

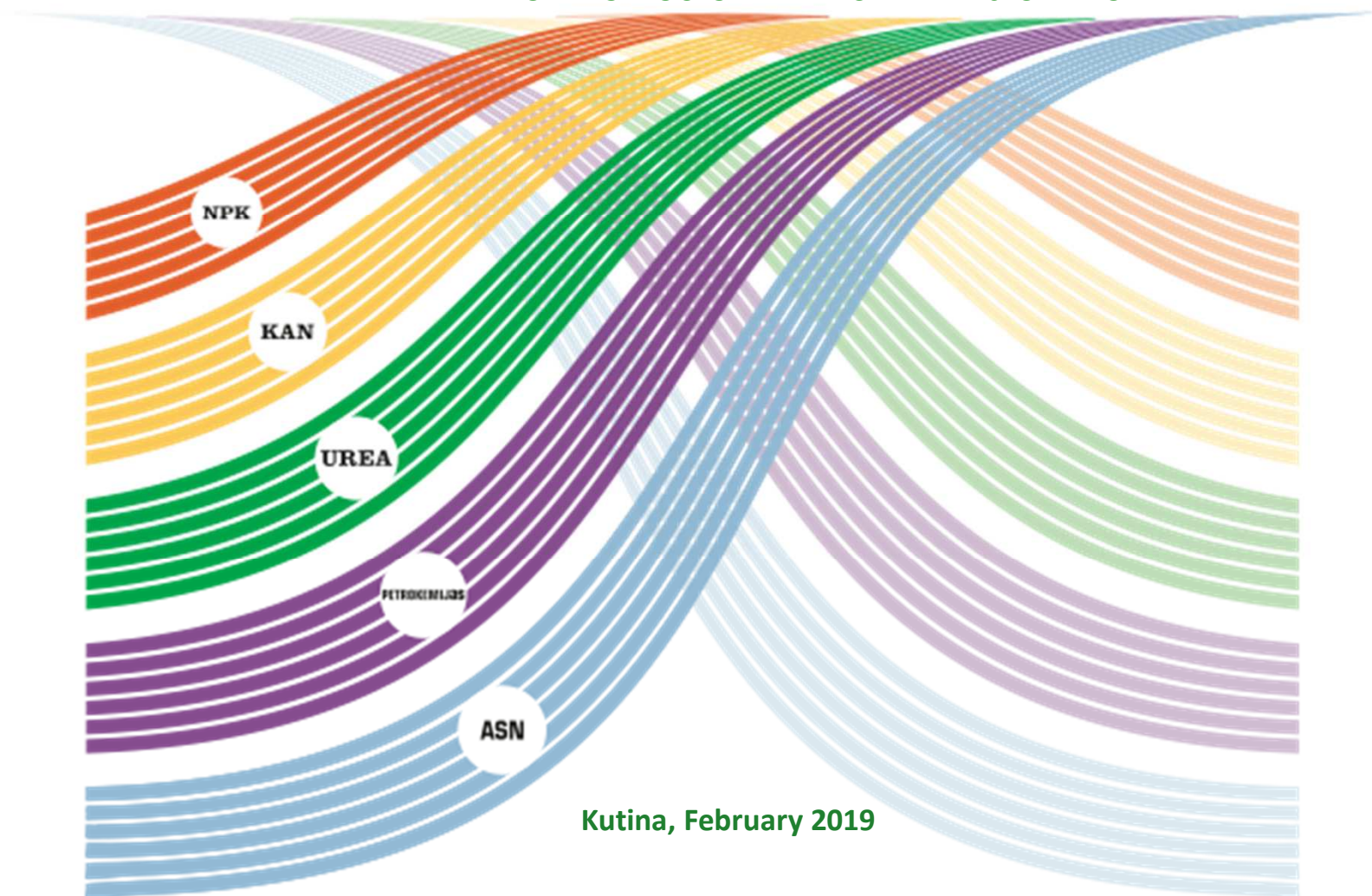
UNAUDITED  
UNCONSOLIDATED



# ANNUAL REPORT

## PETROKEMIJA d.d. KUTINA

REPORT FOR JANUARY – DECEMBER 2018 PERIOD  
INTERIM REPORT FOR OCTOBER – DECEMBER 2018 PERIOD



Kutina, February 2019

## Key indicators for Petrokemija d.d. for January – December 2018

### **FINANCIAL RESULTS:**

- ❑ During the January-December 2018 period Petrokemija d.d. total revenues amounted to HRK 1,877.4 million, total expenditures of HRK 2,348.2 million and posted operating losses of HRK 470.8 million or 25.1% of total revenues (the same period of 2017 - loss of HRK 242.6 million)
- ❑ Loss from operating activities HRK 298.9 million, loss from financial transactions HRK 171.9 million,
- ❑ Profit before interest, taxes and depreciation (EBITDA) was negative by HRK 209.4 million,
- ❑ Total revenues realized 6% less than the same period last year, lower volume sales of mineral fertilizers by 11.9%, and the average sales price of mineral fertilizers 6% higher than the realization in the same period of 2017,
- ❑ In the revenue structure, domestic sales accounted for 31.5% or 590.7 million kuna, which is 3.3% less than in the same period of 2017, while exports account for 64.7% or 1.214,6 million kuna, which is 6 % less than in 2017.

### **PRODUCTION AND SALES (QUANTITATIVE):**

- ❑ Mineral fertilizer production was 1,034,000 tons, 13.2% less than the same period in 2017,
- ❑ Compared to the same period of 2017, Urea production was down by 22.3%, KAN by 9.9%, and NPK production of mineral fertilizers was by 3.4% lower,
- ❑ Utilization of the existing installed production capacity of the plant is 81%
- ❑ Mineral fertilizer sales amounted to 1,029 thousand tons, 11.9% less than the year before,
- ❑ Assorted lower sales in 2018, compared to 2017, were 19.8% in Urea, while the KAN fertilizer group (KAN + AN + UAN + AS / ASN) decreased by 11.5%, while an increase of 0.6% was achieved with NPK mineral fertilizers.
- ❑ Domestic sales of mineral fertilizers amounted to 292 thousand tons, down by 7.9% compared to the same period of 2017, the share of mineral fertilizer sales on the domestic market was 28.4%

## Key indicators for Petrokemija d.d. for January – December 2018 (continued)

- ❑ Mineral fertilizer sales in exports amounted to 737 thousand tons, 13.4% less than in the same period in 2017, while the share of mineral fertilizer sales in exports was 71.6%. In the last quarter of the reporting period, activities involving changes in the sales structure across markets by increasing regional, and the reducing the overseas sales of mineral fertilizers, started.

### STRUCTURE OF ASSETS AND LIABILITIES:

- ❑ Capital and reserves of Petrokemija d.d. on 31 December 2018 HRK 233.0 million positive,
- ❑ Long-term assets increased by 1.3% compared to the end of 2017, and long-term liabilities decreased by 9.3%.
- ❑ Short-term assets increased by 96.4% compared to the end of 2017 and short-term liabilities decreased by 14.9%
- ❑ Deferred payment of expenses increased by 167.2% compared to the end of 2017,
- ❑ Liquidity indicators below the recommended values, although improved compared to the previous year (working capital on 31 December 2018 **HRK +0.5 million**, on 31 December 2017 negative - **HRK 363 million**)
- ❑ Indicators of financial stability, own financing and indebtedness below the recommended values,

### OTHER INDICATORS:

- ❑ The realized level of investments HRK 117.2 million,
- ❑ Employed on 31 December 2018 Petrokemija d.d. 1,597 workers, and 1,726 workers Petrokemija Group.

