

QUARTERLY REPORT

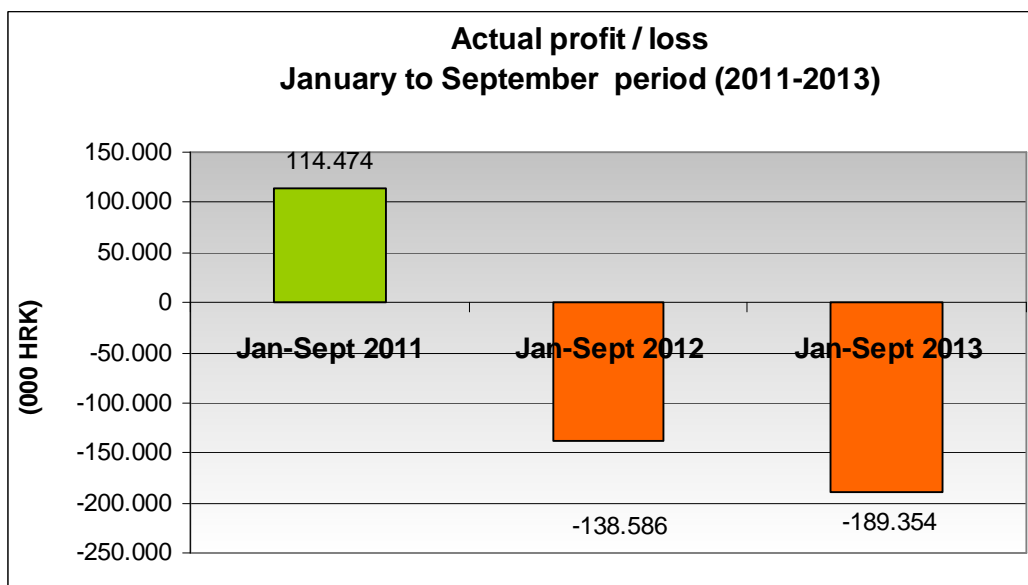
PETROKEMIJA d.d. KUTINA

PETROKEMIJA GROUP

REPORT FOR PERIOD January to September 2013

INTERIM REPORT FOR PERIOD July to September 2013

- Actual production 804 and sales 752 thousand tons of fertilizers;
- Actual total income of Petrokemija, Plc. HRK 1,859.7 million; Petrokemija Group HRK 1,871.5 million;
- Actual loss of Petrokemija, Plc. HRK 189.4 million (10.2% of total revenues); Petrokemija Group HRK 190.6 million;
- Invested funds in Petrokemija, Plc. HRK 54.9 million;
- Number of employees of Petrokemija, Plc. 2,288; Petrokemija Group 2,468.



MANAGEMENT BOARD REPORT ON THE COMPANY STATUS FOR January – September 2013 PERIOD

1. ACTUAL FINANCIAL RESULTS OF PETROKEMIJA, Plc.

In the January to September period of 2013, Petrokemija, Plc. had total actual income of HRK 1,859.7 million and total expense of HRK 2,049.1 million; thus the Company reported loss in business operations of HRK 189.4 million or 10.2% of the total revenues. For the first three-quarters of 2013, the total income was by 12.2% lower and the total expense by 9.2% lower on the same period of 2012.

The major part of this disparity was generated by a decline in demand for fertilizers in the global and regional markets and the associated decline in fertilizer prices. Less achievement in domestic market reflects the general poor state of agriculture, increase of competition, the reduction and delay in payment of state subsidies, and adverse weather conditions for spring sowing. The reporting period was characterized by a general downward trend in the purchase prices of raw materials and sales prices of fertilizers. The price of gas in this general trend is an isolated phenomenon and is influenced by specific factors in the Croatian gas market and Petrokemija's position as one of the two largest customers in the still relatively undeveloped domestic gas market.

Due to the lower sales, there were higher fixed costs per unit of product and loss in the first half of operations. Additional adverse impacts on business in the first half of 2013 were the expenses for the annual fertilizer facilities overhaul carried out in January and the impact of a part of stocks carried over from 2012.

After 68.1 million loss in the first half of 2013, in the third quarter the loss was increased to HRK 121.3 million, while the EBITDA was by HRK 89.1 million negative. Compared with the same period last year, the loss in the third quarter of 2013 was by HRK 30.3 million heavier.

During the third quarter of 2013, there was a simultaneous action of several factors that have had a negative impact on the financial results of Petrokemija. In the same period there was a further fall of prices of finished products in the global fertilizer market by five to ten percent and for some products even lower.

This has had a cumulative effect with a pronounced seasonal decline in demand in the summer months in the domestic market and the wider region, so that the losses exceeded the level of the previous dynamic estimates. At the same time, prices of a large number of raw materials used in the manufacture of fertilizers were falling, all except for natural gas, which had a fixed price, so that the positive effect of new raw material supplies can be expected only in the fourth quarter.

It should be noted that, regardless of the business activities of the Company, when the prices in the market keep continually falling for a longer period, a third negative effect appears – wholesalers withdraw from purchase and farmers delay the purchase of fertilizer to the end-point of application.

An additional negative effect on the drop in demand was a decrease in prices of basic agricultural products and the lack of funding for farmers. It was the result of the lower yields due to drought in previous years, and long-term adverse circumstances of agricultural production in the food production value chain.

As it was impossible to withdraw from buying the previously agreed purchase of raw materials, primarily natural gas, and to maintain production continuity and liquidity during the

period, Petrokemija was forced to sell substantial volumes of fertilizer to distant markets on which poor financial results are performed due to lower prices and high transportation costs. Low fertilizer prices are partly the result of continuous and long-term global imbalance of supply and demand, but also of the market pressure from major world manufacturers, whose share in some markets may affect the creation of market conditions, because they have their own sources of cheap raw materials. An example of such a market imbalance is the disproportion between the current price of natural gas in Europe and the price of Urea and CAN nitrogen fertilizers. In considering the overall market position of the Company in the current year, it should be taken into account that the price of natural gas in Croatia is still higher than the average market price of gas in Europe, and the fact that nitrogen fertilizers, Urea and CAN, have a dominant share (approximately 70 % of the total sales volume) in the total market potential of Petrokemija.

All this has resulted in high growth of losses in the third quarter of 2013, to a level of HRK 121.3 million, while in the same period of the previous year the losses were HRK 91.0 million. In the fourth quarter, the Management of Petrokemija is undertaking comprehensive cost-cutting measures and rationalization of raw materials and energy costs, and it is estimated that the operating loss in the fourth quarter will be at a lower level than in the third quarter of 2013.

The total annual loss could be increased by single items of non-current and current assets write-off, which will potentially be shut down permanently, about which final decision has not been taken yet, as well as severance costs for the employees who will be leaving the Company under the restructuring program.

In the reporting period, the operating income was 12% lower compared to the same period of 2012, mostly due to the lower volumes of sales and partly because of fertilizer price drop in the world and regional markets. The total sales of fertilizers fell by 5.2% compared to the same period of the year before.

Lower actual operating expenses compared to the year before were caused by the lower sales and lower average input prices of raw materials. There was a slight decline in purchase prices of key raw materials, and for natural gas this phenomenon was even somewhat more pronounced. **The average actual purchase price of gas in the first three quarters of 2013, after a long period of constant increase trend, was 12.7% lower than in the same period of the year before, but still 21.4% higher than in the comparable period of 2011.**

In addition to reduction of the sales volumes and the decline in sales prices, as the underlying cause for loss, the next in importance is the impact of spending of the intermediary products supplies, particularly ammonia, which were produced in 2012 at higher gas price rates. The actual share of fixed costs in the total costs was lower than the previous year, which was not enough to offset the impact of lower actual sales volumes. This affected the growth of fixed costs per unit of product. In the nine months of 2013, Petrokemija achieved approximately the same overall level of production (index 101.7) as in the same period last year, but with the change in the product structure - CAN production was increased by six percent, and the production of NPK fertilizers was reduced.

The income from domestic sales in the nine months of 2013 decreased by 10% and the income from export sales decreased by 13.1% in comparison with the year 2012.

The EBITDA indicator (earnings before interest, taxes, depreciation and amortization) is HRK 91.9 million in the negative. The EBITDA for the same period of 2012 was HRK 44.4 million in the negative.

(HRK 000)

	Jan-Sept 2013	Jan-Sept 2012	Difference	% change
Operating income	1.846.662	2.099.010	-252.348	-12,02%
Operating expense	2.010.470	2.218.746	-208.276	-9,39%
EBITDA *	-91.898	-44.370	-47.528	107,12%
Amortization	71.910	75.366	-3.456	-4,59%
Net financial income (expenses)	-25.546	-18.850	-6.696	35,52%
Net extraordinary income (expenses)	0	0	0	
Profit / loss / before taxation	-189.354	-138.586	-50.768	36,63%
		31 Dec 2012		
Non-current assets	748.313	767.586	-19.273	-2,51%
Current assets	1.185.632	1.165.006	20.626	1,77%
Shareholders' equity	574.790	577.937	-3.147	-0,54%
Non-current liabilities	138.541	138.410	131	0,09%
Current liabilities	1.220.614	1.216.245	4.369	0,36%

* EBITDA= profit before interest, taxation depreciation and amortization

Out of the total loss, HRK 163.8 million or 86.5% is loss from business operations, while HRK 25.5, or 13.5% is loss from financial operations.

