

Annex 1

ISSUER'S GENERAL DATA

Reporting period: to

Year:

Quarter:

Quarterly financial statements

Registration number (MB): Issuer's home Member State code:

Entity's registration number (MBS):

Personal identification number (OIB):

LEI:

Institution code:

Name of the issuer:

Postcode and town:

Street and house number:

E-mail address:

Web address:

Number of employees (end of the reporting):

Consolidated report: (KN-not consolidated/KD-consolidated)

Audited: (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):

Registered office:

MB:

Names of subsidiaries (according to IFRS):	Registered office:	MB:

Bookkeeping firm: (Yes/No)

(name of the bookkeeping firm)

Contact person:
(only name and surname of the contact person)

Telephone:

E-mail address:

Audit firm:
(name of the audit firm)

Certified auditor:
(name and surname)

BALANCE SHEET
balance as at 30.6.2019

in HRK

Submitter: PETROKEMIJA, d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	711.199.885	673.632.154
I INTANGIBLE ASSETS (ADP 004 to 009)	003	3.374.735	4.095.434
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	1.740.590	2.406.654
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	1.634.145	1.688.780
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	694.360.801	656.049.232
1 Land	011	44.376.020	44.376.020
2 Buildings	012	186.459.354	178.966.906
3 Plant and equipment	013	376.900.515	363.832.602
4 Tools, working inventory and transportation assets	014	15.464.185	13.820.948
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	4.081.162	5.719.614
7 Tangible assets in preparation	017	66.614.886	48.870.319
8 Other tangible assets	018	464.679	462.823
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	13.464.349	13.464.349
1 Investments in holdings (shares) of undertakings within the group	021	13.454.123	13.454.123
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	10.226	10.226
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	23.139
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	23.139
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	762.873.777	676.927.674
I INVENTORIES (ADP 039 to 045)	038	293.668.397	242.747.250
1 Raw materials and consumables	039	123.971.528	104.032.272
2 Work in progress	040	14.992.047	27.755.036
3 Finished goods	041	152.806.834	102.276.673
4 Merchandise	042	610.945	662.175
5 Advances for inventories	043	1.287.043	8.021.094
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	84.562.322	45.860.408

1 Receivables from undertakings within the group	047	4.339.580	334.423
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	14.929.318	15.948.147
4 Receivables from employees and members of the undertaking	050	30.960	18.748
5 Receivables from government and other institutions	051	62.991.746	27.307.340
6 Other receivables	052	2.270.718	2.251.750
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	375.134.921	175.165.313
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	348.133.318	103.133.318
9 Other financial assets	062	27.001.603	72.031.995
IV CASH AT BANK AND IN HAND	063	9.508.137	213.154.703
D) PREPAID EXPENSES AND ACCRUED INCOME	064	14.293	496.990
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1.474.087.955	1.351.056.818
OFF-BALANCE SHEET ITEMS	066	1.041.395.509	901.450.286
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	232.999.909	261.949.157
I INITIAL (SUBSCRIBED) CAPITAL	068	550.287.010	550.287.010
II CAPITAL RESERVES	069	153.523.269	-350.000
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	-14.080	-14.080
1 Legal reserves	071	0	0
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	-14.080	-14.080
4 Statutory reserves	074	0	0
5 Other reserves	075	0	0
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	0	-317.273.021
1 Retained profit	082	0	0
2 Loss brought forward	083	0	317.273.021
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	-470.796.290	29.299.248
1 Profit for the business year	085	0	29.299.248
2 Loss for the business year	086	470.796.290	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	19.491.594	19.059.594
1 Provisions for pensions, termination benefits and similar obligations	089	11.563.187	11.131.187
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	428.407	428.407
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	7.500.000	7.500.000
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	459.192.864	460.092.906
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0