## Profit and Loss Account of Petrokemija in 2014-2018

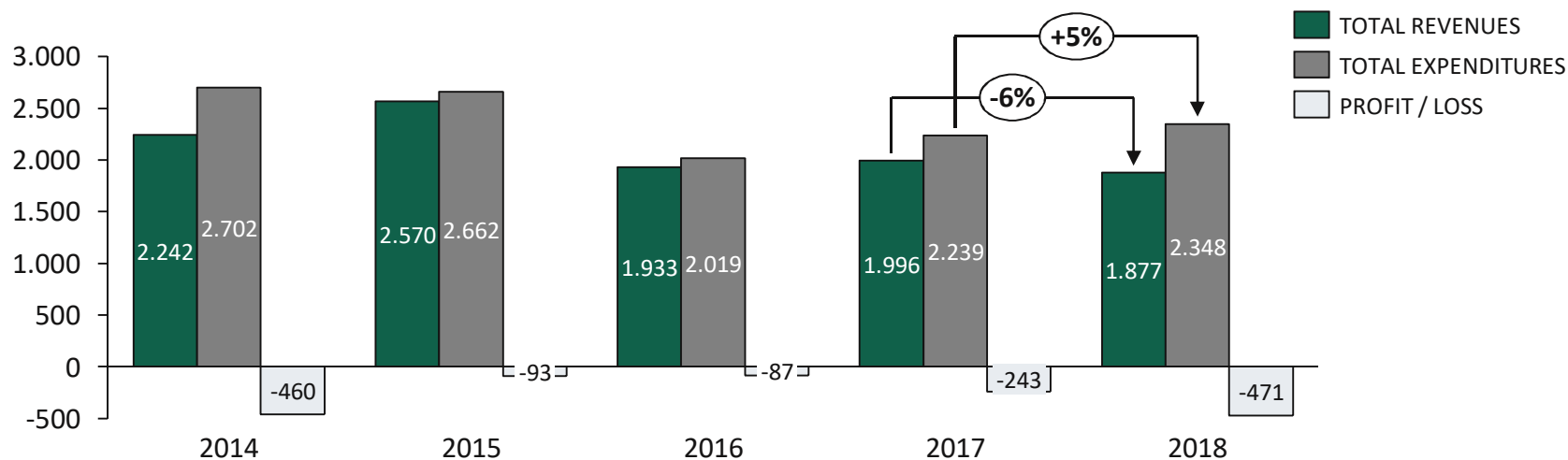
(HRK 000)

Description	Realized Jan - Dec 2014	Realized Jan - Dec 2015	Realized Jan - Dec 2016	Realized Jan - Dec 2017	Realized Jan - Dec 2018	Indices 6/5
1	2	3	4	5	6	7
TOTAL REVENUES	2.242.157	2.569.528	1.932.080	1.996.166	1.877.375	94,0
TOTAL EXPENDITURES	2.702.345	2.662.040	2.019.390	2.238.783	2.348.171	104,9
PROFIT / LOSS	-460.188	-92.512	-87.310	-242.617	-470.796	194,0
EBIT	-407.783	-40.354	-48.594	-193.481	-298.886	154,5
EBITDA	-312.608	51.890	33.650	-99.664	-209.408	210,1
EBITDA margin	-14,0%	2,0%	1,8%	-5,0%	-11,2%	223,4

(EUR million)

Description	Realized Jan - Dec 2014	Realized Jan - Dec 2015	Realized Jan - Dec 2016	Realized Jan - Dec 2017	Realized 1. - 12. 2018.	Indices 6/5
1	2	3	4	5	6	7
TOTAL REVENUES	293,9	337,7	256,6	267,6	253,2	94,6
TOTAL EXPENDITURES	354,2	349,8	268,2	300,1	316,7	105,5
PROFIT / LOSS	-60,3	-12,2	-11,6	-32,5	-63,5	195,2
EBIT	-53,4	-5,3	-6,5	-25,9	-40,3	155,4
EBITDA	-41,0	6,8	4,5	-13,4	-28,2	211,4
EBITDA margin	-14,0%	2,0%	1,8%	-5,0%	-11,2%	223,4
Average exchange rate of	7,63	7,61	7,53	7,46	7,41	99,4

HRK million



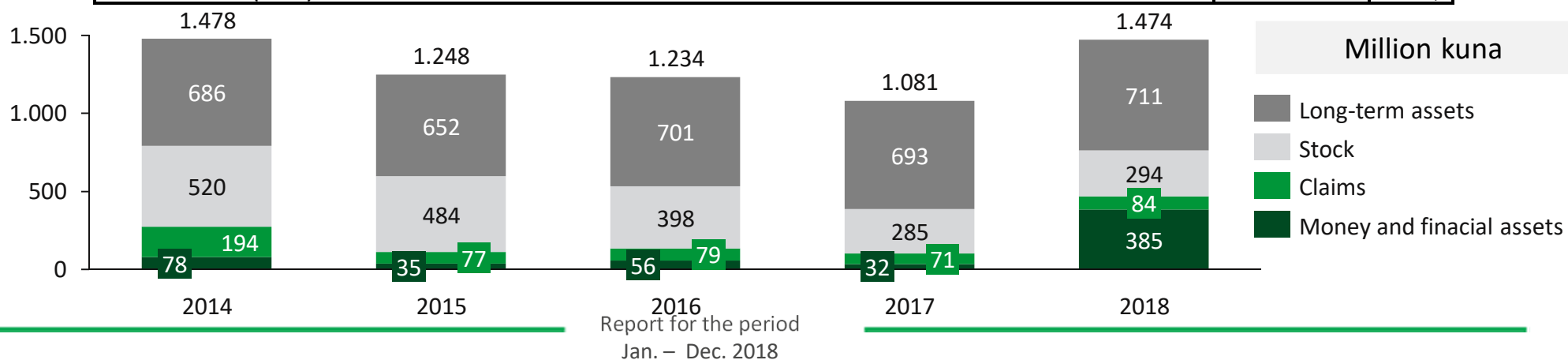
Report for the period  
Jan. – Dec. 2018

## 4. Balance sheet

### 4.1. Balance sheet – assets

(HRK 000)

