

Financial reports are prepared in accordance with Accounting and Auditing Law (Official Gazette "Službeni glasnik RS", No. 62/2013) and other accounting regulations prevailing in the Republic of Serbia.

FINANCIAL STATEMENT SUMMARY FOR 2016

"HIP-Petrohemija" a.d. Pancevo

I BASIC DATA

1. Short name:	"HIP-Petrohemija" a.d. Pancevo	3. Registration number:	08064300
2. Address:	Spoljnostarcevačka 82, Pancevo	4. Taxpayer ID No.:	101052694

II FINANCIAL STATEMENT

BALANCE SHEET (in 000 din)

ASSETS	2016	2015
A. NON-CURRENT ASSETS	9.470.204	8.569.244
I Unpaid subscribed capital		
II Goodwill		
III Non-material investment		
IV Property, plant, equipment and biological means	9.416.659	8.513.244
V Long-term financial placements	53.544	56.000
B. CURRENT ASSETS	12.827.357	7.436.133
I Inventories	3.394.975	5.031.965
II Non-current assets held for sale and		
III Short-term receivables, placements and ca	9.017.615	1.935.698
IV Deferred tax funds	414.767	468.470
C. PROPERTY	22.297.561	16.005.377
E. TOTAL ASSETS	22.297.561	16.005.377
F. OFF-BALANCE-SHEET ASSETS	257.951	153.348

LIABILITIES	2016	2015
A. CAPITAL	0	0
I Fixed capital	15.020.878	15.020.878
II Unpaid subscribed capital		
III Reserve	4.709.460	3.520.957
IV Revaluation reserves	87.846	87.845
V Retained earnings	0	0
VI Loss	76.685.111	70.960.927
VII Repurchased shares		
B. LONG-TERM PROVISIONS AND LIABILITIES	79.164.488	68.336.624
I Long-term provisions	566.736	590.349
II Long-term liabilities	13.588.609	1.362.042
III Short-term liabilities	64.187.227	66.384.233
IV Deferred tax liabilities	821.917	0
V Loss above capital value	56.866.928	52.331.247
C. TOTAL LIABILITIES	22.297.561	16.005.377
D. OFF-BALANCE-SHEET LIABILITIES	257.951	153.348

CASH FLOW STATEMENT (in 000 din)

A. CASH FLOW FROM OPERATING ACTIVITIES	2016	2015
I Cash receipts from operating activities	40.191.779	33.112.862
II Cash outflows from operating activities	31.553.502	31.624.145
III Net cash receipts / outflow	8.638.277	1.488.717
B. CASH FLOW FROM INVESTING ACTIVITIES		
I Cash receipts from investing activities	0	44.171
II Cash outflow from investing activities	7.055.630	539.237
III Net cash receipts / outflow	-7.055.630	-495.066
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
I Cash receipts from financial activities	0	25.051
II Cash outflow from financial activities	1.787.077	1.091.488
III Net cash receipts / outflow	-1.787.077	-1.066.437
D. TOTAL CASH RECEIPTS	40.191.779	33.182.084
E. TOTAL CASH OUTFLOW	40.396.209	33.254.870
F. NET CASH RECEIPTS / OUTFLOW	-204.430	-72.786
G. CASH IN THE BEGINNING OF THE PERIOD UNDER REVIEW	710.122	782.908
H. PROFIT ON EXCHANGE		
LOSS ON EXCHANGE		
I. CASH AT THE END OF THE PERIOD UNDER REVIEW	505.692	710.122

INCOME STATEMENT (in 000 din)