3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	334.344.269	334.344.269
6 Liabilities to banks and other financial institutions	101	124.848.595	124.460.141
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	0	1.288.496
11 Deferred tax liability	106	0	0
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	581.835.890	401.796.456
1 Liabilities to undertakings within the group	108	1.966.538	793.233
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	6.000.000	0
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	111.295.042	110.615.275
6 Liabilities to banks and other financial institutions	113	21.000.000	7.500.000
7 Liabilities for advance payments	114	105.063.422	85.829.665
8 Liabilities to suppliers	115	308.947.109	126.524.625
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	10.947.618	55.949.002
11 Taxes, contributions and similar liabilities	118	7.622.667	5.953.378
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	8.993.494	8.631.278
E) ACCRUALS AND DEFERRED INCOME	122	180.567.698	208.158.705
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	1.474.087.955	1.351.056.818
G) OFF-BALANCE SHEET ITEMS	124	1.041.395.509	901.450.286

STATEMENT OF PROFIT OR LOSS
for the period 1. 1. 2019 to 30. 6. 2019

in HRK

Submitter: PETROKEMIJA, d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	907.660.390	452.377.724	1.128.668.551	476.838.876
1 Income from sales with undertakings within the group	126	14.988.112	9.903.862	29.382.043	1.832.230
2 Income from sales (outside group)	127	872.299.747	429.515.609	1.088.158.570	472.640.033
3 Income from the use of own products, goods and services	128	4.901.518	3.488.317	1.187.612	291.572
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	15.471.013	9.469.936	9.940.326	2.075.041
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	1.016.381.671	525.238.600	1.080.340.998	434.395.717
1 Changes in inventories of work in progress and finished goods	132	-29.881.010	16.686.793	37.767.172	19.585.906
2 Material costs (ADP 134 to 136)	133	869.388.328	418.523.894	789.264.299	315.778.070
a) Costs of raw materials and consumables	134	825.976.608	396.243.518	758.034.170	299.157.993
b) Costs of goods sold	135	1.119.028	615.532	1.151.196	574.491
c) Other external costs	136	42.292.692	21.664.844	30.078.933	16.045.586
3 Staff costs (ADP 138 to 140)	137	91.027.436	45.952.468	94.303.663	47.909.141
a) Net salaries and wages	138	57.513.219	28.993.860	59.579.280	30.218.654
b) Tax and contributions from salary costs	139	20.238.738	10.267.754	21.477.179	10.961.507
c) Contributions on salaries	140	13.275.479	6.690.854	13.247.204	6.728.980
4 Depreciation	141	43.988.353	21.646.688	52.770.803	26.258.448
5 Other costs	142	40.990.558	21.717.532	99.542.327	74.952.053
6 Value adjustments (ADP 144+145)	143	868.006	711.225	50.234	50.093
a) fixed assets other than financial assets	144	580.629	423.849	50.218	50.079
b) current assets other than financial assets	145	287.377	287.376	16	14
7 Provisions (ADP 147 to 152)	146	0	0	6.642.500	-50.137.994
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	6.642.500	-50.137.994
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	0	0
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	0	0	0	0
III FINANCIAL INCOME (ADP 155 to 164)	154	15.316.434	4.304.756	2.217.430	-21.444.331
1 Income from investments in holdings (shares) of undertakings within the group	155	516.309	516.309	352.544	352.544
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	1.169	932	18.000	2.140
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	18.880	11.621	257.767	235.024
8 Exchange rate differences and other financial income	162	14.775.903	3.772.105	1.506.746	753.421
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	4.173	3.789	82.373	-22.787.460
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	82.587.228	28.636.788	21.245.735	13.874.345
1 Interest expenses and similar expenses with undertakings within the group	166	148.767	74.794	108.616	44.506
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	2.361	1.152	2.661	794
3 Interest expenses and similar expenses	168	27.369.523	12.819.691	10.526.062	5.108.311
4 Exchange rate differences and other expenses	169	5.889.555	4.786.418	2.306.795	423.358
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	49.177.022	10.954.733	8.301.601	8.297.376
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	922.976.824	456.682.480	1.130.885.981	455.394.545
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	1.098.968.899	553.875.388	1.101.586.733	448.270.062
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	-175.992.075	-97.192.908	29.299.248	7.124.483
1 Pre-tax profit (ADP 177-178)	180	0	0	29.299.248	7.124.483