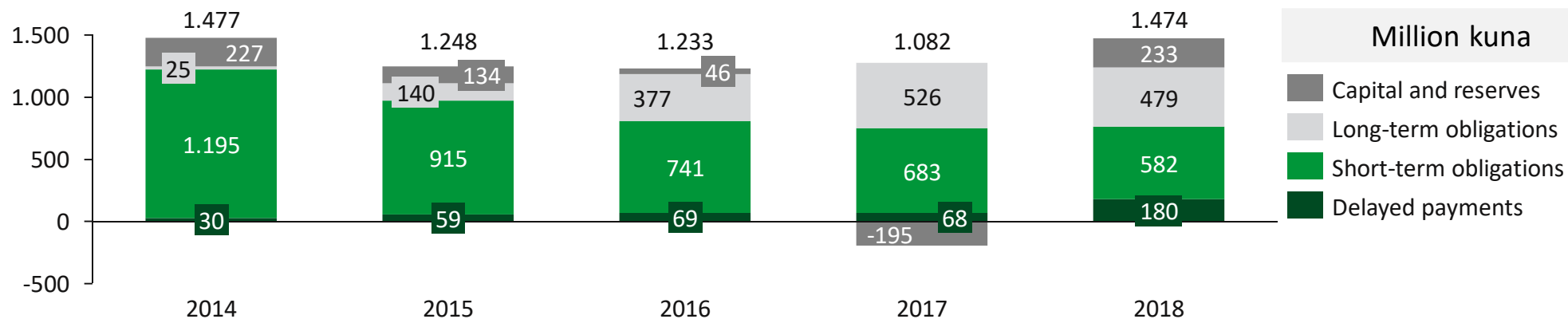
No.	DESCRIPTION	Balance 31. 12. 2014.	Balance 31. 12. 2015.	Balance 31. 12. 2016.	Balance 31. 12. 2017.	Balance 31. 12. 2018.	Indices 7/6
1	2	3	4	5	6	7	8
<b>1</b>	<b>Long-term assets</b>	<b>685.792</b>	<b>652.127</b>	<b>701.782</b>	<b>692.911</b>	<b>711.200</b>	102,6
1.1.	Lands and forests	49.482	49.482	48.507	44.793	44.376	99,1
1.2.	Buildings	255.759	237.655	224.149	201.241	186.459	92,7
1.3.	Plants and equipment	347.767	332.537	396.269	422.061	463.061	109,7
1.4.	Other long term assets	32.784	32.453	32.857	24.816	17.304	69,7
<b>2</b>	<b>Short-term assets</b>	<b>791.402</b>	<b>596.094</b>	<b>532.231</b>	<b>388.525</b>	<b>762.874</b>	196,4
<b>2.1.</b>	<b>Stock</b>	<b>519.658</b>	<b>483.777</b>	<b>397.600</b>	<b>285.373</b>	<b>293.668</b>	102,9
2.1.1.	Raw material and material, small inventory	171.738	108.017	109.911	82.707	100.758	121,8
2.1.2.	Spare parts	97.363	93.663	91.415	29.545	23.213	78,6
2.1.3.	Products in prod., products, goods	250.176	281.497	185.691	172.465	168.410	97,6
2.1.4.	Advance payments	381	600	10.583	656	1.287	196,2
<b>2.2.</b>	<b>Claims</b>	<b>193.531</b>	<b>77.350</b>	<b>78.666</b>	<b>71.014</b>	<b>84.563</b>	119,1
2.2.1.	Claims from domestic buyers	43.169	3.784	9.062	18.588	5.679	30,6
2.2.2.	Claims from buyers in export	6.995	6.476	7.494	3.333	9.251	277,5
2.2.3.	Claims from related companies	26.375	1.502	1.190	835	4.340	519,8
2.2.4.	Other claims (from state and similar)	116.992	65.588	60.920	48.258	65.294	135,3
<b>2.3.</b>	<b>Financial assets</b>	<b>70.066</b>	<b>27.561</b>	<b>33.632</b>	<b>5.750</b>	<b>375.135</b>	6.524,1
<b>2.4.</b>	<b>Money</b>	<b>8.147</b>	<b>7.406</b>	<b>22.333</b>	<b>26.388</b>	<b>9.508</b>	36,0
<b>3</b>	<b>Payed expences of future business</b>	<b>305</b>	<b>0</b>	<b>41</b>	<b>22</b>	<b>14</b>	63,6
<b>Total assets (1+2+3)</b>		<b>1.477.499</b>	<b>1.248.221</b>	<b>1.234.054</b>	<b>1.081.457</b>	<b>1.474.088</b>	136,3



## 4.2. Balance sheet - liabilities

(HRK 000)

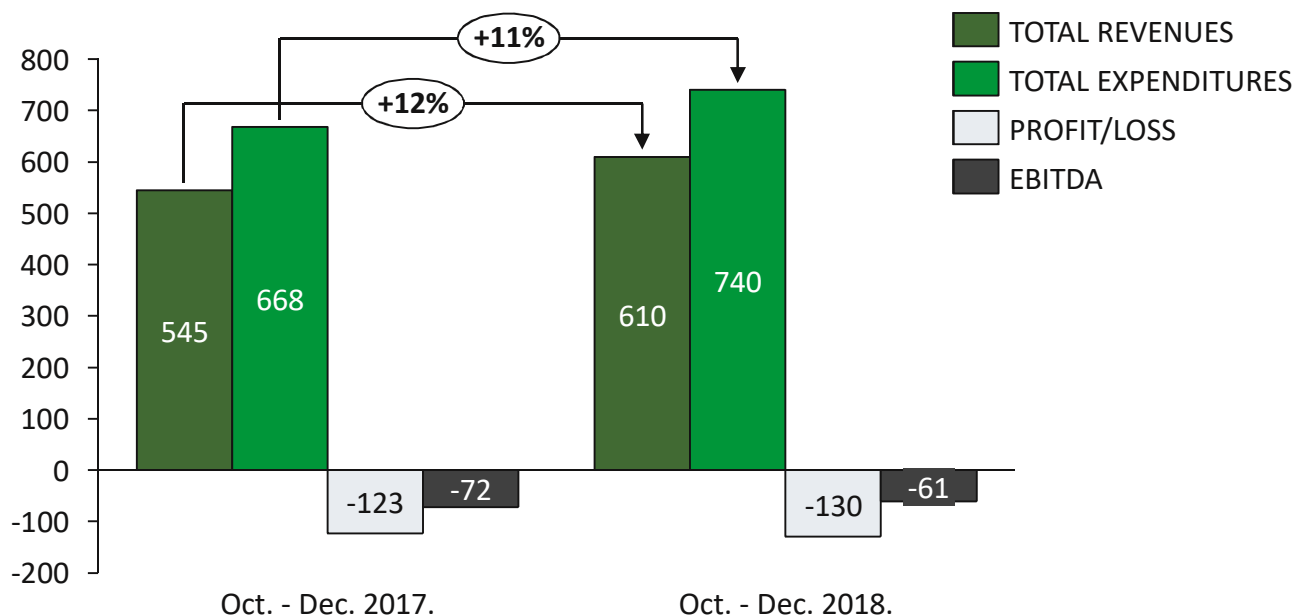
No.	DESCRIPTION	Balance 31. 12. 2014.	Balance 31. 12. 2015.	Balance 31. 12. 2016.	Balance 31. 12. 2017.	Balance 31. 12. 2018.	Indeks 7/6
1	2	3	4	5	6	7	8
<b>1</b>	<b>Capital and reserve</b>	<b>227.395</b>	<b>134.138</b>	<b>46.828</b>	<b>-195.801</b>	<b>233.000</b>	
1.1.	Subscribed capital and reserve	687.583	385.935	385.935	46.816	703.796	1.503,3
1.2.	Retained profit	0	0	0	0	0	
1.3.	Transferred loss	0	-159.285	-251.797			
1.4.	Current year profit						
1.5.	Current year loss	-460.188	-92.512	-87.310	-242.617	-470.796	194,0
<b>2</b>	<b>Long-term obligations and reservations</b>	<b>25.144</b>	<b>139.935</b>	<b>377.044</b>	<b>526.008</b>	<b>478.684</b>	<b>91,0</b>
2.1.	Reservations for retirement and similar	8.330	9.871	11.316	11.724	11.563	98,6
2.2.	Other reservations	981	805	685	8.035	7.928	98,7
2.3.	Obligations for long term loans	15.833	129.259	365.043	506.249	459.193	90,7
<b>3</b>	<b>Short-term obligations</b>	<b>1.194.869</b>	<b>914.976</b>	<b>740.933</b>	<b>683.665</b>	<b>581.836</b>	<b>85,1</b>
3.1.	Obligations to domestic suppliers	352.566	434.869	141.729	175.118	201.647	115,1
3.2.	Obligations to importer	132.791	85.332	150.590	92.318	109.267	118,4
3.3.	Obligations for short-term loans	480.512	243.029	286.239	314.212	138.295	44,0
3.4.	Obligations for advance payments	112.185	126.006	136.962	78.254	105.063	134,3
3.5.	Obligations for bills of exchange and checks	13.421	0	0	0		
3.6.	Obligations to the employees	10.733	10.764	10.758	10.546	10.948	103,8
3.7.	Obligations for taxes and contributions	9.935	12.174	7.659	7.543	7.623	101,1
3.8.	Other short-term obligations	82.726	2.802	6.996	5.674	8.993	158,5
<b>4</b>	<b>Delayed payment for future period</b>	<b>30.091</b>	<b>59.172</b>	<b>69.249</b>	<b>67.585</b>	<b>180.568</b>	<b>267,2</b>
	<b>Liabilities total (1+2+3)</b>	<b>1.477.499</b>	<b>1.248.221</b>	<b>1.234.054</b>	<b>1.081.457</b>	<b>1.474.088</b>	<b>136,3</b>



Report for the period  
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## Business results October – December 2018

- Realized fertilizers production in Q4 amounts to 316 thousand tons, while sales amounts to 328 thousand tons, out of which 101 thousand tons is sold on domestic market and 227 thousand tons in export
- In the fourth quarter, the Company reported a high loss due to unfavorable market conditions and to HRK 28.8 million in value adjustments and provisions for future periods for risks incurred in the previous year's operations (write off of a part of inventories of spare parts and materials etc.).
- In the October - December 2018 period Petrokemija d.d. realized total revenues of HRK 610 million, total expenditures of HRK 740 million, and posted a loss of HRK 130 million.



