Q4 AND Q1-Q4 2012 – REPORT INA GROUP CONSOLIDATED

INA Group (ZB: INA-R-A; LSE: HINA; www.ina.hr) announced its Q4 and Q1-Q4 2012 results today. This report contains unaudited consolidated financial statements for the period ending 31 December 2012 as prepared by the management in accordance with the International Financial Reporting Standards.

INA Group financial results (IFRS)

HRK mln.	Q3 2012	Q4 2012	Q4 2011	%	2011	2012	%
Net sales revenues	8,089	7,275	7,301	(0)	30,028	29,895	(0)
EBITDA reported (1)	1,462	887	1,261	(30)	6,522	4,578	(30)
EBITDA excl. special items (2)	**1,504**	**1,009**	**1,356**	**(26)**	**6,776**	**4,963**	**(27)**
Operating result	1,031	(166)	147	n.a.	3,039	1,356	(55)
Operating profit excl. special items (2)	**1,096**	**590**	**792**	**(26)**	**4,078**	**2,863**	**(30)**
Net financial expenses	34	(72)	(509)	(86)	(663)	(289)	(56)
Net profit/loss for the period (3)	825	(252)	(242)	4	1,815	681	(62)
Net profit for the period excl. special items (2)	**877**	**352**	**263**	**34**	**2,634**	**1,893**	**(28)**
Operating cash flow	**1,500**	**308**	**1,264**	**(76)**	**3,282**	**3,742**	**14**
Earnings per share							
Basic and diluted earnings per share (kunas per share)	82.5	(25.2)	(24.2)	4	181.5	68.1	(62)
Net gearing	29.41	30.83	38.82	(21)	38.82	30.83	(21)
CAPEX							
International	13	45	119	(62)	434	120	(72)
Domestic	321	501	547	(8)	1,111	1,166	5

USD mln (4)	Q3 2012	Q4 2012	Q4 2011	%	2011	2012	%
Net sales revenues	1,353	1,253	1,314	(5)	5,620	5,109	(9)
EBITDA reported (1)	245	153	227	(33)	1,221	782	(36)
EBITDA excl. special items (2)	**252**	**174**	**244**	**(29)**	**1,268**	**848**	**(33)**
Operating result	172	(29)	26	n.a.	569	232	(59)
Operating profit excl. special items (2)	**183**	**102**	**143**	**(29)**	**763**	**489**	**(36)**
Net financial expenses	6	(12)	(92)	(86)	(124)	(49)	(60)
Net profit/loss for the period (3)	138	(43)	(44)	(0)	340	116	(66)
Net profit for the period excl. special items (2)	**147**	**61**	**47**	**28**	**493**	**323**	**(34)**
Operating cash flow	**251**	**53**	**227**	**(77)**	**614**	**640**	**4**
Earnings per share							
Basic and diluted earnings per share (USD per share)	13.8	(4.3)	(4.4)	(0)	34.0	11.6	(66)
CAPEX							
International	2	8	21	(64)	81	21	(75)
Domestic	54	86	99	(12)	208	199	(4)

(1) EBITDA = EBIT + Depreciation + Impairment + Provisions
(2) Excludes special items related to asset impairment, provision, severance payments and special items income. The 2012 EBIT was negatively influenced by HRK 1,507 million special items
3) INA Group net profit attributable to equity holder
(4) In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q3 2012 – 5.9788 HRK/USD; Q4 2011 – 5.5564 HRK/USD; Q4 2012 - 5.8038; Q1-Q4 2011 – 5.3435 HRK/USD; Q1-Q4 2012 – 5.8509 HRK/USD
**Restatement of the previous periods understands the reclassification relating to financial statements presentations (in line with IAS 1) in respect of netting the revenues and expenses and technical corrections relating to recording of the asset impairment made at 2011 year end to the appropriate corresponding interim period of that year.*

In 2012, INA Group operated in a mixed external environment. For the 4th year in a row Company had to operate in line with depressed market demand for key oil derivatives and natural gas resulting from the prolonged economic slowdown in the Company's core markets, and prolonged sanctions and uncertainty in Syria, one of the core upstream markets for the Group. On the other hand, improvement in the crack spread environment with relatively stable crude prices compared to 2011 gave rise to some optimism regarding the future outlook.

INA Group was able to maintain stable revenues of around HRK 30 billion as a result of improved realized hydrocarbon price. At close to HRK 5 billion, EBITDA excluding special items declined by 27% year-on-year mainly due to a lack of upstream revenues from our Syrian operations.

Despite this, the Company was able to achieve positive results in both operating profit and net profit excluding special items which stood at HRK 2.9 billion and HRK 1.9 billion, respectively. A major contribution to this solid performance were our continued success in increasing operational efficiency, resulting in cost savings of over HRK 2.2 billion compared to the 2010 base line. INA's operating cash flow for 2012 increased by 14% to HRK 3.7 billion compared to 2011, strengthening the Company's financial position and building a solid base for future investment plans and debt repayment. Improved gearing levels, which declined from 39% to 31% year-on-year, are the result of management's continuous efforts to maintain the Group's solid financial position.