2 Pre-tax loss (ADP 178-177)	181	-175.992.075	-97.192.908	0	0
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	-175.992.075	-97.192.908	29.299.248	7.124.483
1 Profit for the period (ADP 179-182)	184	0	0	29.299.248	7.124.483
2 Loss for the period (ADP 182-179)	185	-175.992.075	-97.192.908	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0	0	0
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0	0	0
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0	0	0
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	202	-175.992.075	-97.192.908	29.299.248	7.124.483
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	0	0	0	0
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	0	0	0	0
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	-175.992.075	-97.192.908	29.299.248	7.124.483
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	0	0	0	0
1 Attributable to owners of the parent	216	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 1.1.2019. to 30.6.2019.

in HRK

Submitter: PETROKEMIJA, d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	-175.992.075	29.299.248
2 Adjustments (ADP 003 to 010):	002	60.330.549	63.219.818
a) Depreciation	003	43.988.353	52.770.803
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-381.749	71.946
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-535.189	-610.310
e) Interest expenses	007	27.518.290	10.634.678
f) Provisions	008	-1.374.000	-432.000
g) Exchange rate differences (unrealised)	009	-8.885.156	784.701
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	-115.661.526	92.519.066
3 Changes in the working capital (ADP 013 to 016)	012	234.314.783	-51.122.390
a) Increase or decrease in short-term liabilities	013	244.918.047	-140.255.085
b) Increase or decrease in short-term receivables	014	13.831.932	38.211.547
c) Increase or decrease in inventories	015	-24.435.196	50.921.148
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	118.653.257	41.396.676
4 Interest paid	018	-29.198.451	-4.380.707
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	89.454.806	37.015.969
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	22.985	259.987
4 Dividends received	024	516.309	352.544
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	539.294	612.531
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-38.687.002	-13.771.774
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-38.687.002	-13.771.774
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-38.147.708	-13.159.243
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	0	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-54.239.269	-20.179.766
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-54.239.269	-20.179.766
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-54.239.269	-20.179.766
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-2.932.171	3.676.960
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	32.137.278	384.643.058
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	29.205.107	388.320.018

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: PETROKEMIJA, d.d.

Personal identification number (OIB): 24503685008

Reporting period: 1.1.2019 to 30.6.2019

Notes to financial statements for quarterly periods include:

- a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated
- b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the quarterly reporting period
- c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes
- d) a description of the financial performance in the case of the issuer whose business is seasonal.



Petrokemija d.d. (ZB: PTKM-R-A; petrokemija.hr) announced its Q2/H1 2019 results today. This report contains unaudited financial statements for the period ending 30 June 2019 as prepared by the management in accordance with the International Financial Reporting Standards.

Petrokemija d.d. financial results (IFRS)

Q2 2018	Q2 2019	HRK mln	H1 2018	H1 2019	%
439	474	Sales revenues	887	1,118	26
(51)	69	EBITDA ⁽¹⁾	(65)	101	n.a.
(51)	64	EBITDA excl. special items ⁽²⁾	(65)	153	n.a.
(73)	42	Profit/(loss) from operations	(109)	48	n.a.
(73)	38	Operating profit excl. special items ⁽²⁾	(109)	100	n.a.
(24)	(35)	Net financial result	(67)	(19)	(72)
(97)	7	Net profit/loss	(176)	29	n.a.
(86)	33	Net profit/loss for the period excl. special items ⁽³⁾	(127)	90	n.a.
(90)	60	Simplified Free Cash Flow ⁽⁴⁾	(103)	142	n.a.
943	503	Net debt ⁽⁵⁾	943	503	(47)
165	66	Net gearing (%) ⁽⁶⁾	165	66	(60)
32	3	CAPEX	39	11	(72)