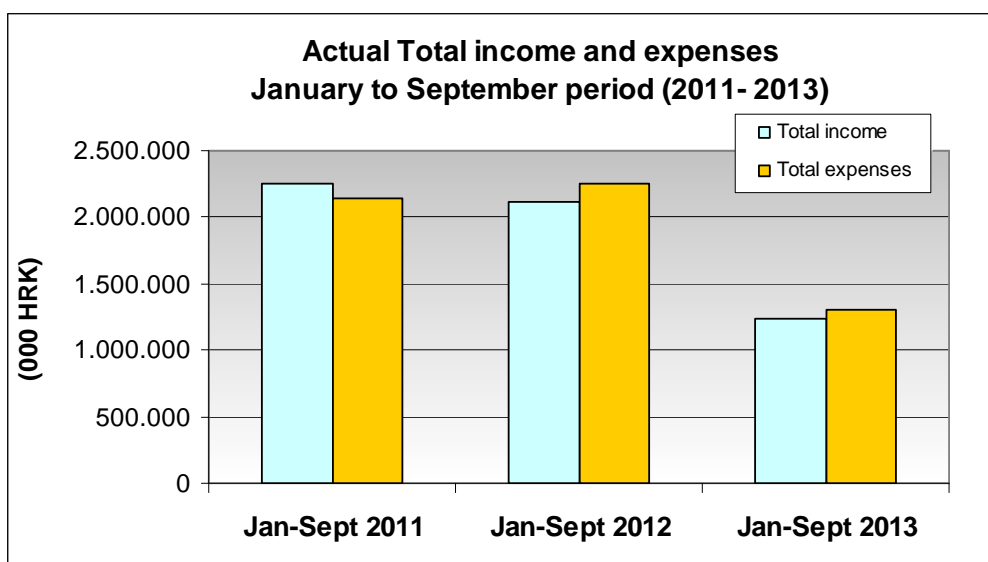
During the nine months of 2013, a significant share of export sales was continued, in order to ensure positive effects on the financial result, fill in the capacity, ensure continuity of production, and maintain the liquidity. The volumes of exported fertilizer were 533 thousand tons (2.5% less than in the comparable period of 2012) and actual income from foreign markets amounted to EUR 155 million. The increase of fertilizer sales in the region is one of the key commitments of the long-term sales strategy.

Financial indicators for the first half, the third quarter and cumulative period of the three quarters of 2013:

	Jan- Jun 2013	Jul- Sept 2013	Jan- Sept 2013
Operating income	1.225.981	620.681	1.846.662
Operating expense	1.276.301	734.169	2.010.470
EBITDA *	-2.817	-89.081	-91.898
Amortization	47.503	24.407	71.910
Net financial income (expenses)	-17.765	-7.781	-25.546
Net extraordinary income (expenses)	0	0	0
Profit / loss / before taxation	-68.085	-121.269	-189.354

* EBITDA= profit before interest, taxation depreciation and amortization

In the period July - September 2013, Petrokemija, Plc. had total actual revenues of HRK 624.3 million, total expenses of HRK 745.6 million and reported an operating loss of HRK 121.3 million or 19.4% of the total revenues. The increase in loss as compared to the second quarter may be partly attributed to a seasonal occurrence in the region, but the bulk of the negative effect was caused by the fall in prices of nitrogen fertilizers, Urea and CAN, in the world market.



For a part of raw materials and products the improvement of market position is still uncertain. In order to mitigate the effects of high gas prices, a compromising solution was found in 2013. This negative impact had a major influence on the business in 2012. For 2013, an Annex was signed to the existing contract with Prirodni plin Ltd. Zagreb.

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 fourth quarter of 2013. The risks involved in the plants standstill, could be those of possible future cost of dismantling the facilities and land rehabilitation in accordance with environmental standards.

The Company Management Board estimates that the final closure and dismantling of the facilities 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)

P O S I T I O N	Petrokemija, Plc. Jan-Sept 2013	Petrokemija, Plc. Jan-Sept 2012
Total operating income	1.846.662	2.099.010
Total operating expenses	2.010.470	2.218.746
PROFIT / LOSS FROM ORDINARY ACTIVITIES	-163.808	-119.736
Total financial income	13.048	19.907
Total financial expenses	38.594	38.757
PROFIT / LOSS FROM FINANCIAL	-25.546	-18.850

POSITION	Petrokemija, Plc. Jan-Sept 2013	Petrokemija, Plc. Jan-Sept 2012
ACTIVITIES		
TOTAL INCOME	1.859.710	2.118.917
TOTAL EXPENSES	2.049.064	2.257.503
Profit/loss before taxation	-189.354	-138.586
Profit tax		
Profit/loss after taxation	-189.354	-138.586

BALANCE SHEET OF PETROKEMIJA, Plc.KUTINA

(HRK 000)

POSITION	Petrokemija, Plc. 30. 09. 2013	Petrokemija, Plc. 31.12. 2012
Total long-term assets	748.313	767.586
Total short-term assets	1.182.707	1.162.341
Prepaid costs and accrued income	2.925	2.665
TOTAL ASSETS	1.933.945	1.932.592
Total capital	574.790	577.937
Long-term liabilities	138.541	138.410
Total short-term liabilities	1.217.973	1.212.272
Accruals and deferred income	2.641	3.973
TOTAL LIABILITIES	1.933.945	1.932.592

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). This instrument of the Company short-term liquidity management based on sales of current assets, or part of the claims, has been applied to 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 debtors fail to meet their obligation), Petrokemija as of 30 September 2013 included these liabilities and receivables in its Balance Sheet. In the Balance Sheet positions they are indicated in the current assets and liabilities in the amount of HRK 287 million. In the of Cash Flow Statement inflows (receipts) for the collection of trade receivables through factoring are included in inflows from financial activities for the first three quarters of 2013 in the amount of HRK 430.8 million, while for the same period last year they amounted to HRK 387.5 million.

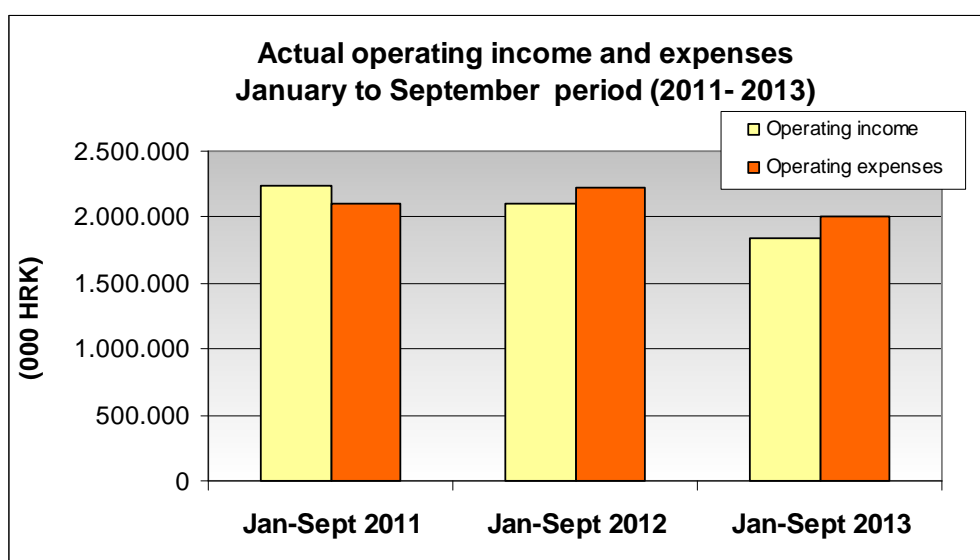
Overall, the Management Board believes that the realization of the potential risk of claims collections by Petrokemija for assigned claims to large customers in the domestic market through the so-called mechanism for recourse factoring, does not seem likely. This assessment is based on the past experience - 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 20% (by Petrokemija's assessment) with a portion of those products not normally produced by Petrokemija.

The Company used the fertilizer production standstill in January 2013 for the planned annual facilities overhaul. Natural gas as the most important raw material is supplied to the domestic market under contracts with two suppliers. Unfortunately, the previous contractual restrictions still prevent the Company to purchase significant gas volumes 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 (on behalf of GAZPROM Schweiz AG).

In April 2013, an Annex to the Contract on Supply of Natural Gas, concluded with Prirodni plin d.o.o. from Zagreb, a company owned by INA Oil Industry, Plc. Zagreb was signed, by which terms of gas deliveries for 2013 have been revised and certain volumes contracted until the end of 2014. The price of natural gas for 2013 was contracted on a fixed level and denominated in USD.

