

## **Bosnia: Zarubezhneft considers withdrawing from BiH**

**Categories :** [SEE Energy News](#)

**Date :** April 28, 2017

According to unofficial information, Russian company Zarubezhneft plans to withdraw from the Bosnian market, namely from its oil refinery in Bosanski Brod due to large accumulated losses of the refinery.

This was the reason for the recent meeting of representatives of Zarubezhneft with the President of the Republic of Srpska (RS) Milorad Dodik, whom they informed on their decision to withdraw from Brod refinery. However, for now there are no official information on the withdrawal of the Russian company from Bosnia and Herzegovina (BiH).

On that occasion, President Dodik said that Russian company Zarubezhneft is of strategic importance for the country and that there is mutual desire for maintaining and improving cooperation on joint projects.

Earlier this month, the audit company KPMG said in its report that the future of Bosanski Brod oil refinery is uncertain without the support from its parent company – Russian NefteGazInkor. The accumulated consolidated loss of the refinery amounted to some 302 million euros at the end of 2016, while the company's short-term liabilities exceed current assets by almost 9 million euros. In the report KPMG warned that the fair value of the company's non-material assets, property, plants and equipment could significantly differ from the book value of 379.5 million euros.

Few years back, the auditors found that Bosanski Brod refinery took two loans in the amount of some 110 million euros from the parent company NefteGazInkor, with an annual interest of as much as 12 %, which is higher than average market interest rates in the RS. Although there are still a lot of unclear things regarding the privatization, it seems that the Government is still the owner of the refinery, while Russian company just financed the start of production through a loan with unusually high interest rate. If this is true, in case of the withdrawal of the Russian company, all financial obligation of Bosanski Brod oil refinery will be borne by the RS state budget.

Bosnian oil refinery Bosanski Brod, located in the Republic of Srpska (RS), has posted a huge loss in the amount of some 36.6 million euros in 2016, compared to net profit of 2.9 million euros in 2015. The company's operating revenues dropped by 16.4 % compared to the previous year, reaching 42.4 million euros in 2016, while operating expenditures dropped as well by 17.2 % to 40.04 million euros.

Oil refinery in Bosanski Brod, as well as the refinery in Modrica and Nestro Petrol in Banja Luka are part of Optima Group, majority owned by NefteGazInkor, a subsidiary of the Russian company Zarubezhneft.