286.194	65.786.197	28.458.855
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	2.805.899.334	709.231.461	3.157.005.042	938.258.838
1. Changes in value of work in progress and finished products	115	-99.921.361	-59.457.862	-66.873.283	-9.301.783
2. Material costs (117 do 119)	116	2.483.206.663	671.489.883	2.796.469.331	826.055.158
a) Cost of raw and production materials	117	2.358.138.963	638.072.714	2.661.856.709	785.590.778
b) Cost of goods sold	118	7.814.172	3.272.165	33.004.473	11.015.611
c) Other external costs	119	117.253.528	30.145.004	101.608.149	29.448.769
3. Employees costs (121 do 123)	120	232.886.938	59.820.474	234.819.344	58.901.627
a) Net salaries and wages	121	145.820.680	37.432.017	148.331.714	37.532.113
b) Costs for taxes and contributions from salaries	122	52.831.890	13.599.153	54.294.272	13.578.241
c) Contributions on salaries	123	34.234.368	8.789.304	32.193.358	7.791.273
4. Depreciation	124	94.062.762	20.523.702	98.782.028	23.415.978
5. Other costs	125	86.197.728	25.091.668	78.363.642	23.922.642
6. Value adjustments (127+128)	126	4.969.385	4.606.377	8.610.915	8.432.151
a) of long-term assets (except for financial assets)	127	108.297	84.638	11.811	0
b) of short-term assets (except for financial assets)	128	4.861.088	4.521.739	8.599.104	8.432.151
7. Provisions	129	4.497.219	-12.842.781	6.833.065	6.833.065
8. Other operating expenses	130				
III. FINANCIAL REVENUES (132 do 136)	131	24.516.070	4.986.330	25.179.283	5.272.626
1. Interest, exchange rate fluctuations, dividends and similar from associated companies	132	29.766	5.190	344.822	229.500
2. Interest, exchange rate fluctuations, dividends and similar from non-associated companies and others	133	24.486.304	4.981.140	24.041.676	5.089.787
3. Part of revenue from associated companies and participating interests	134				
4. Unrealised gains (revenues) from financial assets	135			792.785	-46.661
5. Other financial revenues	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	55.925.003	12.987.534	51.044.950	12.288.417
1. Interest, exchange rate fluctuations and other costs with associated	138	227.068	67.704	311.997	82.427
2. Interest, exchange rate fluctuations and other costs with non-associated companies	139	53.659.345	10.881.240	50.732.953	12.205.990
3. Unrealised losses (costs) from financial assets	140	2.038.590	2.038.590		
4. Other financial expenses	141				
V. PORTION IN PROFIT OF ASSOCIATED COMPANIES	142	80.474	80.474		
VI. PORTION IN LOSS OF ASSOCIATED COMPANIES	143				
VII. EKSTRAORDINARY - OTHER REVENUES	144				
VIII. EKSTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL REVENUES (111+131+142 + 144)	146	2.969.649.519	715.570.593	3.030.080.076	911.163.621
X. TOTAL EXPENSES (114+137+143 + 145)	147	2.861.824.337	722.218.995	3.208.049.992	950.547.255
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	107.825.182	-6.648.402	-177.969.916	-39.383.634
1. Profit before taxation (146-147)	149	107.825.182	0	0	0
2. Loss before taxation (147-146)	150	0	6.648.402	177.969.916	39.383.634
XII. PROFIT TAX	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	107.825.182	-6.648.402	-177.969.916	-39.383.634
1. Profit for the period (149-151)	153	107.825.182	0	0	0
2. Loss for the period (151-148)	154	0	6.648.402	177.969.916	39.383.634

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	107.825.182	-6.648.402	-177.969.916	-39.383.634
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	107.825.182	-6.648.402	-177.969.916	-39.383.634
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 01.01.2012. to 31.12.2012.