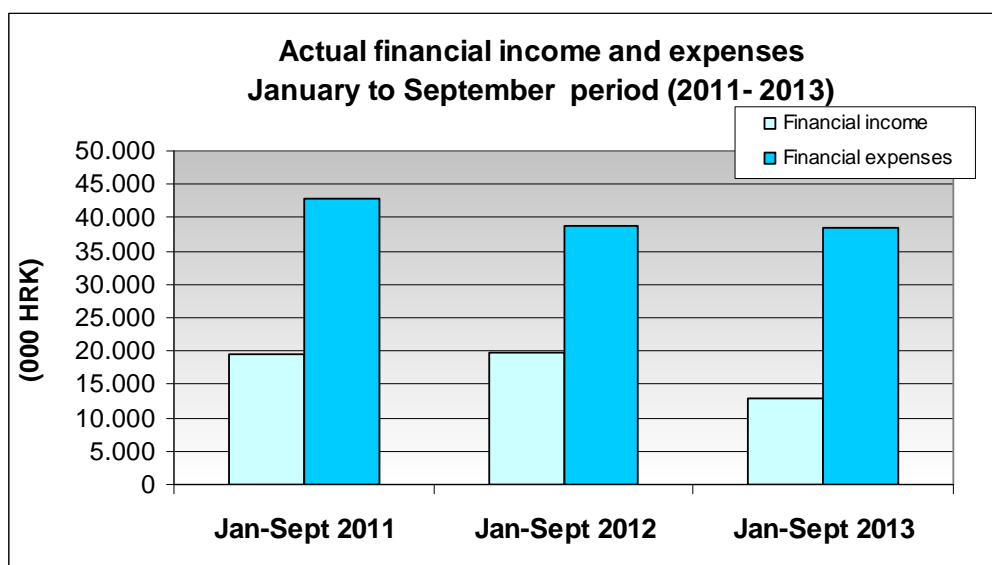
At the time of this financial report, the Company is trying to find a solution for potential reduction of the purchase price of natural gas in the future, and is considering options of occasional stopping of individual plants.



Financial income was HRK 6.9 million or 34.5% lower, and financial expense HRK 0.2 million or 0.4% lower than in the same period of the previous year. The HRK 25.5 million losses from financial activities were HRK 6.7 million heavier than in the same period of the year before. Foreign exchange gains accounted for 57.3% and income from interest and other financial income for 42.7% share in the financial income. Foreign exchange losses have 17.5% share in financial expenses, while 82.5% is made up of interest. The gain as per exchange differences was HRK 0.7 million or 2.8% of the actual loss from financial operations. Although the interest rates were lower than in the previous period, due to high debt levels, the interest costs were 20.5% higher than in the same period of the previous year.

During the preparation of this financial report there are ongoing activities aimed at the Company recapitalization. In the wider area, there is a risk of deterioration of the Croatian credit rating and the unresolved financial crisis in the Eurozone, which can be indirectly transferred to financing conditions of the Company.

Since 2009, Petrokemija has been implementing issuing commercial papers program through Privredna Banka Zagreb to provide for short-term working capital. The so-far existing frame up to HRK 100 million was increased to 200 million in July of this year. 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 and 2014 will depend on the cost of other sources of funding at the time of their maturity and other borrowing options.



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-Sept 2013 is as follows:

- | | | |
|------------------------|-----|-----------------|
| • Total income | HRK | 1,871.5 million |
| • Total expenses | HRK | 2,062.1 million |
| • Loss before taxation | HRK | -190.6 million |

The EBITDA indicator (earnings before interest, taxes, depreciation and amortization) is HRK 92.0 million in the negative.

In the reporting period, one daughter company was operating at a loss - Luka Šibenik, Ltd, which reported a loss of HRK 2.9 million. Luka Šibenik (Port of Šibenik) reported a loss due to the small turnover and high fixed costs.

Business results of daughter companies:

(HRK 000)

POSITION	Actual Jan-Sept 2013	Actual Jan-Sept 2012	Ind 2/3
1	2	3	4
RESTORAN PETROKEMIJA, Ltd.			
TOTAL INCOME	1.666	1.519	109,7
TOTAL EXPENSES	1.500	1.518	98,8
GROSS PROFIT /LOSS	166	1	16600,0
PETROKEMIJA Novi Sad, Ltd.			
TOTAL INCOME	93.856	89.846	104,5
TOTAL EXPENSES	92.432	89.264	103,5
GROSS PROFIT	1.424	582	244,7
PETROKEMIJA Novo Mesto, Ltd.			
TOTAL INCOME	441	491	89,8
TOTAL EXPENSES	435	487	89,3
GROSS PROFIT	6	4	150,0
LUKA ŠIBENIK, Ltd.*			
TOTAL INCOME	12.837	13.415	95,7
TOTAL EXPENSES	15.721	16.582	94,8
GROSS PROFIT	-2.884	-3.167	91,1

*in period Jan-Mar 2012 Luka Šibenik, Ltd. was not a member of the Petrokemija Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(HRK 000)

POSITION	Petrokemija Group Jan-Sept 2013	Petrokemija Group Jan-Sept 2012
Total operating income	1.858.327	2.110.413
Total operating expenses	2.023.627	2.233.447
PROFIT/LOSS FROM ORDINARY ACTIVITIES	-165.300	-123.034
Total financial income	13.207	20.487
Total financial expenses	38.549	38.619
PROFIT/LOSS FROM FINANCIAL ACTIVITIES	-25.342	-18.132

POSITION	Petrokemija Group	
	Jan-Sept 2013	Jan-Sept 2012
TOTAL INCOME	1.871.534	2.130.900
TOTAL EXPENSES	2.062.176	2.272.066
Profit/Loss before taxation	-190.642	-141.166
Profit tax	0	58
Profit/Loss after taxation	-190.642	-141.224
Comprehensive Profit/Loss for the period		
Credited to parent company capital owners	-190.057	-140.582
Credited to minority interest	-585	-642

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – third quarter 2013

(HRK 000)

POZICIJA	Petrokemija Group		
	Jan-Jun 2013	Jul-Sept 2013	Jan-Sept 2013
Total operating income	1.227.377	630.950	1.858.327
Total operating expenses	1.280.548	743.079	2.023.627
PROFIT/LOSS FROM ORDINARY ACTIVITIES			
Total financial income	-53.171	-112.129	-165.300
Total financial expenses	9.646	3.561	13.207
PROFIT/LOSS FROM FINANCIAL ACTIVITIES			
TOTAL INCOME	-17.583	-7.759	-25.342
TOTAL EXPENSES	1.237.023	634.511	1.871.534
Profit/Loss before taxation	1.307.777	754.399	2.062.176
Profit tax			
Profit/Loss after taxation	-70.754	-119.888	-190.642

CONSOLIDATED BALANCE SHEET

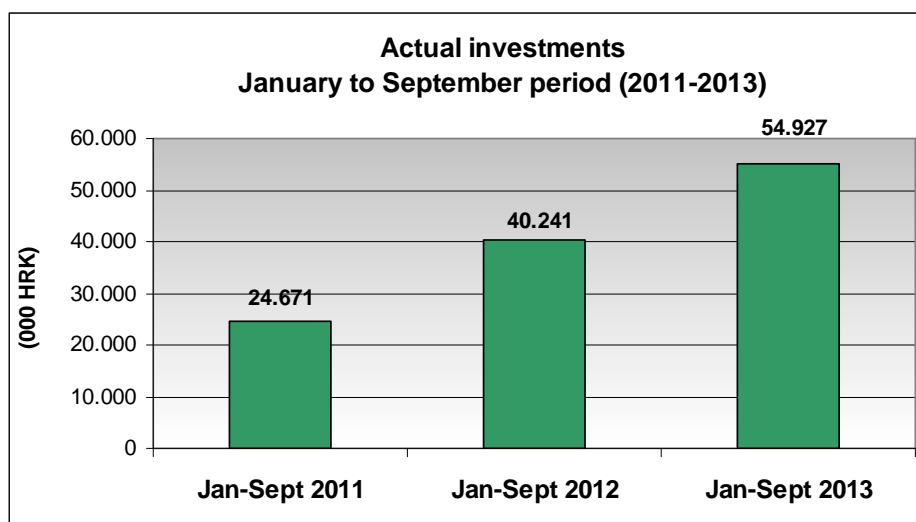
P O S I T I O N	(HRK 000)	
	Petrokemija Group 30.09. 2013.	Petrokemija Group 31. 12. 2012.
Total long-term assets	730.303	749.050
Total short-term assets	1.208.795	1.184.011
Prepaid costs and accrued income	2.954	2.709
TOTAL ASSETS	1.942.052	1.935.770
Total capital	579.735	584.299
Long-term liabilities	140.156	138.428
Total short-term liabilities	1.219.520	1.209.069
Accruals and diferred income	2.641	3.974
TOTAL LIABILITIES	1.942.052	1.935.770

Notes and quantifications relating to the indicated positions of current assets and current liabilities of the Petrokemija, Plc. parent company as of 30 September 2013 also apply to the financial statements of the Petrokemija Group.

The planned key business objectives of Petrokemija, Plc. and Petrokemija Group for the year 2013, (it primarily refers to the profits in operations), were not realized for the first three-quarters 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 fourth quarter of 2013. Given the uncertainty of possible consumption in the region and the necessary export to more distant markets and those with lower domestic prices, the Management estimates that the Company will report a loss in business in the fourth quarter, but at a lower level than the third quarter of 2013.

3. INVESTMENTS

Actual investment in the first three quarters of 2013 amounted to HRK 54.9 million, approximately HRK 14.7 million or 36% over the previous year's amount. Despite limited funds in 2013, the level of investments was increased as compared to the previous years.



The investment activities in 2013 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 make possible significant investments in their modernization and re-start or perhaps preserve them, shut-down and write-off and finally dispose of them in accordance with the local environmental requirements.