Q2 2018	Q2 2019	EUR mln ⁽⁷⁾	H1 2018	H1 2019	%
59	64	Sales revenues	120	151	26
(7)	9	EBITDA ⁽¹⁾	(9)	14	n.a.
(7)	9	EBITDA excl. special items ⁽²⁾	(9)	21	n.a.
(10)	6	Profit/(loss) from operations	(15)	7	n.a.
(10)	5	Operating profit excl. special items ⁽²⁾	(15)	14	n.a.
(3)	(5)	Net financial result	(9)	(3)	(72)
(13)	1	Net profit/loss	(24)	4	n.a.
(12)	5	Net profit/loss for the period excl. special items ⁽³⁾	(17)	12	n.a.
(12)	8	Simplified Free Cash Flow ⁽⁴⁾	(14)	19	n.a.
128	68	Net debt ⁽⁵⁾	128	68	(47)
165	66	Net gearing (%) ⁽⁶⁾	165	66	(60)
4	0	CAPEX	5	1	(72)

⁽¹⁾ EBITDA = EBIT + Depreciation and amortization

⁽²⁾ No significant special items in H1 2018, in H1 2019 EBITDA and Operating profit were negatively impacted by HRK 45 mln of special items related to severance payments and HRK 7 mln related to provisions for severance payments

⁽³⁾ Beside impact of severance payments, H1 2019 Net profit/loss was negatively impacted by HRK 8 mln value adjustment of liabilities for CO2 emission charges, in H1 2018 Net profit/loss was negatively impacted by HRK 49 mln value adjustment of liabilities for CO2 emission charges

⁽⁴⁾ Simplified free cash flow = EBITDA excluding special items - capital expenditures

⁽⁵⁾ Net debt = Long and short term financial loans + Liabilities for received advances + Accruals + Provisions – Cash and cash equivalents – Given loans and deposits – Other financial assets; restatement of comparable previous periods was made – see on page 6

⁽⁶⁾ Net gearing = Net debt / (net debt plus equity)

⁽⁷⁾ In converting HRK figures into EUR, the following average CNB (HNB) rates were used: for H1 2018 – 7.42 HRK/EUR; H1 2019 – 7.42 HRK/EUR; as at June 30, 2018 – 7.38 HRK/EUR; as at June 30, 2019 – 7.39 HRK/EUR

Petrokemija d.d. increased its sales revenues in the first six months of 2019 by 26% to HRK 1,118 mln, mainly driven by significantly higher sales on domestic and regional market. EBITDA excluding special items increased to HRK 153 million, due to higher sales volumes on more profitable markets and lower gas prices in European markets.

CAPEX amounted to HRK 11 million, which is lower compared to H1 2018 as two-year overhaul was performed in 2018. Net debt ⁽⁵⁾ significantly decreased and amounted to HRK 503 million at the end of H1 2019 with the gearing rate at 66%, as a result of completed recapitalization process in 2018 and financial result in H1 2019.



Management discussion

Production and sales

Q2 2018	Q2 2019	Fertilizers production (kt)	H1 2018	H1 2019	%
251	259	Fertilizers	538	573	7
Q2 2018	Q2 2019	Fertilizers sales (kt)	H1 2018	H1 2019	%
72	64	Domestic market	148	213	43
195	184	Export	371	367	(1)
267	248	Total fertilizers sales (kt)	519	580	12

Main external parameters

Q2 2018	Q2 2019		H1 2018	H1 2019	%
21.34	15.50	Natural gas price* (EUR/MWh)	20.94	17.47	(17)
14.95	26.24	CO2 European Emission Allowances-EUA** (EUR/unit)	14.95	26.24	76
6.20	6.60	HRK/USD average	6.13	6.57	7
6.34	6.50	HRK/USD closing	6.34	6.50	3
7.40	7.42	HRK/EUR average	7.42	7.42	0
7.38	7.39	HRK/EUR closing	7.38	7.39	0

*CEGH market data – period average

**EEX market data – period closing

H1 2019 vs. H1 2018

KEY DRIVERS

- Higher total sales volumes on domestic market (43%) while export markets on the same level as in H1 2018 with increasing sales on regional and decreasing sale on spot market
- Plant operated with high utilization of all units, achieving 35 kt higher total production, there was no significant disturbances in production during H1 2019
- Lower natural gas price (decrease from 20.94 EUR/MWh to 17.47 EUR/MWh) as a result of lower gas prices in European markets
- Higher CO2 European Emission allowance (EUA) price by 76%