Petrokemija d.d.			
Position	AOP code	Previous year	Current year
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Cash increase from buyers	001	3.116.393.654	3.253.701.106
2. Cash increase from royalties, fees commissions and other	002		
3. Cash increase from insurance compensations	003	5.538.010	9.791.148
4. Cash increase from tax return	004	250.390.241	317.933.980
5. Other cash increase	005	7.348.958	3.834.347
I. Total increase of cash flow from operating activities (001 do 005)	006	3.379.670.863	3.585.260.581
1. Expenses to suppliers	007	2.959.086.260	3.099.786.127
2. Expenses for employees	008	269.722.252	259.338.542
3. Expenses for insurance compensations	009	15.347.627	14.698.097
4. Expenses for interest	010	29.431.695	25.627.780
5. Expenses for taxes	011	80.843.774	138.295.850
6. Other cash decrease	012	15.922.934	17.880.850
II. Total decrease in cash flow from operating activities (007 do 012)	013	3.370.354.542	3.555.627.246
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (006-013)	014	9.316.321	29.633.335
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	53.628	272.215
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	1.322.680	677.265
5. Other cash proceeds from investing activities	020		
III. Total cash inflow from investing activities (016 do 020)	021	1.376.308	949.480
1. Cash outflow for acquisition of non-current tangible and intangible assets	022	39.941.196	60.656.714
2. Cash outflow for acquisition of equity and debt financial instruments	023	206.940	24.273.071
3. Other cash outflows from investing activities	024		
IV. Total cash outflow from investing activities (022 do 024)	025	40.148.136	84.929.785
B1) NET CASH FLOW FROM INVESTING ACTIVITIES (021-025)	026	0	0
B2) NET CASH FLOW OUTFLOW FROM INVESTING ACTIVITIES (025-021)	027	38.771.828	83.980.305
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflows from issuance of equity and debt financial instruments	028		
2. Cash inflows from loan principals, debentures, credits and other borrowings	029	875.310.154	2.302.466.500
3. Other inflows from financial activities	030	324.909.719	808.905.757
V. Total cash inflow from financial activities (028 do 030)	031	1.200.219.873	3.111.372.257
1. Cash outflows for repayment of loan principal and bonds	032	903.828.114	2.233.188.722
2. Cash outflows for dividend payment	033		
3. Cash outflow for financial lease	034		
4. Cash outflows for buyback of own shares	035		
5. Other cash outflows from financial activities	036	280.919.391	817.948.971
VI. Total cash outflow for financial activities (032 do 036)	037	1.184.747.505	3.051.137.693
C1) NET CASH FLOW INCREASE FROM FINANCIAL ACTIVITIES (031-037)	038	15.472.368	60.234.564
C2) NET CASHFLOW DECREASE FROM FINANCIAL ACTIVITIES (037-031)	039	0	0
Total increase of cash flow (014 – 015 + 026 – 027 + 038 – 039)	040	0	5.887.594
Total decrease of cash flow (015 – 014 + 027 – 026 + 039 – 038)	041	13.983.139	0
Cash and cash equivalents at the beginning of the period	042	21.338.547	7.355.408
Increase of cash and cash equivalents	043		5.887.594
Decrease of cash and cash equivalents	044	13.983.139	
Cash and cash equivalents at the end of the period	045	7.355.408	13.243.002

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

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2012 to 31.12.2012

PETROKEMIJA d.d.			
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	-244.817.257	-136.992.075
5. Profit or loss for the year	005	107.825.182	-177.969.916
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	765.109.515	587.139.599
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, Plc.

In 2012, Petrokemija, Plc. had total actual income of HRK 3,030.1 million and total expense of HRK 3,208.1 million and the Company reported loss in business operations of HRK 178.0 million or 5.9% of the total revenues. Compared to 2011, the total annual income was up by 2.0%, and total expenses were up by 12.1%. The major part of this disparity was generated by the exceptional growth rates of natural gas.

Out of the total loss, HRK 152.1 million or 85.5% is loss from business operations, while HRK 25.9 million or 14.5% is loss from financial operations. The EBITDA indicator (earnings before interest, taxes, depreciation and amortization) is HRK 53.3 million in the negative.

In the reporting period, the operating income was 2.0% greater compared to 2011, despite the lower volume of sales. The total sales of fertilizers fell by 6.2% compared to the year before, which indicates the growth of the average actual sales prices, but at a level (under very strong competition) that could not cover the increase in costs.

