

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 2017

"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	2017	2016
<b>A. NON-CURRENT ASSETS</b>	<b>9.877.185</b>	<b>9.470.204</b>
I Unpaid subscribed capital		
II Goodwill		
III Non-material investment		
IV Property, plant, equipment and biological means	9.837.813	9.416.659
V Long-term financial placements	39.372	53.544
<b>B. CURRENT ASSETS</b>	<b>17.930.283</b>	<b>12.827.357</b>
I Inventories	6.132.077	3.394.975
II Non-current assets held for sale and		
III Short-term receivables, placements and ca	11.220.014	9.017.615
IV Deferred tax funds	578.192	414.767
<b>C. PROPERTY</b>	<b>27.807.468</b>	<b>22.297.561</b>
<b>E. TOTAL ASSETS</b>	<b>27.807.468</b>	<b>22.297.561</b>
<b>F. OFF-BALANCE-SHEET ASSETS</b>	<b>1.142.453</b>	<b>257.951</b>

LIABILITIES	2017	2016
<b>A. CAPITAL</b>	<b>24.141.370</b>	<b>0</b>
I Fixed capital	55.569.132	15.020.878
II Unpaid subscribed capital		
III Reserve	4.694.068	4.709.460
IV Revaluation reserves	106.490	87.845
V Retained earnings	3.519.370	0
VI Loss	39.747.690	76.685.111
VII Repurchased shares		
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>3.666.098</b>	<b>79.164.486</b>
I Long-term provisions	342.094	566.735
II Long-term liabilities	0	13.588.609
III Short-term liabilities	2.691.458	64.187.225
IV Deferred tax liabilities	632.546	821.917
V Loss above capital value	0	56.866.928
<b>C. TOTAL LIABILITIES</b>	<b>27.807.468</b>	<b>22.297.558</b>
<b>D. OFF-BALANCE-SHEET LIABILITIES</b>	<b>0</b>	<b>257.951</b>

#### CASH FLOW STATEMENT (in 000 din)

A. CASH FLOW FROM OPERATING ACTIVITIES	2017	2016
I Cash receipts from operating activities	43.524.742	40.191.779
II Cash outflows from operating activities	39.993.129	31.553.502
III Net cash receipts / outflow	3.531.613	8.638.277
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
I Cash receipts from investing activities	0	0
II Cash outflow from investing activities	2.620.732	7.055.630
III Net cash receipts / outflow	-2.620.732	-7.055.630
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
I Cash receipts from financial activities	0	0
II Cash outflow from financial activities	51.912	1.787.077
III Net cash receipts / outflow	-51.912	-1.787.077
<b>D. TOTAL CASH RECEIPTS</b>	<b>43.524.742</b>	<b>40.191.779</b>
<b>E. TOTAL CASH OUTFLOW</b>	<b>42.665.774</b>	<b>40.396.209</b>
<b>F. NET CASH RECEIPTS / OUTFLOW</b>	<b>858.968</b>	<b>-204.430</b>
<b>G. CASH IN THE BEGINNING OF THE PERIOD UNDER REVIEW</b>	<b>505.692</b>	<b>710.122</b>
<b>H. PROFIT ON EXCHANGE</b>		
<b>LOSS ON EXCHANGE</b>	<b>13.364</b>	
<b>I. CASH AT THE END OF THE PERIOD UNDER REVIEW</b>	<b>1.351.297</b>	<b>505.692</b>

#### INCOME STATEMENT (in 000 din)

A. INCOME AND EXPENSES FROM OPERATING ACTIVITIES	2017	2016
I Operating income	37.882.995	35.690.663
II Operating expenses	32.743.846	29.058.019
III Operating profit / loss	5.139.149	6.632.643
IV Financial income	141.006	623.240
V Financial expenses	1.975.241	12.534.457
VI Other income	37.136.604	589.427
VII Other expenses	175.262	572.970
VIII Operating profit / loss before taxation	40.266.256	-5.262.116
IX Net operating profit / loss to be suspended		
<b>B. PROFIT / LOSS BEFORE TAXATION</b>	<b>40.266.256</b>	<b>-5.262.116</b>
<b>C. TAXATION</b>		
1. Tax expenses for the period	21	
2. Deferred tax income for the period		
3. Deferred tax outcome for the period	189.371	
<b>D. Personal receivables paid</b>		
<b>E. NET PROFIT/LOSS</b>	<b>40.455.606</b>	<b>-5.262.116</b>
<b>F. MINOR INVESTOR NET PROFIT</b>		
<b>G. ENTITY OWNERS NET PROFIT</b>		
<b>H. EARNING PER SHARE</b>		
1. Basic earning per share		
2. Diluted earning per share		

**CHANGES-IN-EQUITY STATEMENT (in 000 din)**

	2016						2017			
	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	40.548.254		55.569.132
Other capital						0	0			0
Unpaid subscribed capital						0	0			0
Share premium						0	0			0
Reserves						0	0			0
Revaluation reserve	3.520.957			1.675.964	487.461	4.709.460	4.709.460		15.392	4.694.068
Unrealized profits on securities						0	0			0
Retained earning	0			1.256	1.256	0	0	40.456.792	36.937.422	3.519.370
Loss up to capital volume	70.960.927			7.130.051	1.405.867	76.685.111	76.685.111		36.937.421	39.747.690
Repurchased shares						0	0			0
Actuarial profit/loss	87.845					87.845	87.845	18.645		106.490
TOTAL						0	0	81.023.691	15.393	24.141.370
Loss exceeding capital volume	52.331.247			5.452.831	917.150	56.866.928	56.866.928	0	0	0

**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, 2017 in accordance with the accounting regulations of the Republic of Serbia.

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

Since 2015, according to the Decision brought by the Government of the Republic of Serbia on determining privatization entities of strategic importance, HIP-Petrohemija has been classified into group of 17 privatization entities of strategic importance for the economy of the RS. A Working group has been formed to resolve status of the companies from the chemical complex, made by the representatives of the Government of RS, NIS a.d. and Petrohemija in order to reorganize the Company, that after the implementation of the Pre-packed Reorganization Plan (PPRP), it will be able to operate with a sustainable result and to function independently. HIP - Petrohemija PPRP was adopted by Commercial Court in Pancevo in the Document No. 2 , 3/2017, at a hearing held on August 16, 2017. The decision to confirm the adoption of PPRP became valid on September 19, 2017, and the implementation started on October 3, 2017. PPRP is anticipated to carry out the write-off of obligations in the amount of 47.67% which ended on October 10, 2017. The rest of the liabilities (52.33%), i.e. liabilities after previously described write-off are subject to conversion to HIPP's capital. The PPRP foresees that the conversion of liabilities into equity will be made by issuing new shares and registration of these shares in the Central Securities Depository of the Republic of Serbia (CSDRS). On October 19, 2017, CSDRS increased HIP-Petrohemija capital by issuing a new emission of ordinary shares. On 27 October 2017, the Business Registers Agency carried out Resolution No. 89578/2017, which adopted the HIP - Petrohemija registration and registered capital increase. The person appointed to monitor the implementation of the PPRP concluded on 1 November 2017 that the PPRP was fulfilled in all its elements.

**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**