## Key financial indicators in October – December 2018 period

(HRK 000)

Description	January-September 2018	October- December 2018	January-December 2018
Business revenues	1.252.142	609.219	1.861.361
Business expenditures	1.466.117	694.130	2.160.247
EBITDA *	-148.308	-61.100	-209.408
Amortization	65.667	23.811	89.478
Net financial revenues/(expenditures)	-126.895	-45.015	-171.910
Net extraordinary revenues/(expenditures)	0	0	0
Revenue/loss before tax	-340.870	-129.926	-470.796

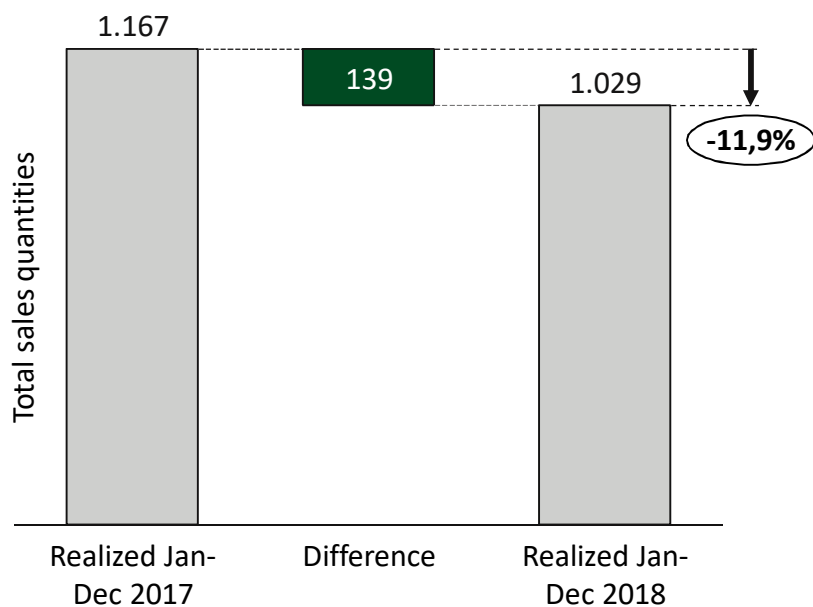
\* Earnings Before Interest Tax Depreciation and Amortization

- ❑ In the fourth quarter of 2018, a loss of HRK 129.9 million was realized.
- ❑ The EBITDA indicator amounts to HRK -61.1 million.

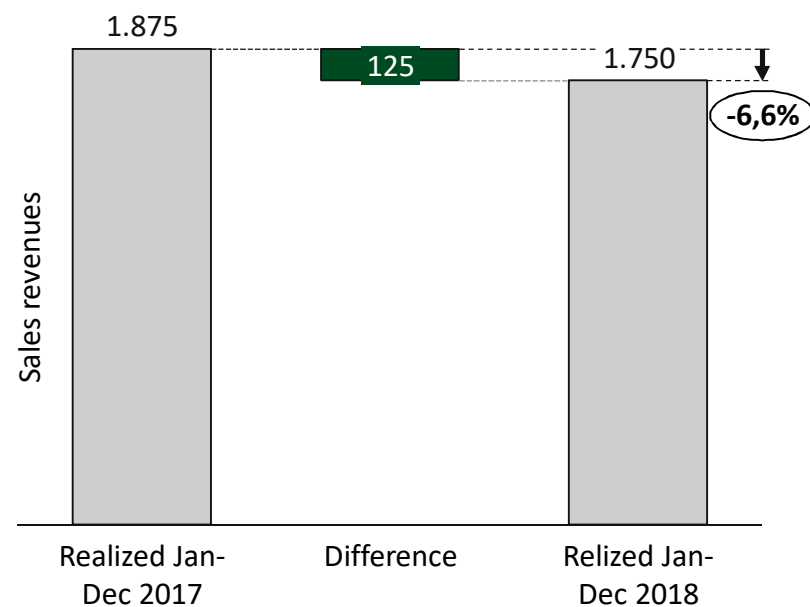


## Total sales of mineral fertilizers

**SALES QUANTITIES (000 t)**  
YEAR 2018 / 2017



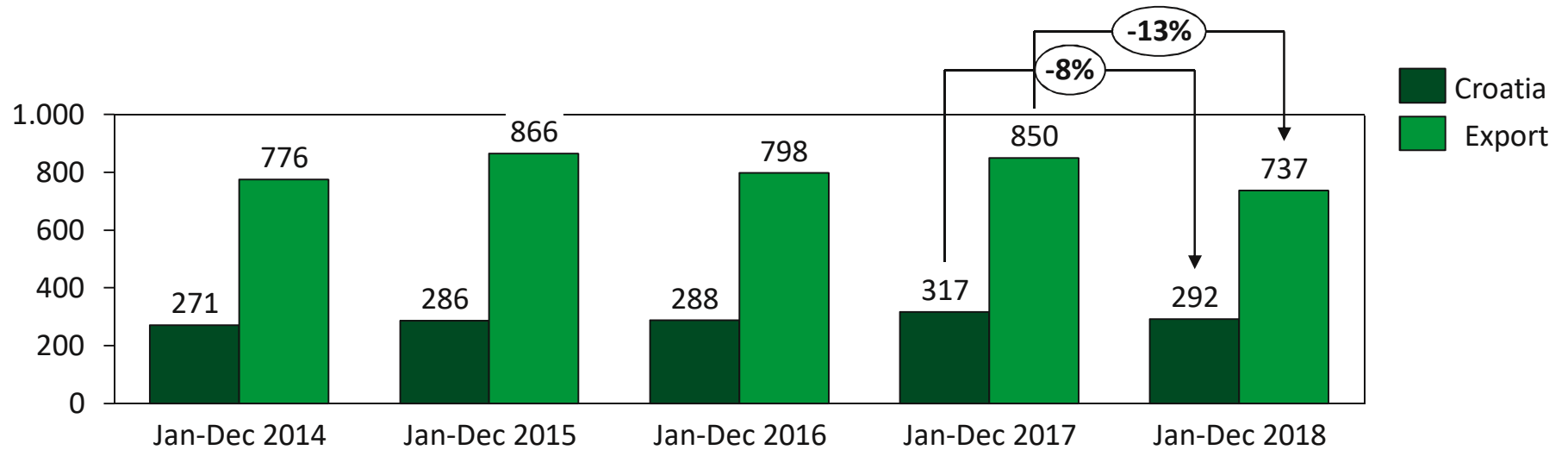
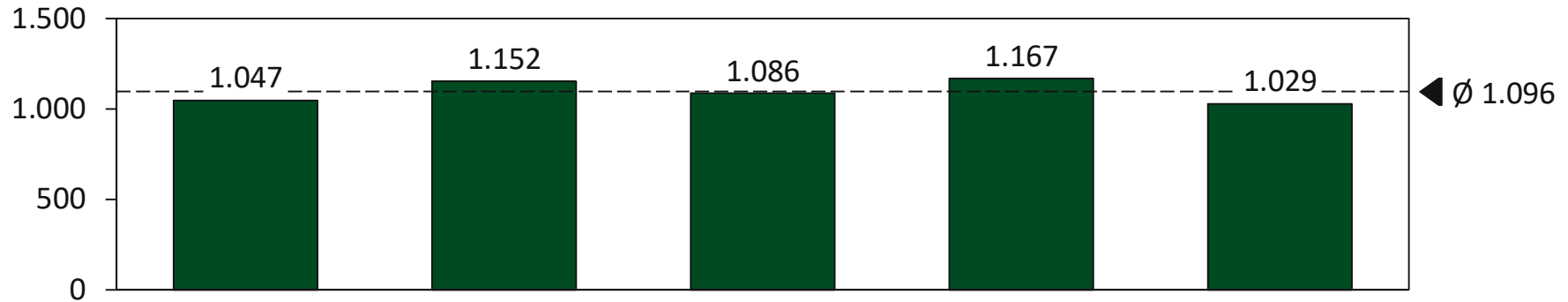
**SALES REVENUES (million kuna)**  
YEAR 2018 / 2017