Higher actual operating expenses compared to the year before were caused by the growth in input prices of raw materials, primarily natural gas. The average actual purchase price of gas in 2012 was 31.1% higher than in 2011, and as high as 71.0% compared to the comparable period of 2010 (cumulative growth). Such high growth rates of the basic raw material, which has a share of 57% in the total expenditures in the reporting period, could not be covered by measures to increase income and savings undertaken by the Management Board and this led to reporting the loss.

In addition to the high price of gas as the primary cause for the reported loss, the next most important is the impact of reduced volumes of production and sales, which contributed to the growth of fixed costs per unit of product, although in total these costs were approximately at the same level as in the previous year. Compared to the previous year, Petrokemija achieved a 10.2% drop in production in 2012 largely due to market reasons, in order to balance the dynamics of inventories and deliveries of fertilizers at an acceptable level, and partly due to unplanned production stoppages.

Natural gas, as the most important raw material is supplied in the domestic market under the so-called Russian formula based on the price of oil derivatives and gas price in US\$. In the period from September 2011 to September 2012, Petrokemija, Plc. was not included in the Government Decision on the limited gas prices for privileged consumers and in the regulatory part of the gas market the Company did not have the possibility of simultaneous gas purchase from multiple suppliers. Therefore, Petrokemija had to bear the heavy burden of the extreme growth of gas price which is greatly reflected in the Company financial loss in the reporting period. As a result of relevant Government decisions the on the regulation of the gas market in Croatia, Petrokemija was finally able to buy gas from multiple suppliers beginning with the third quarter of 2012. The gas volumes supplied at a lower price from a foreign supplier, E.ON Ruhrgas AG and Prvo plinarsko društvo d.o.o. (a gas company) from Vukovar, partially mitigated the cost impact which the Company was faced with during the reporting period.

Unfortunately, the previous contractual restrictions still prevent the Company to purchase significant gas quantities on the free market in 2013, so that only approximately 20% of the required volumes can be purchased on the free market. On 15 January 2013, Petrokemija signed a Contract on Supply of 130 million Sm³ of natural gas with Prvo plinarsko društvo d.o.o. Vukovar (on behalf of GAZPROM Schweiz AG).

At the time of preparation of these financial statements, Petrokemija are presently negotiating supplies and future cooperation with their current authorized dealer – Prirodni plin d.o.o from Zagreb, a company owned by INA Oil Industry, Plc. Zagreb.

Due to the market situation, some facilities had been halted in the second half of 2009 and this problem was carried over to the period of 2013. The crisis caused by disparity of in- and output prices in the carbon black market is still ongoing. Petrokemija is influenced by developments in the global market

...has caused over the period of 2011 the share caused by company of ... and ... prices in the carbon black market is still ongoing. Petrokemija is influenced by developments in the global market which gives space to significant potential price risks and financial fluctuations in 2013.

In addition to their own working capital, short-term bank loans and long-term loans from the Croatian Bank for Reconstruction and Development, Petrokemija secured their 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.

Because of the long collection of claims for fertilizers in the domestic market and the liquidity problems of domestic buyers due to their own lack of working capital, Petrokemija has been using factoring as a form of financing and debt collection in the agreed due payment period (with the obligation of the buyer to bear all costs and interest associated with the factoring).

In reporting the status of current assets (accounts receivable) and current liabilities (contingent recourse obligations to the factoring companies, in the event that the debtor fails to meet its obligation), Petrokemija as of 31 December 2012 included these claims in their Balance Sheet. In the Balance Sheet positions they are indicated in the current assets and liabilities in the amount of HRK 224.16 million. Compared with the balance on 31 December 2011, when these transactions were shown in the records outside the Balance Sheet, it significantly increased the level of assets and liabilities reported in these Balance Sheet positions, so this report presents comparable status (balance) of current assets and current liabilities on 31 December 2012 and 31 December 2011.