A. INCOME AND EXPENSES FROM OPERATING ACTIVITIES	2016	2015
I Operating income	35.690.663	28.583.006
II Operating expenses	29.058.019	26.068.002
III Operating profit / loss	6.632.643	2.515.004
IV Financial income	623.240	1.146.885
V Financial expenses	12.534.457	5.245.233
VI Other income	589.427	330.312
VII Other expenses	572.970	299.762
VIII Operating profit / loss before taxation	-5.262.116	-1.552.794
IX Net operating profit / loss to be suspended		
B. PROFIT / LOSS BEFORE TAXATION	-5.262.116	-1.552.794
C. TAXATION		
1. Tax expenses for the period		6.626
2. Deferred tax income for the period		
3. Deferred tax outcome for the period		153.553
D. Personal receivables paid		
E. NET PROFIT/LOSS	-5.262.116	-1.405.867
F. MINOR INVESTOR NET PROFIT		
G. ENTITY OWNERS NET PROFIT		
H. EARNING PER SHARE		
1. Basic earning per share		
2. Diluted earning per share		

CHANGES-IN-EQUITY STATEMENT (in 000 din)

	2015						2016			
	Status in the beginning of the year	Correction of materially significant errors and changes in accounting policies in the previous	Adjusted opening balance in the beginning of the year	Increase during the year	Decrease during the year	Status at the end of the year	Status in the beginning of the year	Increase during the year	Decrease during the year	Status at the end of the year
Registered capital	15.020.878			0	0	15.020.878	15.020.878			15.020.878
Other capital						0	0			0
Unpaid subscribed capital						0	0			0
Share premium						0	0			0
Reserves						0	0			0
Revaluation reserve	3.529.938				8.981	3.520.957	3.520.957	1.675.964	487.461	4.709.460
Unrealized profits on securities						0	0			0
Retained earning	222			508	730	0	0	1.256	1.256	0
Loss up to capital volume	69.555.569			12.189.282	10.783.924	70.960.927	70.960.927	7.130.051	1.405.867	76.685.111
Repurchased shares						0	0			0
Actuarial profit/loss	87.845					87.845	87.845			87.845
TOTAL						0	0			0
Loss exceeding capital volume	50.916.686			12.188.774	10.774.213	52.331.247	52.331.247	5.452.831	917.150	56.866.928

III AUDITOR'S CONCLUSION (Deloitte Belgrade) ON THE FINANCIAL STATEMENTS:

These financial statements, including all materially significant issues, gives a true and fair view of the financial position of the Company as of December 31, 2016, as well as the results of its operating activities and cash flow for the year ended on that day, in accordance with the accounting regulations of the Republic of Serbia. A decision about initiating the Pre-packed Reorganization Plan (PPRP) was brought by the Commercial Court of Pancevo in May 2016, along with the stopgap measure by which the Company was protected against continuation of already instituted proceedings and from initiating new ones which would demand debt enforcement. By the decision of the Commercial Court of Pancevo of November 18, 2016, the insolvency proceeding against the Company started with the PPRP in May 2016, was stopped. A measure of prohibition the foreclosure on secured and unsecured property was also abolished, including prohibition relating to exercising of rights of creditors with rights to separate settlement, and another security measure was also abolished by which it was prohibited that the National Bank of Serbia may enforce payment of debts from the insolvent debtor. The working group in charge for finding solutions for status of companies belonging to the chemical complex decided a cut-off date for a new PPRP to be January 31, 2017. The aim of reorganization is to make it possible for the Company that after the period of time projected by the PPRP it may operate independently delivering sustainable results.

IV SIGNIFICANT CHANGES IN LEGAL AND FINANCIAL POSITION OF THE COMPANY AND OTHER SIGNIFICANT CHANGES OF THE DATA

Pursuant to the Decision brought by the Government of the Republic of Serbia about determining the privatization subjects of strategic importance (Official gazette No. 47/15) of 29 May 2015, HIP-Petrohemija is listed in a group of 17 privatization subjects of strategic importance for Serbian economy, by which it is protected against enforcement of claims until the end of May 2016, in accordance with the Law on Amendments of the Privatization Law (Official gazette No. 46/15).

V PLACE AND TIME FOR GETTING INSIGHT INTO THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT

One can get insight into financial statements and auditor's report every working day from 08 a.m. to 02 p.m. at „HIP-Petrohemija“ a.d. Pancevo, Spoljnostarcevačka 82, Pancevo.

General Manager
Velimir Unković, Master in Economic Sciences