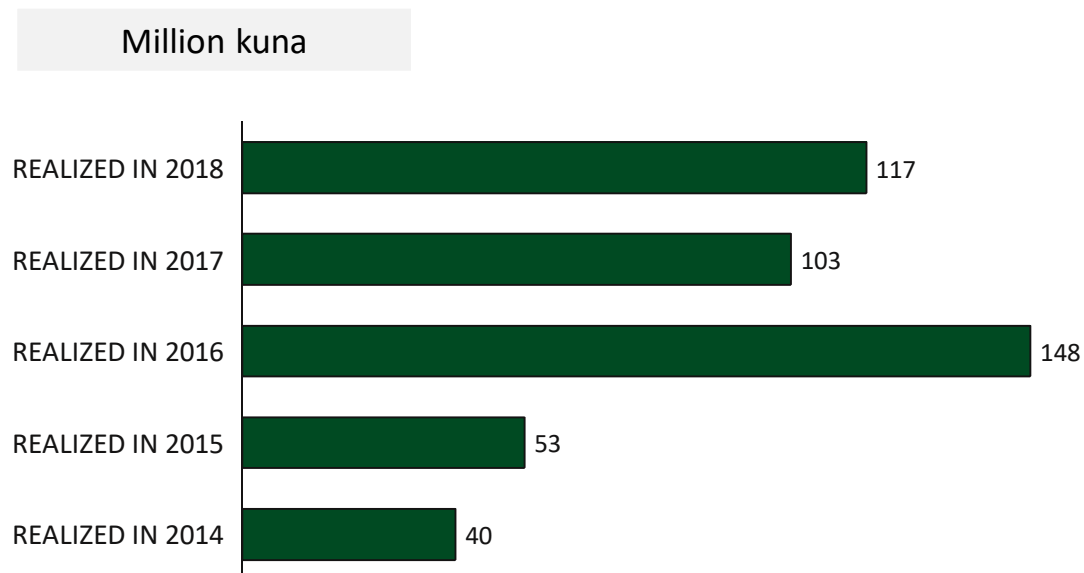
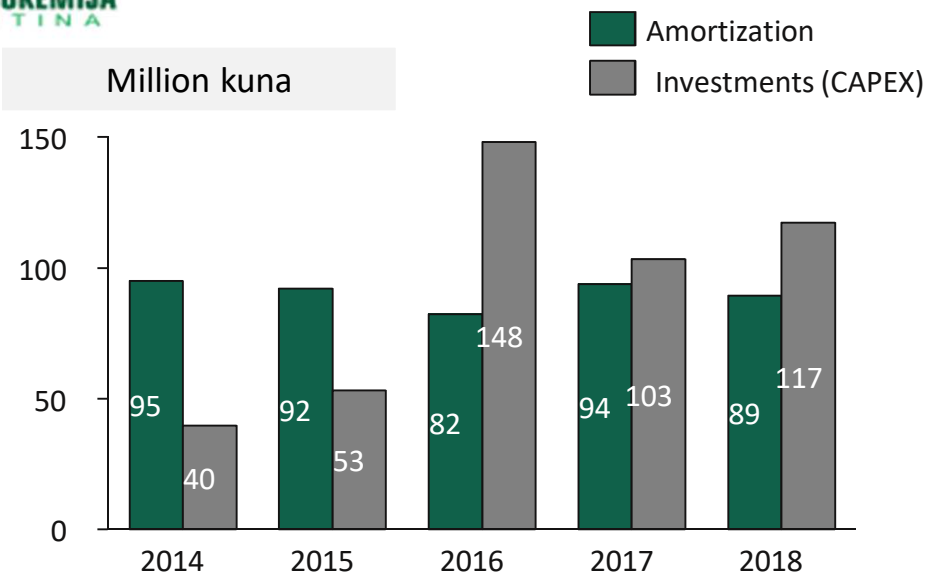
There was a fall in sales volume of 11.9%, with a decrease in sales of mineral fertilizers by 6.6%, which indicates an increase in average sales prices of 6% compared to the same period of 2017 (changes in the assortments and share of individual markets).

# Realization of mineral fertilizer sales in the 2014 – 2018 period

Total sales (000 tons)



## Realized investments



- Realized investments in the reporting period amounted to HRK 117.2 million.
- Compared with the same period of the previous year, despite a lack of liquidity, investments were achieved at a considerably higher level (index 113.6), largely through a complete annual overhaul of the plant.
- Investments related to the fulfillment of conditions from the Environmental Permit and deadlines for execution of certain investment projects are conducted with the relevant authorities of the Government of the Republic of Croatia.



PETROKEMIJA  
KUTINA

## Changes in Supervisory and Management Board

### **CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD OF THE COMPANY:**

- ❑ The Supervisory Board made a decision establishing that on 2 January 2018, the mandate of a member of the Management Board, Nenad Zečević ceases. From January 3, 2018, the Management Board of Petrokemija d.d. acted as a two-member management made up of: Đuro Popijač, MSc. and Davor Žmegač, MSc, Member of the Board.
- ❑ The Supervisory Board held its session on 31 October, 2018. The President of the Management Board, Đuro Popijač, MSc. and member of the Management Board mr. Sc. Davor Žmegač. The Supervisory Board made a decision on the appointment of the new management: - Davor Žmegač, MSc., President of the Management Board, - Krešimir Rendeli, Member of the Management Board, - Goran Pleše, Member of the Management Board, - Peter Suba, Member of the Management Board. The mandate of the appointed Management Board members began on 31 October 2018. Petrokemija d.d.
- ❑ Supervisory Board on the meeting on 16 January 2019 made a decision that a member of the Management Board, Mr. Krešimir Rendelji, ceased to be a member on 31 January 2019 on the basis of an agreement. Mr. Željko Marić, B.Sc., was appointed a member of the Management Board. The mandate of the member of the Management Board Željko Marić's started on 1 February 2019.

### **CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD OF THE COMPANY:**

- ❑ Supervisory Board member, Mr. Marijan Kuprešak resigned to Supervisory Board membership starting on 1 August 2018.
- ❑ At a meeting on 31 October 2018 members of the Supervisory Board – Mijo Šepak, president, Robert Blažinović, member and Ladislav Turčinović, member resigned to membership in the Supervisory Board.
- ❑ On 31 October 2018 the Decision on the Election of Members of the Supervisory Board was made, according to which the members of the Supervisory Board of the Company are elected: Sándor Fasimon, president of the Management Board of INA d.d., Pavao Vujnovac, president of the Management Board of Prvo plinarsko društvo d.o.o. Vukovar, Sabina Škrtić, Member of the Board of Energia Naturalis d.o.o. Zagreb, Gabor Horvath, Chief Financial Director of INA d.d., Tomislav Pokaz, Advisor to the Prime Minister of the Republic of Croatia, Mijo Šepak, Director of Moslavina d.o.o. Kutina. The mandate of the newly elected members of the Supervisory Board of the Company shall last for four years and shall commence on the day of the adoption of this Decision.