Commenting on the results, Mr. Davor Žmegač, President of the Management Board said:

In H1 2019 Petrokemija d.d. achieved net profit in the amount of HRK 29 mln compared to HRK 176 mln net loss realized in the same period last year. Considering results without special items, net profit for H1 2019 was HRK 90 mln as opposed to HRK 127 mln net loss in H1 2018. Special items imply, HRK 8 mln in H1 2019 and HRK 49 mln in H1 2018, negative effect of value adjustment of liabilities for CO2 emission charges, together with H1 2019 HRK 45 mln for severance payments and HRK 7 mln for severance payment provisions.

Significantly better result compared to last year was driven by external and internal factors. Internally, strong sales on Croatian and regional markets, uninterrupted production and cost control had positive impact on result. Externally, lower gas prices (17%) had major impact, partially offset with higher CO2 emission charges (76%). Fertilizers prices recorded no significant change compared to the same period last year.

In H2, further restructuring measures are planned with positive impact of result, considering no significant changes in external environment, further improvement compared to last year is expected.



Petrokemija, d.d. Unconsolidated Statement of Profit or Loss
For the period ended 30 June 2018 and 2019
(HRK millions)

Q2 2018	Q2 2019	HRK mln	Note	H1 2018	H1 2019	%
439	474	Sales revenue	1	887	1,118	26
3	0	Income from own consumption of products and services		5	1	(76)
9	2	Other operating income		15	10	(36)
452	477	Total operating income		908	1,129	24
17	20	Inventory change of finished prod. and work in progress		(30)	38	n.a.
396	299	Cost of raw materials and consumables	2	826	758	(8)
22	26	Depreciation and amortization	4	44	53	20
22	16	Other material costs	2	42	30	(29)
46	48	Staff costs	5	91	94	4
1	1	Cost of other goods sold		1	1	3
22	75	Other costs	4	41	100	143
1	0	Impairment and charges		1	0	(94)
0	(50)	Provisions for charges and risks	3	0	7	n.a.
525	434	Operating expenses		1,016	1,080	6
(73)	42	Profit(Loss) from operations		(109)	48	n.a.
4	(21)	Finance income		15	2	(86)
29	14	Finance costs		83	21	(74)
(24)	(35)	Net (loss) / profit from financial activities	6	(67)	(19)	(72)
(97)	7	Profit(Loss) before tax		(176)	29	n.a.
(97)	7	Profit(Loss) for the year		(176)	29	n.a.



Petrokemija, d.d. Unconsolidated Statement of Financial Position
At 30 June 2019
(HRK millions)

HRK mln	Note	31 Dec 2018	30 June 2019	%
Assets				
Non-current assets				
Intangible assets		3	4	21
Property, plant and equipment	8	694	656	(6)
Investment in subsidiaries		13	13	0
Other investments		0	0	0
Long-term receivables		0	0	0
Deferred tax		0	0	0
Total non-current assets		711	674	(5)
Current assets				
Inventories	9	294	243	(17)
Trade receivables net	10	15	16	7
Other receivables		70	30	(57)
Given loans and deposits		348	103	(70)
Other current assets		27	72	167
Prepaid expenses and accrued income		0	0	0
Cash and cash equivalents		10	213	2,142
Total current assets		763	677	(11)
Total assets	7	1,474	1,351	(8)
Equity and liabilities				
Capital and reserves				
Share capital		550	550	0
Capital reserves		154	(0)	n.a.
Other reserves		0	(0)	n.a.
Retained earnings / (Deficit)		(471)	(317)	(33)
Current earnings / (Deficit)		0	29	n.a.
Non-controlling interests		0	0	0
Total equity		233	262	12
Non-current liabilities				
Long-term loans		459	460	0
Other non-current liabilities		0	0	0
Employee benefits provisions		12	11	(4)
Other provisions		8	8	0
Total non-current liabilities		479	479	0
Current liabilities				
Bank loans and overdrafts		132	118	(11)
Trade payables	12	309	127	(59)
Taxes and contributions		8	6	(22)
Other current liabilities	13	122	95	(22)
Accruals and deferred income		181	208	15
Employee benefits obligation		11	56	411
Total current liabilities		762	610	(20)
Total liabilities	11	1,241	1,089	(12)
Total equity and liabilities		1,474	1,351	(8)