The future trends in financial results of Petrokemija, Plc. will be influenced by many factors. In addition to the gas price, which is set in the domestic market, the majority of future risk comes from the global environment, i.e. mainly through:

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

At the end of the second quarter, Petrokemija, Plc. bought 6,030 shares of Luka Šibenik (Port of Šibenik) Ltd. company business in the value of HRK 24,253,051. This has made Petrokemija become the owner of a total of 79.72% stake in the company.

Luka Šibenik is of strategic interest to Petrokemija's business because most raw materials are shipped from overseas and a significant portion of exports of finished product is delivered through the sea port in Šibenik.

At the time of preparation of this Report, the valuation of Luka Šibenik Ltd. is underway to determine the value of the goodwill of the Petrokemija share in the Luka Šibenik Company. The quantified effects of this assessment on the Petrokemija Group result (goodwill fair value and impairment test) will be published in the audited annual report for 2012 and the financial statements for the Petrokemija Group on 31.12.2012.

Attachment 1.

Reported period:

1.1.2012.

to

31.12.2012.

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: **2.481**
(at the end of the year)Consolidated Report: **YES**Code of NKD: **20.15**

Entities in consolidation (according to IFRS):

Registered seat:

Registration number (MB):

RESTORAN PETROKEMIJA d.o.o.**KUTINA****01335316****PETROKEMIJA d.o.o.****NOVI SAD****08754608****PETROKEMIJA d.o.o.****NOVO MESTO****12034614****LUKA ŠIBENIK d.o.o.****ŠIBENIK****03037525**

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.maric@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 31.12.2012.

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	761.842.755	769.196.966
I. INTANGIBLE ASSETS (004 do 009)	003	7.671.130	20.181.129
1. Expense for development	004		
2. Concessions, patents, licences, trade and service marks, software and other rights	005	5.696.483	7.541.608
3. Goodwill	006		8.595.323
4. Advances for intangible assets	007		
5. Intangible assets in progress	008	1.974.647	4.044.198
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 do 019)	010	739.879.901	736.523.101
1. Land	011	49.411.757	49.482.153
2. Buildings	012	305.696.063	291.532.789
3. Plant and equipment	013	354.712.044	322.709.000
4. Tools, plant inventory and transportation assets	014	12.656.327	13.526.223
5. Biological assets	015		
6. Advances for tangible assets	016	3.081.885	3.020.898
7. Tangible assets in progress	017	13.828.060	55.752.053
8. Other tangible assets	018	493.765	499.985
9. Investments in real estates	019		
III. LONG-TERM FINANCIAL ASSETS (021 do 028)	020	14.291.724	12.367.533
1. Investments (shares) in related companies	021		
2. Loans given to related companies	022		
3. Participating interest (shares)	023	10.766.762	11.559.546
4. Loans given to companies with participating interest	024		
5. Investment in securities	025		
6. Loans given, deposits and similar assets	026		
7. Other long-term financial assets	027		807.987
8. Investments accounted for using the equity method	028	3.524.962	
IV. TRADE RECEIVABLES (030 do 032)	029	0	125.203
1. Receivables from related companies	030		
2. Receivables for sales on loan	031		
3. Other receivables	032		125.203
V. DIFERRED TAX ASSETS	033		
C) SHORT-TERM ASSETS (035+043+050+058)	034	878.243.235	1.172.503.800
I. INVENTORIES (036 do 042)	035	653.884.464	663.118.778
1. Raw and other material	036	307.619.209	251.954.508
2. Work in progress	037	41.135.157	70.216.160
3. Finished products	038	300.391.370	333.852.838
4. Merchandise inventory	039	4.302.489	5.141.432
5. Advances for inventories	040	436.239	1.953.840
6. Long-term assets intended for sale	041		
7. Biological assets	042		
II. TRADE RECEIVABLES (044 do 049)	043	191.226.074	452.680.979
1. Receivables from related companies	044		
2. Receivables from customers (buyers)	045	147.738.558	152.184.130
3. Receivables from participating interest	046		
4. Receivables from employees and members	047	21.446	56.426
5. Receivables from state and other institutions	048	40.129.810	75.647.099
6. Other receivables	049	3.336.260	224.793.324
III. SHORT-TERM FINANCIAL ASSETS (051 do 057)	050	20.211.233	39.213.700
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	5.150.393	5.545.769
6. Loans given, deposits and similar assets	056	15.060.840	33.667.931
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	12.921.464	17.490.343
D) PREPAID EXPENSES AND ACCRUED INCOME	059	2.734.013	2.668.184
E) TOTAL ASSETS (001+002+034+059)	060	1.642.820.003	1.944.368.950
F) OFF BALANCE SHEET ITEMS	061	186.462.200	297.691.766