## Company's Core Capital, significant events in the Company

- ❑ Following the Government Decision of 24 May 2018 on granting the authority to conclude a contract on the transfer and sale of claims to the Petrokemija d.d. fertilizer factory, the Management Board of Petrokemija d.d. has signed additional loan contracts from Erste & Steiermarkische banka, Croatian Postal Bank and Croatian Bank for Reconstruction and Development with a new creditor, the Republic of Croatia, in the total amount of HRK 450 million. This Decision was made in the framework of the recapitalization process, which is described in detail in the relevant public announcements.
- ❑ By the decision of the Company's General Assembly of 9 July 2018, by the decision of the Management Board of the Company on the final number of new shares, the success of the issue and the exact amount of the increase of the Company's registered capital as of 31 October 2018 and the Supervisory Board's approval of 31 October 2018, the Company's share capital was increased by issuing new non-materialized ordinary shares with a nominal amount of 10,00 kn, by cash payment, so the Company's share capital increased from HRK 100,287,010 for the amount of HRK 450,000,000.00 to the amount of 550,287,010.00 kn.
- ❑ The Supervisory Board held its session on 31 October 2018 made, among other things, the following decisions:
  - ❑ The decision on the approval of the Decision on determining the results in the process of increasing the share capital, the determination of the success of the issue of new shares, the exact amount of the increase of the share capital and the exact number of new ordinary shares - the Company has issued special announcements on that,
  - ❑ Decision on the approval of the Management Board for the conclusion of the Contract on the transfer of business share in Petrokemija Agro Trade d.o.o.
  - ❑ Decision on approval of the Management Board for the conclusion of the Contract for the provision of non-hazardous waste disposal services,
  - ❑ Decision on approval to conclude a contract for reprogramming the Company's obligations to HEP d.d., INA-Industrija nafte d.d. and Prvo plinarsko društvo d.o.o.

## The most significant financial risks in 2019

Significant risks which marked 2018., have been reduced with accomplished agreements on natural gas purchasing conditions and repayment of debt for natural gas. According to the current market situation, it is estimated that 2019 will be under pronounced influence of the variable level of mineral fertilizer prices, natural gas prices, costs of CO<sub>2</sub> charges and the fluctuation of the USD and EUR exchange rate. The financial result in 2019 will also depend on the dynamics and the scope of the rationalization of the business processes of the Company and the Petrokemija Group, and, besides this, the following risks continue to exert caution:

- ❑ Natural gas as the most important raw material is still supplied on the domestic market, according to contracts concluded with two suppliers - INA d.d. from Zagreb and Prvo plinarsko društvo d.o.o. from Vukovar. The price of natural gas is related to the EUR exchange rate and the price of natural gas on the European spot market. Reducing the price of natural gas transport from 01.01.2019. will have a positive effect on the financial result in 2019.
- ❑ Lowering the VAT in 2017 had a favorable impact on the sale of mineral fertilizers on the domestic market, but a significant effect is still the level of state incentives in agriculture and the purchase prices of the main crops.
- ❑ Fluctuations in the prices of raw materials on the world market that have so far been present will continue to have an impact on the level of material costs in the next period
- ❑ The deadlines for realizing part of the so-called "ecological investments", according to the Decision of the integrated environmental protection, have expired. The extension of deadlines by 2026 has been asked from the authorities of the Government of the Republic of Croatia.
- ❑ Following the recapitalization of the Company, according to the decisions of the General Assembly of 31 October 2018, as a precondition of future business model, the implementation of the total internal measures rationalization of business operations in the Company is imposed, the change of the model of sale of finished products (increase in regional volumes, and reduction of spot market share) and finding favorable conditions for financing the modernization of production and logistics facilities in the following years.



## Statement of responsibility by the management

Pursuant to Articles 462 to 468 of the Capital Market Act (NN 65/2018), Petrokemija d.d., Kutina, A. Vukovar 4, provides:

### Statement of responsibility

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are also in accordance with the Croatian Accounting Act effective at the date of issuance of these financial statements. Financial statements for the period **from 1 January 2018 to 31 December 2018** give a true and fair view of the financial position of the Company and the results of its operations and cash flows, in accordance with applicable accounting standards.

This report may contain certain statements regarding the future of Petrokemija d.d. business and the Petrokemija Group, which can be identified by the use of terms that indicate the future such as "will be", "planned", "expectations", "predictions" and the like, or statements of strategy, plans or intentions.

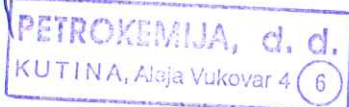
These statements reflect the current positions of Petrokemija d.d. about future events and are subject to certain risks, uncertainties and assumptions. Many factors may cause actual results, effects or achievements of Petrokemija d.d. or the Petrokemija Group to be significantly different from the results, impacts or achievements that are expressed or implied by such forward-looking statements.

Management Board President:  
Davor Žmegač, MSc

Management Board Member:  
Željko Marić, BSc

Management Board Member:  
Goran Pleše, BSc(Econ.)

Management Board Member:  
Peter Suba, MBA



## Attachment:

- Quarterly Financial Report of Entrepreneurs - TFI-POD Petrokemija d.d:
  - Balance
  - Profit and loss account
  - Report on cash flow
  - Report on changes in the capital



**ENCLOSURE 1**

Reporting period:

01.01.2018.

to

31.12.2018.

**Quarterly Financial Report TFI-POD**

Tax number (MB): 03674223

Registration number (MBS): 080004355

Personal identification number (OIB): 24503685008

Issuer: PETROKEMIJA, Plc. Fertilizer company

Postal code and location: 44320

KUTINA

Street and number: ALEJA VUKOVAR 4

E-mail: [fin@petrokemija.hr](mailto:fin@petrokemija.hr)Internet address: [www.petrokemija.hr](http://www.petrokemija.hr)

Code and city / municipality: 220 KUTINA

Code and county: 3 SISAČKO-MOSLAVAČKA

Number of employees: 1.597

(at the end of year)

Consolidated Report: NO

Business activity code: 20.15

Entities in consolidation (according to IFRS):

Registered seat:

Tax number (MB):

Book-keeping office:

Contact person: MARINA MARIĆ  
(name and surname of contact person)

Telephone: 044-647-829

Telefaks: 044-682-795

E-mail: [marina.maric@petrokemija.hr](mailto:marina.maric@petrokemija.hr)

Name and surname: DAVOR ŽMEGAČ, GORAN PLEŠE, PÉTER SUBA, ŽELJKO MARIĆ

(authorized representatives)

**Documents 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 of 31 December 2018

Issuer: PETROKEMIJA, d.d.			
Item	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED AND NON-PAID CAPITAL</b>	<b>001</b>		
<b>B) LONG-TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	<b>692.910.766</b>	<b>711.199.885</b>
I. INTANGIBLE ASSETS (004 do 009)	003	8.491.092	3.374.735
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	3.088.056	1.740.590
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in preparation	008	5.403.035	1.634.145
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 do 019)	010	668.559.628	694.360.801
1. Land	011	44.792.549	44.376.020
2. Buildings	012	201.240.990	186.459.354
3. Plant and equipment	013	310.509.892	376.900.515
4. Instruments, plant inventories and transportation assets	014	18.162.307	15.464.185
5. Biological asset	015		
6. Advances for tangible assets	016	4.763.643	4.081.162
7. Tangible assets in preparation	017	88.625.507	66.614.886
8. Other material assets	018	464.740	464.679
9. Investment in property	019		
III. LONG-TERM FINANCIAL ASSETS (021 do 028)	020	15.662.370	13.464.349
1. Investments in subsidiaries	021	15.654.834	13.454.123
2. Loans given to related parties	022		
3. Participating interests (shares)	023		
4. Loans to entrepreneurs in which the entity holds participating interests	024		
5. Investments in securities	025		
6. Loans, deposits and similar assets	026		
7. Other long-term financial assets	027		
8. Investment accounted by equity method	028	7.536	10.226
IV. RECEIVABLES (030 do 032)	029	197.676	0
1. Receivables from subsidiaries	030		
2. Receivables based on trade loans	031		
3. Other receivables	032	197.676	
V. DEFERRED TAX ASSETS	033		
<b>C) SHORT-TERM ASSETS (035+043+050+058)</b>	<b>034</b>	<b>388.524.703</b>	<b>762.873.777</b>
I. INVENTORIES (036 do 042)	035	285.373.219	293.668.397
1. Raw materials & consumables	036	112.252.085	123.971.528
2. Work in progress	037	9.087.290	14.992.047
3. Finished goods	038	162.787.925	152.806.834
4. Merchandise	039	590.316	610.945
5. Advances for inventories	040	655.603	1.287.043
6. Long-term assets held for sale	041		
7. Biological asset	042		
II. RECEIVABLES (044 do 049)	043	71.014.206	84.562.322
1. Receivables from subsidiaries	044	835.005	4.339.580
2. Trade receivables	045	21.921.069	14.929.318
3. Receivables from participating entities	046		
4. Receivables from employees and shareholders	047	6.315	30.960
5. Receivables from government and other institutions	048	47.081.670	62.991.746
6. Other receivables	049	1.170.147	2.270.718
III. SHORT-TERM FINANCIAL ASSETS (051 do 057)	050	5.749.727	375.134.921
1. Investments in subsidiaries	051		
2. Loans given to related parties	052		
3. Participating interests (shares)	053		
4. Loans to entrepreneurs in which the entity holds participating interests	054		
5. Investments in securities	055		
6. Loans, deposits and similar assets	056	1.118.467	348.133.318
7. Other financial assets	057	4.631.260	27.001.603
IV. CASH AT BANK AND IN CASH REGISTER	058	26.387.551	9.508.137
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	<b>21.966</b>	<b>14.293</b>
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>1.081.457.435</b>	<b>1.474.087.955</b>
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>061</b>	<b>740.969.603</b>	<b>1.041.395.509</b>