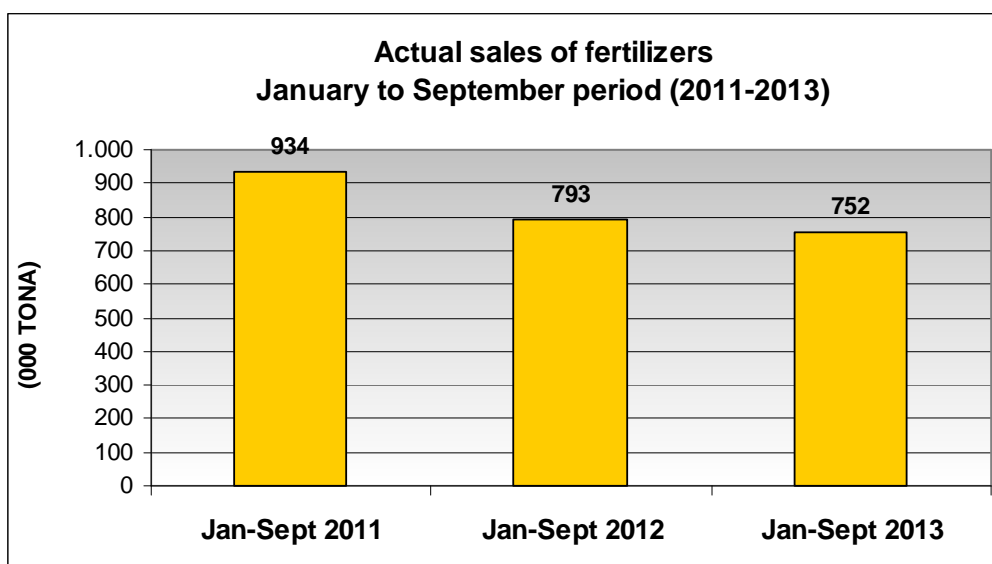
4. ACTUAL PRODUCTION AND SALES

Actual Production in the January to September 2013 period:

- **fertilizers** 804.2 thousand tons
- **clay-based and other products** 8.4 thousand tons

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

- **fertilizers** 751.5 thousand tons
- **clay-based and other products** 11.9 thousand tons



The actual total sales of fertilizers were 15.2% lower than in the same period of the previous year, with certain changes in the structure of the product range. The largest drop was recorded in the group of CAN fertilizer. Due to unfavorable weather conditions in the first quarter, the deliveries were aggravated and in the rest of the year the economic exhaustion of customers, resulted in the lower-than-planned sales. The sales of clay-based products were by 28.5% lower and those of liquid fertilizers and chemicals by 5.7% higher 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 and process reasons, there were no sales of carbon black.

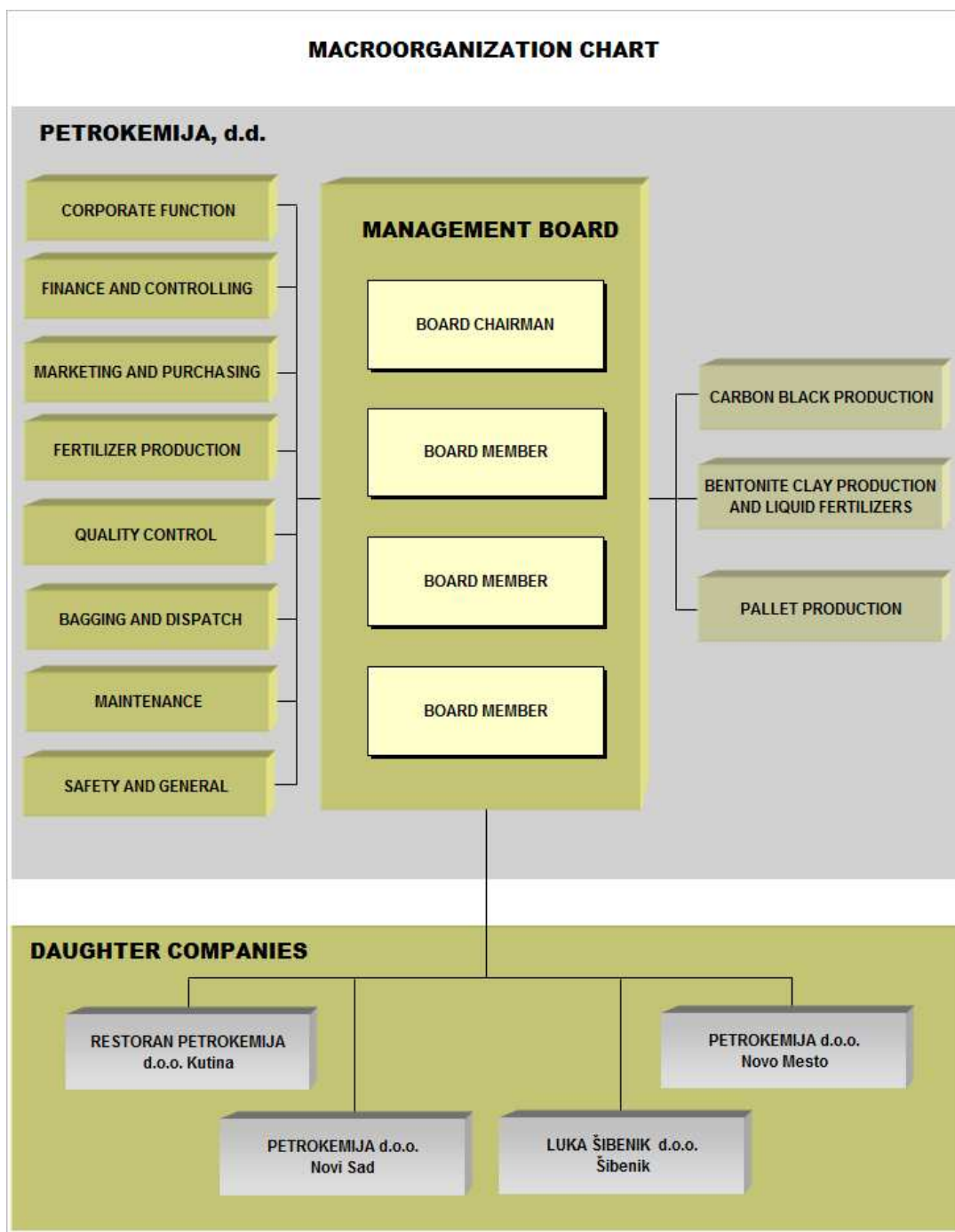
5. ORGANIZATION CHART AND HUMAN RESOURCES

In 2013, the organization chart of Petrokemija, Plc. was more or less the same as in the previous years. 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.

As of 30 September 2013, 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.

The procedure for closing down the Petrokemija, Ltd. Novo Mesto daughter company was initiated because there is no justification for continuing operations.



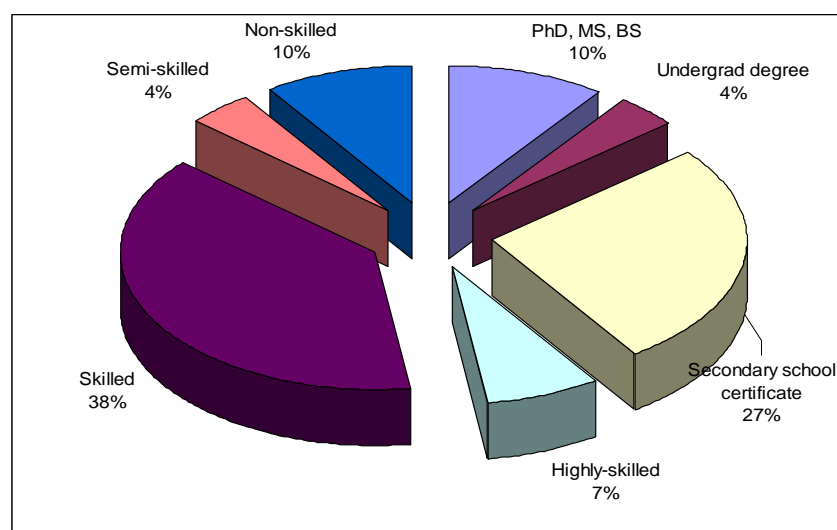
As of 30 September 2013, Petrokemija, Plc. had 2,288 employees and its daughter companies, members of the Petrokemija Group had 180 employees, which makes a total of 2,468 employees. The high qualification structure corresponds to the complexity of the production and other systems in place in the Company.

Changes in the Management and Supervisory Board:

- 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.

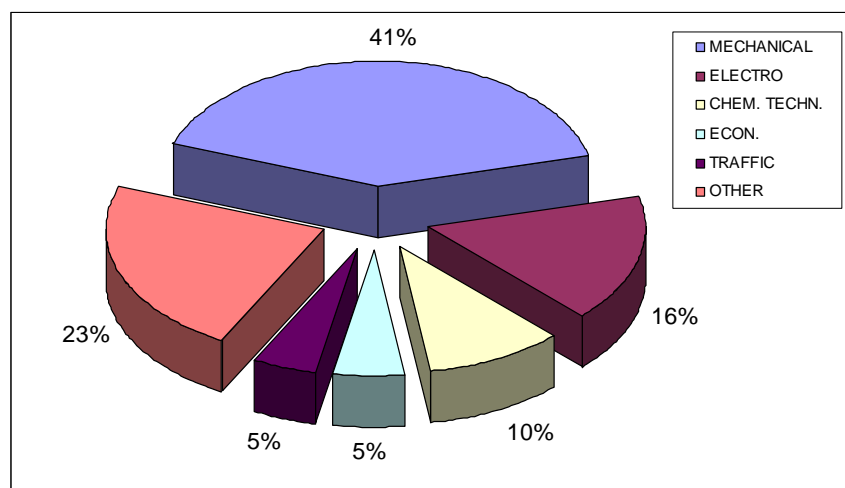
- At its meeting on February 4, 2013, the Company Supervisory Board issued a decision stating that the mandate of the Management Board members Tomislav Seletković, Antonija Perošević-Galović and Nenad Marinović terminated as of 14 February 2013. The Supervisory Board has appointed three members of the Petrokemija Management Board, as follows: Karlo Došen, Krešimir Kvaternik, and Žarko Rijetković. The mandate of the appointed members of the Management Board began on 15 February 2013 and will end on 14 February 2017.
- On 15 July, the General Assembly recalled Supervisory Board member, Mr. Ivan Nekvapl and appointed Mr. Tomislav Radoš as new Supervisory Board member.
- At the meeting of 6 September 2013, the Supervisory Board of Petrokemija, Plc. passed a decision on the mandate termination of Mr. Josip Jagušt as President and Mr. Žarko Rijetković as a Member of the Management Board. The Supervisory Board appointed Mr. Dragan Marčinko as the new President of the Board and Mr. Nenad Zečević as a Member of the Board of Petrokemija. The mandate of the appointed members of the Board is from 7 September 2013 to 6 September 2017.
- Member of the Supervisory Board of Petrokemija, Mr. Ivan Majstrović, gave his irrevocable resignation from membership in the Supervisory Board of the Company on 11 September 2013.
- At the Supervisory Board meeting of 30 September 2013, Mr. Tomislav Radoš was appointed President of the Supervisory Board of Petrokemija.