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	763.874.492	593.195.917
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 (deductable item)	068		
4. Statutory reserves	069		
5. Other reserve	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-244.715.097	-138.286.230
1. Retained earning	073		565.720
2. Loss carried forward	074	244.715.097	138.851.950
VI. PROFIT OR LOSS FOR THE BUSINESS YEAR (076-077)	075	106.487.999	-178.269.677
1. Profit for the year	076	106.487.999	
2. Loss for the year	077		178.269.677
VII. MINORITY INTEREST	078		7.650.234
B) PROVISIONS (080 do 082)	079	14.197.080	15.094.519
1. Provisions for pensions, severance pay and similar liabilities	080	12.112.252	13.126.437
2. Provisions for tax liabilities	081		
3. Other provisions	082	2.084.828	1.968.082
C) LONG-TERM LIABILITIES (084 do 092)	083	80.000.000	123.333.333
1. Liabilities to related companies	084		
2. Liabilities for loans, deposits and similar	085	80.000.000	123.333.333
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	781.285.161	1.208.771.801
1. Liabilities to related companies	094		
2. Liabilities for loans, deposits and similar	095	12.000.000	4.500.000
3. Liabilities to banks and other financial institutions	096	295.722.222	323.166.667
4. Liabilities for advances	097	25.990.680	61.021.489
5. Liabilities to suppliers	098	331.944.083	485.963.926
6. Liabilities for securities	099	81.176.464	82.000.000
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	13.650.046	14.247.067
9. Liabilities for taxes, contributions and other payments	102	9.968.720	12.367.916
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	10.832.946	225.504.736
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	3.463.270	3.973.380
F) TOTAL LIABILITIES (062+079+083+093+106)	107	1.642.820.003	1.944.368.950
G) OFF BALANCE SHEET ITEMS	108	186.462.200	297.691.766
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	763.874.492	585.545.683
2. Credited to minority interest	110		7.650.234

Note 1.: The appendix to the balance sheet i to be filled if consolidated financial statements are to be compiled.

PROFIT AND LOSS ACCOUNT
for the period 01.01.2012. to 31.12.2012.