<b>EQUITY AND LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>-195.800.616</b>	<b>-536.670.174</b>
I. SHARE CAPITAL	063	42.903.930	42.903.930
II. CAPITAL RESERVES	064	3.923.969	3.923.969
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	-11.600	-11.060
1. Legal reserves	066		
2. Reserves for treasury shares	067		
3. Treasury shares and stakes (deduction)	068	11.600	11.060
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	0	-242.616.915
1. Retained earnings	073		
2. Accumulated loss	074		242.616.915
VI. PROFIT/LOSS FOR THE FINANCIAL YEAR (076-077)	075	-242.616.915	-340.870.098
1. Profit for the financial year	076		
2. Loss for the financial year	077	242.616.915	340.870.098
VII. NON-CONTROLLING INTERESTS	078		
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	<b>19.758.253</b>	<b>18.384.253</b>
1. Provisions for redundancy costs, severance pays and similar liabilities	080	11.723.528	10.499.528
2. Provisions for tax obligations	081		
3. Other provisions	082	8.034.725	7.884.725
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	<b>506.249.229</b>	<b>498.875.186</b>
1. Liabilities to subsidiaries	084		
2. Liabilities for loans, deposits and other	085	1.455.436	352.922.103
3. Liabilities to banks and other financial institutions	086	504.793.793	145.953.083
4. Liabilities for received advances	087		
5. Trade payables	088		
6. Liabilities arising from debt securities	089		
7. Liabilities to entrepreneurs in which the entity holds participating interests	090		
8. Other non-current liabilities	091		
9. Deferred tax liability	092		
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	<b>683.665.344</b>	<b>1.049.255.468</b>
1. Liabilities to subsidiaries	094	10.046.595	8.561.249
2. Liabilities for loans, deposits and other	095	182.030.213	241.984.394
3. Liabilities to banks and other financial institutions	096	126.181.973	5.750.000
4. Liabilities for received advances	097	78.254.196	189.297.032
5. Trade payables	098	263.389.849	578.978.915
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in which the entity holds participating interests	100		
8. Liabilities to employees	101	10.546.374	10.183.810
9. Liabilities for taxes, contributions and similar fees	102	7.542.590	7.512.004
10. Dividend payables	103		
11. Liabilities for long-term assets held for sale	104		
12. Other current liabilities	105	5.673.554	6.988.064
<b>E) ACCRUAL AND DEFERRED INCOME</b>	<b>106</b>	<b>67.585.225</b>	<b>142.433.215</b>
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>1.081.457.435</b>	<b>1.172.277.948</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>108</b>	<b>740.969.603</b>	<b>1.041.395.509</b>
<b>ANNEX TO THE BALANCE SHEET (to be filled in by entrepreneur submitting consolidated financial report)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributable to equity holders of the parent company's capital	109		
2. Attributable to non controlling interest	110		

Note 1.: APPENDIX TO THE BALANCE SHEET (to be filled in by entities who submitting consolidated financial statements).

**PROFIT AND LOSS**

for the period 01.01.2018. to 31.12.2018.

Issuer: PETROKEMJA, d.d.					
Item	AOP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112+113)</b>	<b>111</b>	<b>1.978.711.075</b>	<b>547.529.193</b>	<b>1.861.360.996</b>	<b>609.219.379</b>
1. Sales revenue	112	1.933.400.753	536.276.038	1.805.294.763	599.270.757
2. Other operating income	113	45.310.322	11.253.155	56.066.233	9.948.622
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>2.172.192.036</b>	<b>642.480.295</b>	<b>2.160.247.293</b>	<b>694.130.802</b>
1. Changes in inventories of finished products and work in progress	115	14.112.997	-15.270.283	4.795.431	7.285.973
2. Material costs (117 do 119)	116	1.699.859.581	468.149.969	1.768.033.886	554.828.543
a) Cost of raw materials & consumables	117	1.614.691.435	448.682.342	1.686.798.259	534.884.484
b) Cost of goods sold	118	1.633.614	423.384	2.131.110	642.772
c) Other costs	119	83.534.532	19.044.243	79.104.517	19.301.287
3. Staff costs (121 do 123)	120	183.878.857	46.699.923	187.257.448	47.546.754
a) Net salaries and wages	121	116.549.550	29.668.506	118.086.491	30.143.419
b) Costs for taxes and contributions from salaries	122	40.437.582	10.200.982	41.894.237	10.486.280
c) Contributions on gross salaries	123	26.891.725	6.830.435	27.276.720	6.917.055
4. Depreciation and amortisation	124	93.817.397	23.174.856	89.477.703	23.810.800
5. Other costs	125	84.056.781	23.371.984	80.969.832	31.816.730
6. Impairment charges (127+128)	126	80.952.143	80.839.566	22.528.318	21.657.327
a) impairment of long-term assets (excluding financial assets)	127	10.441.423	10.336.113	2.482.317	1.899.178
b) impairment of short-term assets (excluding financial assets)	128	70.510.720	70.503.453	20.046.001	19.758.149
7. Provisions	129	15.514.280	15.514.280	7.184.675	7.184.675
8. Other operating expenses	130				
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	<b>17.454.876</b>	<b>-2.292.440</b>	<b>16.014.406</b>	<b>955.224</b>
1. Interest income, foreign exchange gains, dividends and other financial income from subsidiaries	132	104.092	1.510	531.104	3.808
2. Interest income, foreign exchange gains, dividends and other financial income from third parties	133	17.336.282	1.094.341	15.455.938	941.476
3. Part of income from associates and participating interests	134				
4. Unrealized gains (income) from the financial assets	135				
5. Other financial income	136	14.502	-3.388.291	27.364	9.940
<b>IV. FINANCIAL COSTS (138 do 141)</b>	<b>137</b>	<b>66.590.829</b>	<b>25.895.004</b>	<b>187.924.399</b>	<b>45.969.993</b>
1. Interest, foreign exchange losses and other expenses from subsidiaries	138	328.759	77.536	333.090	101.956
2. Interest, foreign exchange losses and other expenses from third parties	139	53.976.430	15.296.583	73.339.534	23.456.013
3. Unrealized loss (expenses) on financial assets	140	8.465.982	8.465.982	2.200.711	2.200.711
4. Other financial expenses	141	3.819.658	2.054.903	112.051.064	20.211.313
<b>V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTITIES</b>	<b>142</b>				
<b>VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATES ENTITIES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>1.996.165.951</b>	<b>545.236.753</b>	<b>1.877.375.402</b>	<b>610.174.603</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>2.238.782.865</b>	<b>668.375.299</b>	<b>2.348.171.692</b>	<b>740.100.795</b>
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	<b>-242.616.914</b>	<b>-123.138.546</b>	<b>-470.796.290</b>	<b>-129.926.192</b>
1. Profit before tax (146-147)	149	0	0	0	0
2. Loss before tax (147-146)	150	242.616.914	123.138.546	470.796.290	129.926.192
<b>XII. CORPORATE INCOME TAX EXPENSE</b>	<b>151</b>				
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>-242.616.914</b>	<b>-123.138.546</b>	<b>-470.796.290</b>	<b>-129.926.192</b>
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	242.616.914	123.138.546	470.796.290	129.926.192
<b>ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to equity holders of the parent company	155				
2. Attributable to non-controlling interests	156				
<b>STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	<b>-242.616.914</b>	<b>-123.138.546</b>	<b>-470.796.290</b>	<b>-129.926.192</b>
<b>II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1. Exchange differences on translation of foreign operations	159				
2. Movements in revaluation reserves of long-term tangible and intangible assets	160				
3. Gains or loss from reevaluation of financial assets available for sale	161				
4. Gains or losses on efficient cash flow hedging	162				
5. Gains or losses on efficient hedge of a net investments in foreign countries	163				
6. Share in other comprehensive income/loss of associates companies	164				
7. Actuarial gain / losses on defined benefit plans	165				
<b>III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)</b>	<b>167</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	<b>-242.616.914</b>	<b>-123.138.546</b>	<b>-470.796.290</b>	<b>-129.926.192</b>
<b>APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements)</b>					
<b>VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD</b>					
1. Attributable to equity holders of the parent company	169				
2. Attributable to non-controlling interests	170				