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:

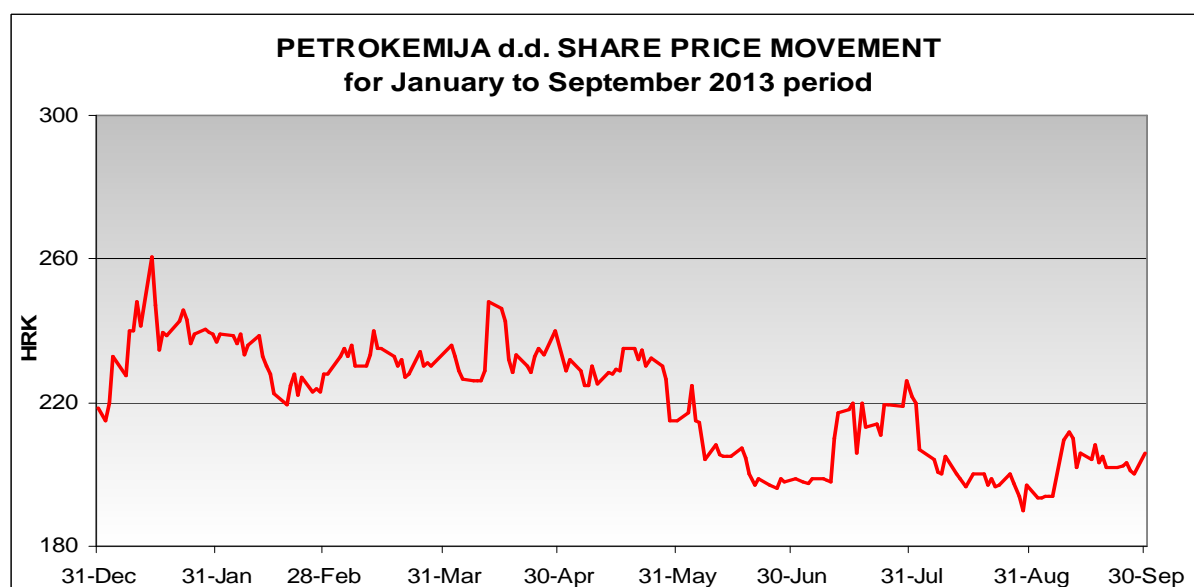


6. PETROKEMIJA, Plc. SHARE TRADING AND PRICE MOVEMENTS

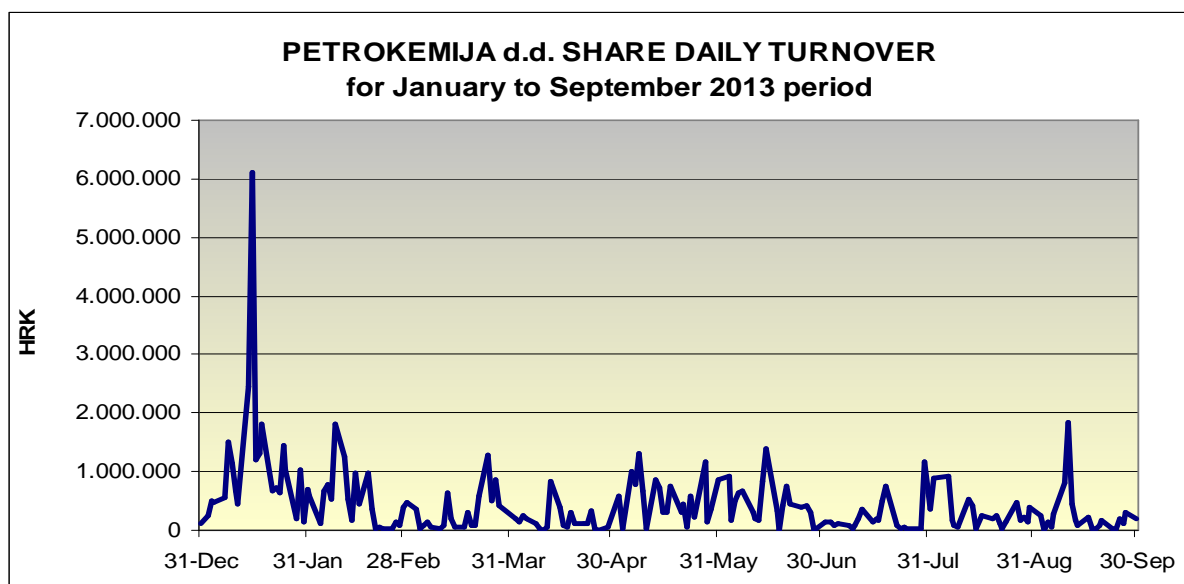
The share of Petrokemija, Plc. is quoted in the Official Zagreb Stock Exchange Market. The nominal value of share is HRK 270.00.

At the end of December 2012, Petrokemija's share value was HRK 214.45, while on 30 September 2013, its average price was HRK 202.93 (5.4% drop). The share turnover at the Zagreb Stock Exchange during the three quarters of 2013 was HRK 81.4 million (total amount in 2012 was HRK 179.6 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.

By decisions of the General Assembly of 15 July 2013, the nominal value of the share was reduced to HRK 170.00 and the process was initiated to increase the share capital, which is described in detail in sections 8.1. to 8.4. of this report.



Source: ZSE



Source: ZSE

7. ENVIRONMENTAL PROTECTION - JANUARY TO SEPTEMBER 2013 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 Petrokemija's production on environment are annually made in accordance with the regulations. What follows is a summary of actual indicators of environmental management for January to September 2013 period by main environmental aspects.

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

According to the data from 2012 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), i.e. without greenhouse gases and carbon monoxide (CO) from Petrokemija's technological processes, ammonia and nitrogen oxides 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 September 2013 period, the results of air quality monitoring at six local network measuring stations for the five pollutants (NH₃, SO₂, NO₂, H₂S and sediment), recorded exceeding of 24-hour limit for:

- ammonia in two cases at K2 measuring station and in one case at K3 measuring station but the number of recorded exceedings were not higher than number of permitted exceedances for 1st air quality category.

For all pollutants at all monitoring stations the air quality was 1st category (clean or slightly polluted air).

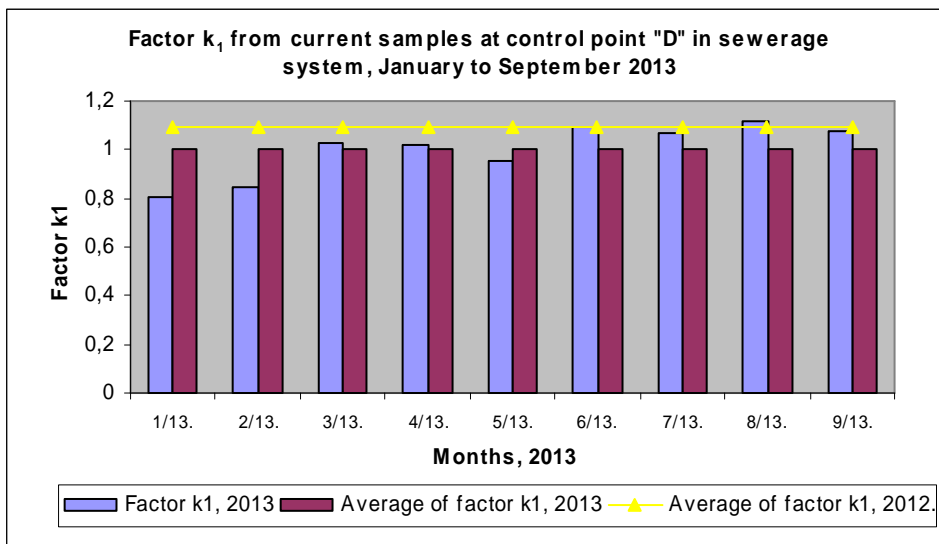
According to unofficial measuring results of the *Kutina-1* State-Established Monitoring Station for January to September 2013 period, the air quality was 1st category for all pollutants.

The available measuring data of pollutants of State established monitoring system *Kutina-1* in the reporting period are incomplete.