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	2.948.347.687	709.619.375	3.030.113.063	919.700.527
1. Sales revenues	112	2.900.859.466	688.101.638	2.963.397.415	891.115.682
2. Other operating revenues	113	47.488.221	21.517.737	66.715.648	28.584.845
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	2.810.415.652	709.923.052	3.184.873.306	951.425.886
1. Changes in value of work in progress and finished products	115	-99.921.361	-59.457.862	-66.873.283	-9.301.783
2. Material costs (117 do 119)	116	2.485.225.745	671.326.626	2.802.869.988	833.504.616
a) Cost of raw and production materials	117	2.359.479.402	638.481.023	2.666.029.747	786.837.867
b) Cost of goods sold	118	9.355.617	2.784.821	45.213.593	22.633.186
c) Other external costs	119	116.390.726	30.060.782	91.626.648	24.033.563
3. Employees costs (121 do 123)	120	234.317.600	60.231.496	249.683.014	62.713.294
a) Net salaries and wages	121	146.963.099	37.764.983	158.169.610	40.102.741
b) Costs for taxes and contributions from salaries	122	53.029.909	13.652.675	57.404.510	14.354.570
c) Contributions on salaries	123	34.324.592	8.813.838	34.108.894	8.255.983
4. Depreciation	124	94.189.092	20.575.352	100.593.998	23.893.127
5. Other costs	125	87.132.072	25.477.944	83.127.294	25.323.101
6. Value adjustments (127+128)	126	4.975.285	4.612.277	8.610.915	8.432.151
a) of long-term assets (except for financial assets)	127	108.297	84.638	11.810	
b) of short-term assets (except for financial assets)	128	4.866.988	4.527.639	8.599.105	8.432.151
7. Provisions	129	4.497.219	-12.842.781	6.861.380	6.861.380
8. Other operating expenses	130				
III. FINANCIAL REVENUES (132 do 136)	131	24.614.144	5.084.405	27.723.039	7.235.906
1. Interest, exchange rate fluctuations, dividends and similar from associated companies	132			677	677
2. Interest, exchange rate fluctuations, dividends and similar from non-associated companies and others	133	24.614.144	5.084.405	26.929.577	7.281.890
3. Part of revenue from associated companies and participating interests	134				
4. Unrealised gains (revenues) from financial assets	135			792.785	-46.661
5. Other financial revenues	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	56.077.995	13.054.935	51.098.711	12.480.105
1. Interest, exchange rate fluctuations and other costs with associated companies	138			88.946	87.691
2. Interest, exchange rate fluctuations and other costs with non-associated companies	139	54.039.405	11.016.345	51.009.765	12.392.414
3. Unrealised losses (costs) from financial assets	140	2.038.590	2.038.590		
4. Other financial expenses	141				
V. PORTION IN PROFIT OF ASSOCIATED COMPANIES	142	80.474	80.474		
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	2.973.042.305	714.784.254	3.057.836.102	926.936.433
X. TOTAL EXPENSES (114+137+143 + 145)	147	2.866.493.647	722.977.987	3.235.972.017	963.905.991
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	106.548.658	-8.193.733	-178.135.915	-36.969.558
1. Profit before taxation (146-147)	149	106.548.658	0	0	0
2. Loss before taxation (147-146)	150	0	8.193.733	178.135.915	36.969.558
XII. PROFIT TAX	151	60.659	37.471	133.762	75.564
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	106.487.999	-8.231.204	-178.269.677	-37.045.122
1. Profit for the period (149-151)	153	106.487.999	0	0	0
2. Loss for the period (151-148)	154	0	8.231.204	178.269.677	37.045.122

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	106.487.999	-8.231.204	-177.971.568	-37.389.344
2. Credited to minority interest	156			-298.109	344.222
STATEMENT OF COMPREHENSIVE INCOME (to be completed by company obligated to apply IFRS)					
I. PROFIT OR LOSS OF THE PERIOD (= 152)	157	106.487.999	-8.231.204	-178.269.677	-37.045.122
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	106.487.999	-8.231.204	-178.269.677	-37.045.122
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	106.487.999	-8.231.204	-177.971.568	-37.389.344
2. Credited to minority interest	170			-298.109	344.222

CASH FLOW STATEMENT - Direct method

for the period 01.01.2012. to 31.12.2012.