## CASH FLOW STATEMENT - Direct method

in the period 01.01.2018. to 31.12.2018.

Issuer: PETROKEMIJA, d.d.			
Item	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Cash receipts from customers	001	1.946.951.251	1.917.789.822
2. Cash receipts from royalties, fees, commissions, etc.	002		
3. Cash receipts from insurance for damages compensation	003	27.446.652	2.943.200
4. Cash receipts arising from tax refunds	004	289.835.029	283.884.994
5. Other cash receipts	005	1.260.859	9.906.125
<b>I. TOTAL CASH RECEIPTS FROM OPERATING ACTIVITIES (001 TILL 005)</b>	<b>006</b>	<b>2.265.493.791</b>	<b>2.214.524.141</b>
1. Cash paid to suppliers	007	2.054.120.083	2.119.720.930
2. Cash paid to employees	008	206.512.274	203.190.425
3. Cash outflows for insurance damages compensation	009	12.749.291	10.950.998
4. Interest paid	010	41.838.198	63.673.863
5. Tax paid	011	43.834.953	39.381.025
6. Other cash outflows	012	12.255.345	6.564.606
<b>II. TOTAL CASH OUTFLOWS FROM OPERATING ACTIVITIES (007 TILL 012)</b>	<b>013</b>	<b>2.371.310.144</b>	<b>2.443.481.847</b>
<b>A1) NET INCREASE CASH FLOW FROM OPERATING ACTIVITIES (006-013)</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>A2) NET DECREASE CASH FLOW FROM OPERATING ACTIVITIES (013-006)</b>	<b>015</b>	<b>105.816.353</b>	<b>228.957.706</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash inflows from sale of long-term tangible and intangible assets	016	6.095.570	514.068
2. Cash inflows from sale of equity and debt instruments	017		
3. Interest receipts	018		
4. Dividend receipts	019		516.309
5. Other cash inflows from investing activities	020		
<b>III. TOTAL CASH INFLOWS FROM INVESTING ACTIVITIES (016 do 020)</b>	<b>021</b>	<b>6.095.570</b>	<b>1.030.377</b>
1. Cash outflows for purchase of long-term tangible and intangible assets	022	93.268.403	105.817.848
2. Cash outflows for purchase of equity and debt financial instruments	023		2.690
3. Other cash outflows from investing activities	024	11.600	3.020
<b>IV. TOTAL CASH OUTFLOWS FROM INVESTING ACTIVITIES (022 do 024)</b>	<b>025</b>	<b>93.280.003</b>	<b>105.823.558</b>
<b>B1) NET INCREASE CASH FLOW FROM INVESTING ACTIVITIES (021-025)</b>	<b>026</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE CASH FLOW FROM INVESTING ACTIVITIES (025-021)</b>	<b>027</b>	<b>87.184.433</b>	<b>104.793.181</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	028		450.000.000
2. Cash inflows from loans, debentures, credits and other borrowings	029	383.093.302	340.175.702
3. Other cash inflows from financing activities	030	32.620.660	5.636.410
<b>V. TOTAL CASH INFLOWS FROM FINANCING ACTIVITIES (028 do 030)</b>	<b>031</b>	<b>415.713.962</b>	<b>795.812.112</b>
1. Cash outflows for repayment of loans and bonds	032	213.914.164	103.919.036
2. Dividends paid	033		
3. Cash outflows for finance lease	034		
4. Cash outflows for purchase of own stocks	035		
5. Other cash outflows from financing activities	036	4.744.578	375.021.603
<b>VI. TOTAL CASH OUTFLOWS FROM FINANCING ACTIVITIES (032 do 036)</b>	<b>037</b>	<b>218.658.742</b>	<b>478.940.639</b>
<b>C1) NET INCREASE CASH FLOW FROM FINANCING ACTIVITIES (031-037)</b>	<b>038</b>	<b>197.055.220</b>	<b>316.871.473</b>
<b>C2) NET DECREASE CASH FLOW FROM FINANCING ACTIVITIES (037-031)</b>	<b>039</b>	<b>0</b>	<b>0</b>
<b>TOTAL INCREASE OF NET CASH FLOW (014 – 015 + 026 – 027 + 038 – 039)</b>	<b>040</b>	<b>4.054.434</b>	<b>0</b>
<b>TOTAL DECREASE OF NET CASH FLOW (015 – 014 + 027 – 026 + 039 – 038)</b>	<b>041</b>	<b>0</b>	<b>16.879.414</b>
Cash and cash equivalents at the beginning of the period	042	22.333.118	26.387.551
Increase of cash and cash equivalents	043	4.054.433	0
Decrease of cash and cash equivalents	044		16.879.414
Cash and cash equivalents at the end of the period	045	26.387.551	9.508.137

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

## STATEMENT OF CHANGES IN EQUITY

for the period **1.1.2018** to **31.12.2018**

Item	AOP	Previous period	Current period
1	2	3	4
1. Share capital	<b>001</b>	42.903.930	550.287.010
2. Capital reserves	<b>002</b>	3.923.969	153.523.269
3. Reserves from profit	<b>003</b>	-11.600	-14.080
4. Retained earnings or accumulated loss	<b>004</b>		
5. Profit / loss for the current year	<b>005</b>	-242.616.915	-470.796.290
6. Revaluation of long-term tangible assets	<b>006</b>		
7. Revaluation of intangible assets	<b>007</b>		
8. Revaluation of financial assets available for sale	<b>008</b>		
9. Other revaluation	<b>009</b>		
<b>10. Total capital and reserves (AOP 001 do 009)</b>	<b>010</b>	<b>-195.800.616</b>	<b>232.999.909</b>
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>		
12. Current and deferred taxes (part)	<b>012</b>		
13. Cash flow hedging	<b>013</b>		
14. Changes in accounting policies	<b>014</b>		
15. Correction of significant mistakes in prior period	<b>015</b>		
16. Other changes in capital	<b>016</b>		
<b>17. Total increase or decrease in capital (AOP 011 do 016)</b>	<b>017</b>	<b>0</b>	<b>0</b>
17 a. Attributable to equity holders of the parent company's capital	<b>018</b>		
17 b. Attributable to non-controlling interests	<b>019</b>		

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

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