Petrokemija, d.d. Unconsolidated Statement of Cash Flow
For the period ended 30 June 2019
(HRK millions)

HRK mln	Note	H1 2018	H1 2019	%
Profit for the year		(176)	29	n.a.
Adjustments for:				
Depreciation and amortization		44	53	20
Gain on sale of property, plant, equipment and impairment		(0)	0	0
Other finance expense/(income) recognized in profit		27	10	(63)
(Decrease)/increase in provisions		(1)	(0)	(69)
Foreign exchange loss/(gain)		(9)	1	n.a.
Other non-cash items		0	0	0
Operating cash flow before working capital changes	14	(116)	93	n.a.
Movements in working capital	15			
Decrease/(increase) in inventories		(24)	51	n.a.
Decrease/(increase) in receivables and prepayments		14	38	176
(Decrease)/increase in trade and other payables		245	(140)	n.a.
Cash generated from operations		119	41	(65)
Interest expense (net)		(29)	(4)	(85)
Net cash inflow from operating activities		89	37	(59)
Cash flows used in investing activities				
Capital expenditures, exploration and development costs		(39)	(14)	(64)
Interest on loans, net		0	0	0
Investments and loans to third parties, net		1	0	(32)
Net cash used for investing activities	16	(38)	(13)	(66)
Cash flows from financing activities				
Issuing of own and debt financial instruments		0	0	0
Repayment borrowings, net		(54)	(20)	(63)
Other financing activities		0	0	0
Net cash used in financing activities		(54)	(20)	(63)
Net (decrease)/increase in cash and cash equivalents		(3)	4	n.a.
At 1 January		32	385	1,097
Effect of foreign exchange rate changes		0	0	0
At the end of period		29	388	1,230



Financial overview and notes

STATEMENT OF PROFIT OR LOSS

Notes

H1 2019 RESULTS

- 1 **Total sales revenues** in H1 2019 amounted to HRK 1,118 million and were 26% higher than H1 2018, triggered mainly by higher sale volumes on domestic and regional market, partially offset with lower sales on spot market.
- 2 **Costs of raw materials, consumables and other material costs** were 8% lower than in H1 2018, at HRK 758 million, mainly due to lower natural gas cost.
- 3 **Provisions** in H1 2019 were recorded in the amount of HRK 7 million and refer to provisions for severance payments, while in H1 2018 there was no provisions made.
- 4 Other **operating costs** realized in H1 2019 include:
- other costs in the amount of HRK 100 million which were 143% above the H1 2018 level mainly due to HRK 45 mln for severance payments and HRK 16 mln higher cost for CO2 European Emission allowances (EUA).
 - depreciation in the amount of HRK 53 million was 20% higher compared to H1 2018.
- 5 **Staff costs** in the amount HRK 94 million were 4% higher compared to H1 2018.
- 6 **Net financial result** is negative in H1 2019 and amounts to HRK 19 million while in H1 2018 it was negative by HRK 67 million.
- Net foreign exchange loss was HRK 1 million in H1 2019 while in H1 2018 net foreign exchange gain was HRK 9 million.
 - Net interest payable amounted to HRK 10 million in H1 2019 while in H1 2018 net interest payable amounted to HRK 27 million.
 - Other financial items refer to value adjustment of liabilities for CO2 emission charges, H1 2019 was negatively impacted by HRK 8 million, while H1 2018 was negatively impacted by HRK 49 million.