The Group Petrokemija d.d.			
Position	AOP code	Previous year	Current year
1	2	3	4
CASH FLOW FROM PERATING ACTIVITIES			
1. Cash increase from buyers	001	3.116.393.654	3.253.701.106
2. Cash increase from royalties, fees commissions and other	002		
3. Cash increase from insurance compensations	003	5.538.010	3.834.347
4. Cash increase from tax return	004	250.390.241	317.933.980
5. Other cash increase	005	7.348.958	8.472.434
I. Total increase of cash flow from operating activities (001 do 005)	006	3.379.670.863	3.583.941.867
1. Expenses to suppliers	007	2.959.086.260	3.099.786.128
2. Expenses for employees	008	269.722.252	259.338.542
3. Expenses for insurance compensations	009	15.347.627	14.698.097
4. Expenses for interest	010	29.431.695	25.627.780
5. Expenses for taxes	011	80.843.774	138.295.849
6. Other cash decrease	012	14.813.333	17.880.850
II. Total decrease in cash flow from operating activities (007 do 012)	013	3.369.244.941	3.555.627.246
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (006-013)	014	10.425.922	28.314.621
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	53.628	272.215
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	1.322.680	677.265
5. Other cash proceeds from investing activities	020		
III. Total cash inflow from investing activities (016 do 020)	021	1.376.308	949.480
1. Cash outflow for acquisition of non-current tangible and intangible assets	022	39.941.196	60.656.715
2. Cash outflow for acquisition of equity and debt financial instruments	023	206.940	24.273.071
3. Other cash outflows from investing activities	024		
IV. Total cash outflow from investing activities (022 do 024)	025	40.148.136	84.929.786
B1) NET CASH FLOW FROM INVESTIN ACTIVITIES (021-025)	026	0	0
B2) NET CASH FLOW OUTFLOW FROM INVESTING ACTIVITIES (025-021)	027	38.771.828	83.980.306
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash infows from issuance of equity and debt financial instruments	028		
2. Cash inflows from loan principals, debentures, credits and other borrowings	029	875.310.154	2.302.466.500
3. Other inflows from financial activities	030	324.909.719	808.905.757
V. Total cash inflow from financial activities (028 do 030)	031	1.200.219.873	3.111.372.257
1. Cash outflows for repayment of loan principal and bonds	032	903.828.114	2.233.188.722
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	280.919.391	817.948.971
VI. Total cash outflow for financial activities (032 do 036)	037	1.184.747.505	3.051.137.693
C1) NET CASH FLOW INCREASE FROM FINANCIAL ACTIVITIES (031-037)	038	15.472.368	60.234.564
C2) NET CASHFLOW DECREASE FROM FINANCIAL ACTIVITIES (037-031)	039	0	0
Total increase of cash flow (014 – 015 + 026 – 027 + 038 – 039)	040	0	4.568.879
Total decrease of cash flow (015 – 014 + 027 – 026 + 039 – 038)	041	12.873.538	0
Cash and cash equivalents at the begining of the period	042	25.795.002	12.921.464
Increase of cash and cash equivalents	043		4.568.879
Decrease of cash adn cash equivalents	044	12.873.538	
Cash and cash equivalents at the end of the period	045	12.921.464	17.490.343

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

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2012 to 31.12.2012

The Group Petrokemija d.d.			
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	-244.715.097	-138.286.230
5. Profit or loss for the year	005	106.487.999	-178.269.677
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		7.650.234
10. Total capital and reserves (AOP 001 do 009)	010	763.874.492	593.195.917
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	763.874.492	585.545.683
17 b. Creadited to minority interest	019		7.650.234

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, Ltd Kutina., Petrokemija, Ltd Novi Sad, Petrokemija, Ltd Novo Mesto and Luka Šibenik (Port of Šibenik) Ltd..

In 2012, Petrokemija Group had total actual income of HRK 3.057,8 million and total expense of HRK 3.236,0 million. The total annual income of Petrokemija Group was increased by 2.9% and total expenses were up by 12.9% on the same period of 2011. Out of the total loss, HRK 154.8 million or 86.9% is loss from business operations, while HRK 23.4 million, or 13.1% is loss from financial operations. The EBITDA indicator (earnings before interest, taxes, depreciation and amortization) is HRK 54.2 million in the negative.

In the reporting period, the operating income of Petrokemija Group, was 2.8% greater compared to 2011, despite the lower volume of sales. The total sales of fertilizers decreased by 6.2% compared to the previous year, which indicates the growth of the average actual sales prices, but at a level (under very strong competition) that could not cover the increase in costs.

Higher actual operating expenses compared to the previous year reflect the growth in input prices of raw materials, primarily natural gas. The average actual purchase price of gas in 2012 was 31.1% higher than in 2011, and as high as 71.0% compared to the comparable period of 2010 (cumulative growth). Such high growth rates of the basic raw material, which has a share of 57% in the total expenditures in the reporting period, could not be covered by measures to increase income and savings, undertaken by the Management Board and this led to reporting the loss.

In addition to the high price of gas as the primary cause for the reported loss, the next important is the impact of lower volumes of production and sales, which contributed to the growth of fixed costs per unit of product, although in total these costs are approximately at the level of the previous year. Compared to the year before, in 2012 Petrokemija had a 10.2% drop in production largely due to market reasons, in order to balance the dynamics of inventories and deliveries of fertilizers at an acceptable level, and partly due to unplanned production stoppages.