2. Water management

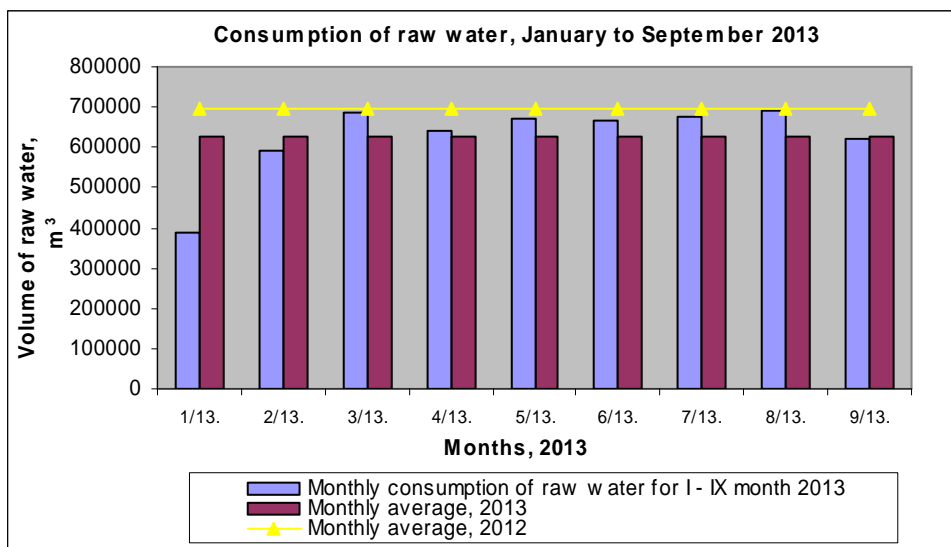
The average value of k_1 factor for the period from January to September 2013 is lower compared to average achieved in 2012. (Figure 1).

Figure 1.



In the January to September period of 2013, reduction of raw water consumption was achieved (Figure 2.).

Figure 2.



3. Waste management

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

8. MAIN FEATURES OF BUSINESS ACTIVITIES IN THE NEXT PERIOD

The 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 the rest of 2013 and the years to follow.

Long-term drought in the past two years has taken on the proportions of a natural disaster. In 2013, the impact of the floods early in the year is still uncertain and the associated delay in the dynamics of agricultural works on the yield of agricultural crops. The real opening and liberalization of the gas market in Croatia gives rise to slight optimism in terms of gas purchase price projections from the gas year 2014 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 and 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 continuing the consolidation of the Company business, for which initial

steps were made in the reporting period - the process of recapitalization, feasibility study of the Ammonia Plant modernization, etc.

8.1. GENERAL ASSEMBLY DECISIONS

The Annual General Meeting of 15 July passed important decisions affecting the future business of the Company, in particular - Decision on simplified reduction of the share capital, Decision to increase the share capital by cash deposits with partial exclusion of the pre-emptive rights of existing shareholders and Decision on approving the acquisition of shares without the obligation to publish a takeover bid. This has opened the process of recapitalization of the Company, as a prerequisite for the restructuring and a new investment cycle.

In accordance with the decisions adopted at the General Assembly of Petrokemija, Plc., held on 15 July 2013, the Commercial Court in Zagreb, Permanent Office in Sisak, on 19 July 2013, announced an entry of change in scope of activities, change of the Supervisory Board member, Decision on reduction of share capital, reduction of share capital and changes in the provisions of the Statute of Petrokemija, Plc.

8.2. COMPANY SHARE CAPITAL INCREASE

8.2.1. Commercial Court Decision on entry of share capital increase into Court Register

Pursuant to the Decision of the Commercial Court in Zagreb, Department in Sisak has, in line with the Decision of the Court, business entry number Tt-13/18911-4 of 14 October 2013, made an entry of Decision on Share Capital Increase and the share capital increase itself, as well as of amendments to the statute provisions of the subject registered as Petrokemija, Plc. Fertilizer Company, with headquarters in Kutina, Aleja Vukovar 4, into register entry with MBS (company registration number) 080004355.

Statute:

Pursuant to the authorization from paragraph 11, Decision of the Company General Assembly on Capital Increase of 15 July 2013, the Company Supervisory Board had adjusted the Statute provisions in a full – revised text, specifically Article 7 (share capital). The complete (revised) text of the Petrokemija Statute, which had been determined by the Company Supervisory Board, was submitted to the Commercial Court, to a document file attached to the application for entry of the Statute provisions amendments.

Changes in share capital:

In accordance with the Company General Assembly Decision of 15 July 2013, capital increase was conducted by subscription of new shares: the registered share capital amounting to HRK 567,989,890.00 was increased by HRK 186,206,100.00 to the amount of HRK 754,195,990.00. After the conducted capital increase by subscription of new shares, the individual nominal share value is HRK 170.00. The Company Management Board conducted the proceedings of the share capital increase.

8.2.2. Execution of the capital increase entry by CDCC

On 28 October 2013, pursuant to Art. 89, with reference to Art. 90, Paragraph 2 of Rules of the Central Depository and Clearing Company, Inc., Art. 532 of Instructions of the Central Depository and Clearing Company, Inc. (hereinafter: CDCC) and Decision Tt-13/18911-4 of

14 October 2013 issued by the Commercial Court in Zagreb, Department in Sisak, and put into effect in the court registry, CDCC registered the increase of the share capital of Petrokemija, Plc., Kutina (hereinafter: the Company), OIB 24503685008 (company identification number), in its information system.

At the General Meeting held on 15 July 2013, the Company passed a decision to increase the share capital. The Company's share capital was increased from HRK 567,989,890.00 by HRK 186,206,100.00 to the amount of HRK 754,195,990.00 by issuance of 1,095,330 ordinary shares marked PTKM-R-B, with a nominal value of HRK 170.00.

After the increase, the Company share capital amounts to HRK 754,195,990.00 and is divided into 3,341,117 ordinary shares marked PTKM-RA, with a nominal value of 170.00 HRK and 1,095,330 ordinary shares marked PTKM-RB, with a nominal value of HRK 170.00.

8.3. CHANGES IN PERCENTAGE OF VOTING RIGHTS OF REPUBLIC OF CROATIA

On 22 October 2013, Petrokemija, Plc. received the notification from the Center for Restructuring and Sale (CERP), the legal successor of the Agency for State Property Management and legal representative of Republic of Croatia, **of the decline of voting rights of the issuer, Petrokemija, Plc., below 50 %.**

In the process of share capital increase, based on Decision of the Company General Assembly of 15 July 2013, the Agency for State Property Management subscribed 252,900 shares of Petrokemija of HRK 170.00 nominal value and **as of now holds a total of 1,944,642 shares or 43.83 % of Petrokemija's voting rights.**

On 14 October 2013, Commercial Court in Zagreb issued a Decision on entry into the register of share capital increase.

8.4. FINANCIAL CONSULTANTS FOR A STRATEGIC PARTNER

At the time of preparation of these financial statements, the Management Board of Petrokemija, among the submitted bids, chose Societe Generale PLC, Paris as their financial consultants for the selection of a strategic partner.

9. SIGNIFICANT FINANCIAL RISKS IN 2013

The overall considerations of Petrokemija's business position in the remaining period of 2013 include a number of parameters whose impact is difficult to estimate. With regard to the present market situation, it is estimated that the company will sustain losses for the entire fiscal year. However, 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.
- Natural gas as the most important raw material is supplied at the domestic market under contracts with two suppliers. The price of gas for 2013 was agreed at a fixed level, expressed in USD. At the time of this report, activities are being conducted to potentially find more acceptable gas supply in the next period.

- On 15 January 2013, Petrokemija, Plc. concluded 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).
- 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. In April 2013, an Annex to the Contract on Supply of Natural Gas, concluded with Prirodni plin d.o.o. from Zagreb, a company owned by INA Oil Industry, Plc. Zagreb was signed, by which terms of gas deliveries for 2013 have been revised and certain volumes contracted until the end of 2014.
- The average actual purchase price of gas in the first three quarter of 2013, after a long period of constant increase trend, was 12.7% lower than in the same period of 2012, but still 21.4% higher than in the comparable period of 2011.
- The sales prices of fertilizers in the global markets continue to be influenced by cyclic and seasonal changes. During the reporting period, they had a falling trend, and at the time of writing this report they stagnated, and for some products they had a further decline.
- The fluctuations of raw material prices present so far in the world market, will have impact on material costs in the next period. In the reporting period they are in the process of decline or stagnation.
- 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 30 September 2013 reported these receivables and payables in the Balance Sheet amounting to of HRK 287 million. During the reporting period, these claims have been fully collected, as in previous 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 further decline in sales prices of fertilizers in the world, regional and local markets.

10. STATEMENT OF MANAGEMENT LIABILITY

In line with Articles 407 through 410 of Capital Market Act (OG 88/08, 146/08, 74/09 and 54/13), 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 September 30, 2013 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
Dragan Marčinko

Member of Petrokemija
Management Board
Karlo Došen

Member of Petrokemija
Management Board
Krešimir Kvaternik

Member of Petrokemija
Management Board
Nenad Zečević

Encl: - Quarterly Financial Report of the Company - TFI-POD Petrokemija Plc.
- Quarterly Financial Report of the Petrokemija Group - TFI-POD Petrokemija Group

Attachment 1.

Reported period:

01.01.2013.

to

30.09.2013.