STATEMENT OF FINANCIAL POSITION

Notes

- 7 As at 30 June 2019 Petrokemija d.d. **total assets** amounted to HRK 1,351 million, 8% lower compared to 31 December 2018.
- 8 In the period ended 30 June 2019, Petrokemija invested HRK 11 million in **property, plant and equipment**. The effect of depreciation reduced net book value of property, plant and equipment to amount of HRK 656 million.
- 9 **Inventories** amounted to HRK 243 million, and have decreased by 17% compared to 31 December 2018 mainly as a result of higher finished product sales compared to production.
- 10 **Trade receivables** slightly increased to HRK 16 million.
- 11 As at 30 June 2019 **total liabilities** amounted to HRK 1,089 million which is 12% or HRK 152 million lower compared to 31 December 2018. Petrokemija **net debt**⁽¹⁾ decreased by 47% compared to 30 June 2018 and amounted to HRK 503 million. **Gearing ratio** decreased from 165% as at 30 June 2018, to 66% as at 30 June 2019.
- 12 **Trade payables** decreased by 59% to HRK 127 million, as a result of lower liabilities for raw materials and consumables.
- 13 **Other current liabilities** decreased by 22% to HRK 95 million, out of which liabilities for advance payments decreased from HRK 105 mln to HRK 86 mln.

CASH FLOW

Notes

- 14 The **operating cash-flow before changes in working capital** amounted to HRK 93 million in H1 2019 representing an increase of HRK 209 million compared to H1 2018, which is in line with the change in EBITDA performance compared to the previous year.
- 15 **Changes in working capital** affected the operating cash flow negatively by HRK 51 million in H1 2019, due to:
- decrease value of inventories by HRK 51 million mainly related to higher sales than production and consequently lower inventories of finished products
 - decrease in receivables by HRK 38 million
 - decrease in trade and other payables by HRK 140 million as a result of lower liabilities for raw materials and consumables.
- 16 **Net outflows from investing activities** amounted to HRK 13 million, which is lower compared to H1 2018 as two-year overhaul was performed in 2018.

Restatement

⁽¹⁾ Petrokemija adjusted its Net debt methodology to better align the reporting to standard of company owners and other listed companies, with Net debt now being calculated as Long and short term financial loans + Liabilities for received advances + Accruals + Provisions – Cash and cash equivalents – Given loans and deposits – Other financial assets.



Special items in EBITDA, operating and net profit

In addition to international accounting standards, international reporting standards and regulatory requests the company discloses special items to achieve a higher level of transparency and to provide better understanding of the usual business operations. Business events not occurring regularly and having significant effect on operations and results are considered as special items. Furthermore, in accordance with the adopted accounting policies and IFRS 36 – Impairment of Assets, Petrokemija d.d. performs impairment testing at the end of each reporting period if impairment indicators are assessed to be significant.

In H1 2019 EBITDA and Operating profit were negatively impacted by HRK 45 mln of special items related to severance payments and HRK 7 mln related to provisions for severance payments. Beside impact of severance payments and provisions for severance payments, H1 2019 Net profit/loss was negatively impacted by HRK 8 mln value adjustment of liabilities for CO2 emission charges, in H1 2018 Net profit/loss was negatively impacted by HRK 49 mln value adjustment of liabilities for CO2 emission charges.

Financial instruments and risks

Risks are described in detail in Petrokemija d.d. Financial Statements for the year ended 31 December 2018.

As of 30 June 2019 Petrokemija, had:

- credit debt of HRK 577 million, out of which HRK 118 million is related to short-term debt and HRK 459 million relates to long-term debt, HRK 133 million relates to Banks and others, while HRK 444 million relates to debt to gas suppliers (HEP, INA and PPD)

Average interest rate during the 2019 H1 was 3.6% per annum

Management representation

Petrokemija d.d. financial statements for H1 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS), i.e. they present fairly, in all material aspects, the financial position of the company, results of its operations and cash flows.

Mr. Krešimir Rendeli's mandate as MB member ceased on January 31, 2019 pursuant to agreement. Mr. Željko Marić, has been appointed member of the management board in charge of production and operations as of February 1, 2019.

Management Board:

Davor Žmegač	President
Goran Pleše	Member
Željko Marić	Member
Peter Suba	Member