Natural gas, as the most important raw material is supplied in the domestic market under the so-called Russian formula based on the price of oil derivatives and gas price in US\$. In the period from September 2011 to September 2012, Petrokemija, Plc. was not included in the Government Decision on the limited gas prices for privileged consumers and in the regulatory part of the gas market the Company did not have the possibility of simultaneous gas purchase from multiple suppliers. Therefore, the extreme growth of gas price is greatly reflected in the Company financial loss in the reporting period. On the basis of relevant decisions of the Government on the regulation of the gas market in the Republic of Croatia, Petrokemija was finally able to buy gas from multiple suppliers starting as of the third quarter of 2012. The gas volumes supplied at a lower price from a foreign supplier, E.ON Ruhrgas AG and Prvo plinarsko društvo, Ltd. (Gas Company) Vukovar, partially mitigated the cost impact which the Company was faced with during the reporting period.

Unfortunately, previous contractual restrictions still prevent the Company to purchase significant gas quantities on the free market in 2013, so that approximately only 20% of the total required volumes can be purchased on the free market. On 15 January 2013, Petrokemija signed a Contract on Supply of 130 million Sm³ of natural gas with Prvo plinarsko društvo, Ltd. Vukovar (on behalf of GAZPROM Schweiz AG) yesterday..

At the time of preparation of these financial statements, Petrokemija are presently negotiating the current supplies and future cooperation with their current authorized dealer – Prirodni plin d.o.o from Zagreb, a company owned by INA Oil Industry, Plc. Zagreb.

Due to the market situation, some facilities had been halted in the second half of 2009 and this problem

Due to the market situation, some facilities had been halted in the second half of 2009 and this problem was carried over into the period of 2013. The crisis caused by disparity of in- and output prices in the carbon black market is still ongoing. Petrokemija is influenced by developments in the global market which gives space to significant potential price risks and financial fluctuations in 2013.

In addition to their own working capital, short-term bank loans and long-term loans from the Croatian Bank for Reconstruction and Development, Petrokemija secured their 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.

Because of the long collection of claims for fertilizers in the domestic market and the liquidity problems of domestic buyers due to their own lack of working capital, Petrokemija, Plc. has been using factoring as a form of financing and debt collection in the agreed due payment period (with the obligation of the buyer to bear all costs and interest associated with the factoring).

In reporting the status of current assets (accounts receivable) and current liabilities (contingent recourse obligations to the factoring companies, in the event that the debtor fails to meet its obligation), Petrokemija as of 31 December 2012 included these claims in its Balance Sheet. In the Balance Sheet positions they are indicated in the current assets and liabilities in the amount of HRK 224.16 million. Compared with the balance on 31 December 2011, when these transactions were shown in the records outside the Balance Sheet, this significantly increased the level of assets and liabilities reported in these Balance Sheet positions, so this report presents comparable status (balance) of current assets and current liabilities on 31 December 2012 and 31 December 2011.

The future trends in financial results of Petrokemija Group will be influenced by many factors. In addition to the gas price, which is set in the domestic market, the majority of future risk comes from the global environment, i.e. mainly through:

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

At the end of the second quarter, Petrokemija, Plc. bought 6,030 shares of Luka Šibenik (Port of Šibenik) Ltd. company business in the value of HRK 24,253,051. This has made Petrokemija, Plc. become the owner of a total of 79.72% stake in the company.

Luka Šibenik is of strategic interest to Petrokemija's business because most raw materials are shipped from overseas and a significant portion of exports of finished product is delivered through the sea port in Šibenik.

At the time of preparation of this Report, the valuation of Luka Šibenik Ltd. is underway to determine the value of the goodwill of the Petrokemija, Plc. share in the Luka Šibenik Company. In the audited Annual Report for 2012 and the financial statements for the Petrokemija Group the quantified effects of this assessment on the Petrokemija Group result (goodwill fair value and impairment test) as of 31 December 2012 will be published.