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: 2.288
(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.maric@petrokemija.hr

Name and surname: DRAGAN MARČINKO, KARLO DOŠEN

(authorized representatives)

Documentation to be published:

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

(seal)

(signature of authorized representative)

BALANCE SHEET
as at 30.09.2013.

Petrokemija d.d.			
Position	AOP code	Previous year (31.12.)	Current year
1	2	3	4
A) RECVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+029+033)	002	767.586.092	748.313.448
I. INTANGIBLE ASSETS (004 do 009)	003	8.148.486	8.608.859
1. Expense for development	004		
2. Concessions, patents, licences, trade and service marks, software and other rights	005	4.540.413	3.766.005
3. Goodwill	006		
4. Advances for intangible assets	007		
5. Intangible assets in progress	008	3.608.073	4.842.854
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 do 019)	010	733.063.299	713.252.855
1. Land	011	49.482.151	49.482.151
2. Buildings	012	289.770.183	279.238.771
3. Plant and equipment	013	321.195.288	304.237.530
4. Tools, plant inventory and transportation assets	014	13.342.741	17.480.807
5. Biological assets	015		
6. Advances for tangible assets	016	3.020.898	748.730
7. Tangible assets in progress	017	55.752.053	61.562.581
8. Other tangible assets	018	499.985	502.285
9. Investments in real estates	019		
III. LONG-TERM FINANCIAL ASSETS (021 do 028)	020	26.374.307	26.374.307
1. Investments (shares) in related companies	021	26.366.770	26.366.770
2. Loans given to related companies	022		
3. Participating interest (shares)	023	7.537	7.537
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		
IV. TRADE RECEIVABLES (030 do 032)	029	0	77.427
1. Receivables from related companies	030		
2. Receivables for sales on loan	031		
3. Other receivables	032		77.427
V. DEFERRED TAX ASSETS	033		
C) SHORT-TERM ASSETS (035+043+050+058)	034	1.162.341.450	1.182.706.495
I. INVENTORIES (036 do 042)	035	658.809.848	677.927.690
1. Raw and other material	036	247.917.930	251.234.053
2. Work in progress	037	70.216.160	66.002.512
3. Finished products	038	333.852.838	354.184.665
4. Merchandise inventory	039	4.869.080	3.930.253
5. Advances for inventories	040	1.953.840	2.576.207
6. Long-term assets intended for sale	041		
7. Biological assets	042		
II. TRADE RECEIVABLES (044 do 049)	043	448.263.232	415.322.708
1. Receivables from related companies	044	11.599.180	16.250.431
2. Receivables from customers (buyers)	045	139.577.954	25.607.128
3. Receivables from participating interest	046		
4. Receivables from employees and members	047	56.426	59.709
5. Receivables from state and other institutions	048	72.435.277	85.755.994
6. Other receivables	049	224.594.395	287.649.446
III. SHORT-TERM FINANCIAL ASSETS (051 do 057)	050	42.025.369	67.176.411
1. Investments (shares) in related companies	051		
2. Loans given to related companies	052		
3. Participating interest (shares)	053	11.552.010	9.966.440
4. Loans given to companies with participating interest	054		
5. Investment in securities	055	5.545.769	5.738.227
6. Loans given, deposits and similar assets	056	24.927.590	51.471.744
7. Other financial assets	057		
IV. CASH IN BANK AND ON HAND	058	13.243.001	22.279.686
D) PREPAID EXPENSES AND ACCRUED INCOME	059	2.664.743	2.925.008
E) TOTAL ASSETS (001+002+034+059)	060	1.932.592.285	1.933.944.951
F) OFF BALANCE SHEET ITEMS	061	297.691.767	456.181.988

LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	577.937.645	574.789.997
I. SUBSCRIBED CAPITAL	063	902.101.590	567.989.890
II. CAPITAL RESERVES	064		186.206.100
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	0	9.947.754
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		9.947.754
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-136.992.075	0
1. Retained earning	073		
2. Loss carried forward	074	136.992.075	
VI. PROFIT OR LOSS FOR THE BUSINESS YEAR (076-077)	075	-187.171.870	-189.353.747
1. Profit for the year	076		
2. Loss for the year	077	187.171.870	189.353.747
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	15.076.437	15.207.565
1. Provisions for pensions, severance pay and similar liabilities	080	13.126.437	13.126.437
2. Provisions for tax liabilities	081		
3. Other provisions	082	1.950.000	2.081.128
C) LONG-TERM LIABILITIES (084 do 092)	083	123.333.333	123.333.333
1. Liabilities to related companies	084		
2. Liabilities for loans, deposits and similar	085	123.333.333	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	1.212.271.490	1.217.973.201
1. Liabilities to related companies	094	6.730.060	8.601.236
2. Liabilities for loans, deposits and similar	095	4.500.000	15.000.000
3. Liabilities to banks and other financial institutions	096	323.166.667	314.316.667
4. Liabilities for advances	097	61.021.489	57.964.566
5. Liabilities to suppliers	098	484.375.423	418.793.945
6. Liabilities for securities	099	82.000.000	93.502.707
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	13.427.611	13.125.492
9. Liabilities for taxes, contributions and other payments	102	11.599.920	8.202.865
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	225.450.320	288.465.723
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	3.973.380	2.640.855
F) TOTAL LIABILITIES (062+079+083+093+106)	107	1.932.592.285	1.933.944.951
G) OFF BALANCE SHEET ITEMS	108	297.691.767	456.181.988
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 01.01.2013. to 30.09.2013.

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	2.099.009.798	637.635.802	1.846.661.547	620.680.917
1. Sales revenues	112	2.061.682.456	621.724.867	1.814.296.445	608.015.308
2. Other operating revenues	113	37.327.342	15.910.935	32.365.102	12.665.609
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	2.218.746.204	724.427.880	2.010.469.941	734.168.739
1. Changes in value of work in progress and finished products	115	-57.571.500	-50.725.315	-16.118.180	33.858.067
2. Material costs (117 do 119)	116	1.970.414.173	675.732.695	1.720.293.942	590.077.426
a) Cost of raw and production materials	117	1.876.265.931	627.544.392	1.646.402.009	554.576.322
b) Cost of goods sold	118	21.988.862	20.146.979	6.738.850	4.424.571
c) Other external costs	119	72.159.380	28.041.324	67.153.083	31.076.533
3. Employees costs (121 do 123)	120	175.917.717	57.926.432	175.621.598	59.076.569
a) Net salaries and wages	121	110.799.601	36.769.697	111.115.595	37.314.154
b) Costs for taxes and contributions from salaries	122	40.716.031	13.503.198	41.272.570	13.946.661
c) Contributions on salaries	123	24.402.085	7.653.537	23.233.433	7.815.754
4. Depreciation	124	75.366.050	25.477.736	71.909.554	24.406.911
5. Other costs	125	54.441.000	17.115.832	55.580.605	24.086.723
6. Value adjustments (127+128)	126	178.764	-1.099.500	291.567	22.188
a) of long-term assets (except for financial assets)	127	11.811	0	16.988	0
b) of short-term assets (except for financial assets)	128	166.953	-1.099.500	274.579	22.188
7. Provisions	129			2.890.855	2.640.855
8. Other operating expenses	130				
III. FINANCIAL REVENUES (132 do 136)	131	19.906.657	8.120.253	13.048.484	3.660.452
1. Interest, exchange rate fluctuations, dividends and similar from associated companies	132	115.322	66.005	329.606	274.145
2. Interest, exchange rate fluctuations, dividends and similar from non-associated companies and others	133	18.951.889	8.458.342	12.718.878	3.386.307
3. Part of revenue from associated companies and participating interests	134				
4. Unrealised gains (revenues) from financial assets	135	839.446	-404.094	0	0
5. Other financial revenues	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	38.756.533	12.352.919	38.593.837	11.441.068
1. Interest, exchange rate fluctuations and other costs with associated companies	138	229.570	68.805	207.854	77.282
2. Interest, exchange rate fluctuations and other costs with non-associated companies	139	38.526.963	12.284.114	36.800.413	10.457.746
3. Unrealised losses (costs) from financial assets	140			1.585.570	906.040
4. Other financial expenses	141				
V. PORTION IN PROFIT OF ASSOCIATED COMPANIES	142				
VI. PORTION IN LOSS OF ASSOCIATED COMPANIES	143				
VII. EKSTRAORDINARY - OTHER REVENUES	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL REVENUES (111+131+142 + 144)	146	2.118.916.455	645.756.055	1.859.710.031	624.341.369
X. TOTAL EXPENSES (114+137+143 + 145)	147	2.257.502.737	736.780.799	2.049.063.778	745.609.807
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-138.586.282	-91.024.744	-189.353.747	-121.268.438
1. Profit before taxation (146-147)	149	0	0	0	0
2. Loss before taxation (147-146)	150	138.586.282	91.024.744	189.353.747	121.268.438
XII. PROFIT TAX	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-138.586.282	-91.024.744	-189.353.747	-121.268.438
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	138.586.282	91.024.744	189.353.747	121.268.438

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	-138.586.282	-91.024.744	-189.353.747	-121.268.438
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	-138.586.282	-91.024.744	-189.353.747	-121.268.438
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 01.01.2013. to 30.09.2013.

Petrokemija d.d.			
Position	AOP code	Previous year	Current year
1	2	3	4
CASH FLOW FROM PERATIONG ACTIVITIES			
1. Cash increase from buyers	001	1.957.276.449	1.663.108.825
2. Cash incze from royalties, fees commissions and other	002		
3. Cash incze from insurance compensations	003	5.207.144	4.285.614
4. Cash increase from tax return	004	223.404.348	260.020.917
5. Other cash increase	005	5.722.809	4.500.667
I. Total increase of cash flow from operating activities (001 do 005)	006	2.191.610.750	1.931.916.023
1. Expenses to suppliers	007	2.336.083.641	2.130.253.096
2. Expenses for employees	008	194.738.373	193.750.757
3. Expenses for insurance compensations	009	11.069.227	10.240.972
4. Expenses for interest	010	17.832.603	26.925.554
5. Expenses for taxes	011	78.471.764	100.385.903
6. Other cash decrease	012	14.564.051	13.661.021
II. Total decrease in cash flow from operating activities (007 do 012)	013	2.652.759.659	2.475.217.303
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (006-013)	014	0	0
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES (013-006)	015	461.148.909	543.301.280
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash proceeds from sale of non-current tangible and intangible assets	016	267.202	3.250
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	677.265	1.005.704
5. Other cash proceeds from investing activities	020		
III. Total cash inflow from investing activities (016 do 020)	021	944.467	1.008.954
1. Cash outflow for acquisition of non-current tangible and intangible assets	022	39.216.370	52.292.328
2. Cash outflow for acquisition of equity and debt financial instruments	023	24.273.071	
3. Other cash outflows from investing activities	024		
IV. Total cash outflow from investing activities (022 do 024)	025	63.489.441	52.292.328
B1) NET CASH FLOW FROM INVESTIN ACTIVITIES (021-025)	026	0	0
B2) NET CASH FLOW OUTFLOW FROM INVESTING ACTIVITIES (025-021)	027	62.544.974	51.283.374
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash infows from issuance of equity and debt financial instruments	028		186.206.100
2. Cash inflows from loan picipals, debentures, credits and other borrowings	029	1.672.266.500	1.612.800.000
3. Other inflows from financial activities	030	509.443.924	611.359.013
V. Total cash inflow from financial activities (028 do 030)	031	2.181.710.424	2.410.365.113
1. Cash outflows for repayment of loan principal and bonds	032	1.524.210.944	1.611.150.000
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	101.142.949	169.049.621
VI. Total cash outflow for financial activities (032 do 036)	037	1.625.353.893	1.780.199.621
C1) NET CASH FLOW INCREASE FROM FINANCIAL ACTIVITIES (031-037)	038	556.356.531	630.165.492
C2) NET CASHFLOW DECREASE FROM FINANCIAL ACTIVITIES (037-031)	039	0	0
Total increase of cash flow (014 – 015 + 026 – 027 + 038 – 039)	040	32.662.648	35.580.838
Total decrease of cash flow (015 – 014 + 027 – 026 + 039 – 038)	041	0	0
Cash and cash equivalents at the begining of the period	042	22.416.248	38.170.591
Increase of cash and cash equivalents	043	32.662.648	35.580.838
Decrease of cash adn cash equivalents	044		
Cash and cash equivalents at the end of the period	045	55.078.896	73.751.429

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

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2013 to 30.9.2013

Position 1	AOP code 2	Previous year 3	Current year 4
1. Suscribed capital	001	902.101.590	567.989.890
2. Capital reserves	002		186.206.100
3. Reserves from profit	003		9.947.754
4. Retained profit or loss carried forward	004	-136.992.075	
5. Profit or loss for the year	005	-187.171.870	-189.353.747
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	577.937.645	574.789.997
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 the January to September period of 2013, Petrokemija, Plc. had total actual income of HRK 1,859.7 million and total expense of HRK 2,049.1 million; thus the Company reported loss in business operations of HRK 189.4 million or 10.2% of the total revenues. For the first three-quarter basis of 2013, the total income was by 12.2% lower and the total expense by 9.2% lower on the same period of 2012. Out of the total loss, HRK 163.8 million or 86.5% is loss from business operations, while HRK 25.5, or 13.5% is loss from financial operations. The EBITDA indicator (earnings before interest, taxes, depreciation and amortization) is HRK 91.9 million in the negative. The EBITDA for the same period of 2012 was HRK 44.4 million in the negative.

In the period July - September 2013, the Company had total actual revenues of HRK 624.3 million, total expenses of HRK 745.6 million and reported an operating loss of HRK 121.3 million or 19.4% of the total revenues. Increase of the loss as compared to the first half can be interpreted as a seasonal phenomenon, but the bulk of the negative effect was caused by the fall in prices of nitrogen fertilizers, Urea and CAN, in the world market. After 68.1 million losses in the first half of 2013, in the third quarter the loss was increased to HRK 121.3 million, while the EBITDA was by HRK 89.1 million negative. Compared with the same period last year, the loss in the third quarter of 2013 was by HRK 30.3 million heavier.

The major part of this disparity was generated by a decline in demand in the global and regional markets and the associated decline in fertilizer prices. Less achievement in domestic market reflects the general poor state of agriculture, increase of competition, the reduction and delay in the payment of state subsidies, and adverse weather conditions for spring sowing. The reporting period was characterized by a general downward trend in the purchase prices of raw materials and sales prices of fertilizers. The price of gas in this general trend is an isolated phenomenon and is influenced by specific factors in the Croatian gas market and Petrokemija's position as one of the two largest customers in the still relatively undeveloped domestic gas market.

Due to the lower sales, there were higher fixed costs per unit of product and loss in the first half of operations. Additional adverse impacts on business in the first half of 2013 were the expenses for the annual fertilizer facilities overhaul carried out in January and the impact of part of stocks carried over from 2012.

During the third quarter of 2013, there was a simultaneous action of several factors that have had a negative impact on the financial results of Petrokemija. In the period there was a further fall of prices of finished products in the global fertilizer market by five to ten percent and for some products even larger.

This has had a cumulative effect with a pronounced seasonal decline in demand in the domestic market and the wider region in the summer months, so that the losses exceeded the level of the previous dynamic estimates. At the same time, prices of a large number of raw materials used in the manufacture of fertilizers were falling, all except for natural gas, which had a fixed price, so that the positive effect of new raw material supplies can be expected only in the fourth quarter.

It should be noted that, regardless of the business activities of the Company, when the prices in the market keep continually falling for a longer period, a third negative effect appears – wholesalers withdraw from purchase and farmers delay the purchase of fertilizer to the last moment of application. An additional negative effect on the fall in demand was a decrease in prices of basic agricultural products and the lack of funding of farmers. It was the result of the lower yields due to drought in previous years, and long-term adverse circumstances of agricultural production in the food production value chain.

In the reporting period, the operating income was 12% lower compared to the same period of 2012, mostly due to the lower volume of sales and partly because of fertilizer price drop in the world and

mostly due to the lower volume of sales and partly because of fertilizer price drop in the world and regional markets. The total sales of fertilizers fell by 5.2% compared to the same period of the year before.

Lower actual operating expenses compared to the year before were caused by the lower sales and lower average input prices of raw materials. There was a slight decline in purchase prices of key raw materials, and for natural gas this phenomenon was even somewhat more pronounced. **The average actual purchase price of gas in the first three quarters of 2013, after a long period of constant increase trend, was 12.7% lower than in the same period of the year before, but still 21.4% higher than in the comparable period of 2011.**

In addition to smaller sales volumes and the fall in sales prices, as the underlying cause of the loss, the next in importance is the impact of using intermediary products supplies, particularly ammonia, which was produced in 2012 at higher gas price rates. The actual share of fixed costs in the total costs was lower than the previous year, which was not enough to offset the impact of lower actual sales volumes. This affected the growth of fixed costs per unit of product. In the nine months of 2013, Petrokemija achieved approximately the same overall level of production (index 101.7) as in the same period last year, but with the change in the product structure - CAN production was increased by six percent, and the production of NPK fertilizers was reduced.

Natural gas as the most important raw material was supplied from the domestic market under contracts with two suppliers. The price of gas for 2013 was agreed at a fixed level and denominated in U.S. dollars. On 15 January 2013, Petrokemija, Plc. concluded 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). In April 2013, an Annex to the Contract on Supply of Natural Gas was signed with Prirodni plin d.o.o., Zagreb (company owned by INA Oil Industry, Plc. Zagreb), by which terms of gas deliveries for 2013 have been revised and certain volumes contracted until the end of 2014.

Due to the market situation, some facilities had been halted in the second half of 2009 and this problem was carried over into the fourth quarter 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 the rest of 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 prolonged collection of outstanding debts 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 debtors fail to meet their obligation), as of 30 September 2013 Petrokemija 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 287 million. Compared with the balances before the year 2012, when these transactions had been shown in the records outside the Company Balance Sheet, this significantly increased the level of assets and liabilities reported in these Balance Sheet positions. In the Cash Flow Statement inflows (receipts) from the collection of trade receivables through factoring are included in inflows from financial activities for the nine months of 2013 in the amount of HRK 430.8 million, while for the same period last year they amounted to HRK 387.5 million.

The future trends in financial results of Petrokemija, Plc. will be influenced by many factors. In addition to the gas price, which is predominantly 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.

In the reporting period, the impact of unfavorable weather conditions proved to be a very unpredictable risk, as a situation in agriculture, which for the major part disrupted the dynamics of fertilizer deliveries and consequently the related revenues on the domestic and regional markets. At the time of this financial report there are ongoing activities aimed at the Company recapitalization. At the time of preparation of these financial statements, the Management Board of Petrokemija, among the submitted bids, chose Societe Generale PLC, Paris as their financial consultants for the selection of a strategic partner.