The Group (if we adjust for the activity in Syria) maintained the level of its investment activity despite the continued economic crisis experienced in its core regional markets, spending HRK 1.29 bn in 2012, 5% more than in 2011 (adjusted for Syria), increasing CAPEX spending portion in Croatia from 72% in 2011 to 94% in 2012. After commissioning the new hydrocracking unit in Rijeka refinery in 2011, the focus of Croatian investments shifted to upstream and retail in 2012, with investments in domestic upstream jumping from HRK 187 million to HRK 558 million and in retail more than doubling from HRK 106 million to HRK 229 million due to the large-scale modernization of INA's retail network.

Net profit excluding special items for 2012 reached HRK 1.9 billion, a 28% decline year-on-year due to a weak first half of 2012 driven by stronger negative capped natural gas prices impact (increased household's price from to 1.70 to 2.20 HRK per cm and liberalized small and industrial consumer prices) and less favorable external environment. However, the Company's performance in the second half of 2012 showed a significant improvement over the same period of 2011, with net profit excluding special items more than doubling at HRK 1.2 billion against HRK 0.5 billion in second half of 2011.

The Exploration and Production division continued to be the leading contributor to Group level results. At the same time, despite the negative contribution from the Refining and Marketing segment caused by declining demand favorably offset by further improvement in operating efficiency, the performance of this business improved during the year mainly reflecting a healthier environment characterized by improved crack spreads.

- **Exploration and Production**: In 2012, EBITDA excl. special items was HRK 5.6 billion (USD 952 million, 31% down) due to a lack of Syrian production volumes and revenues, lower offshore volumes, and a 35% lower total production compared to 2011. Results were additionally burdened with the gas price cap applied to small business customers and regulated prices for supplying tariff household customers, despite an increase latter during the reporting period. These negative drivers were slightly moderated by improved average realized hydrocarbon prices.
- **Refining and Marketing**: In 2012, the segment reported a HRK 654 million improvement in EBITDA excluding special items compared to 2011 at HRK (366) million via capturing improved crack spread environment with higher motor fuel sales and improved yield structure of the refineries, as well as through initiatives introduced to improve overall efficiency levels. While optimized feedstock selection and plant utilization contributed to shifting to valuable motor fuels and reducing heavy fuel oil sales, inventory management and optimization of refineries' operations aimed at lower own consumption and loss further supported the performance of this segment. However, higher energy costs and continually declining demand in the region negatively affected results. Segment improved its operating result excluding special items reducing its loss by 31% to HRK 1.1 billion.
- **Retail segment:** Despite adverse market conditions during 2012, the segment reported a 6% higher EBITDA (excluding special items) year-on-year at HRK 148 million (USD 25 million). A decline in the operating profit excluding special items to HRK 19 million was mainly a result of 8% lower sales volumes reflecting reduced economic activity, higher prices and depressed customer purchasing power. These negative trends were partially offset by lower operating costs, the introduction of diesel fuel with bio component and further network optimization. Within the network modernization program, aimed at strengthening brand identity and customer satisfaction levels, modernization of 92 filling stations was completed by the end of 2012, with a further 23 stations currently in construction and tendering phases.
- **Corporate and Other**[1]**:** The 5% lower operating loss of the segment (HRK 499 million, excluding special items or USD 85 million) in 2012 compared to the same period last year demonstrates the success of our initiatives in the areas of process optimization and cost control.
- **CAPEX** spending in 2012 reached HRK 1.3 billion, a slight reduction compared to the previous year. The majority of capital expenditure was spent on a number of Croatian projects including intensified onshore exploration, a retail modernization program and downstream HSE and efficiency improvement. The Exploration and Production segment's CAPEX reached HRK 746 million (including one-off OPEX related to seismic acquisitions), covering, among other things: a 2D/3D seismic acquisition in the South Adriatic Sea, the acceleration of our EOR project and an intensified onshore drilling campaign. The temporary suspension of all Syrian exploration activities decreased international spending and placed stronger emphasis on domestic exploration. The completion of significant refinery development programs during 2011 led to a lower CAPEX in 2012. However, new initiatives planned for 2013 include HSE and energy efficiency projects aimed at improving internal operational efficiency and a deep conversion project at the Rijeka refinery. However, major refinery projects are subject to approvals, which in some cases, have been subject to delays. The modernization program of INA's retail network, the so called "Blue Concept", continues with increased intensity in 2013.

[1] Include Corporate Functions and subsidiaries providing safety and protection services, technical services, accounting services, corporate support and other services.

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Commenting on the results, Mr Zoltán Áldott, President of the Management Board said:

Despite the considerable challenges posed by the lack of Syrian production and declines in gasoline and diesel demand continuing for the fourth consecutive year, INA managed to significantly increase investments in Croatia in 2012, by tripling capital expenditures in domestic exploration and production and more than doubling investments in retail activities compared to 2011.

At the same time INA achieved a solid EBITDA (excl. special items) of close to HRK 5 billion due to our strong focus on improving operational efficiency across the Group.

We are particularly pleased with the improvement in our financial position reflected in the reduction of our gearing ratio to 31%, driven by strong cash generation.

Regarding segments' performance, Exploration & Production remained the main contributor to Group results, while our Refining segment achieved significant efficiency improvements as utilization of new plants, coupled with better feedstock selection, led to a greater share of marketable motor fuels which helped us accommodate our production profile with market demand.

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Management discussion
*Exploration and Production**

Q3 2012	Q4 2012	Q4 2011	%	Segment IFRS results (HRK mln)	2011	2012	%
2,428	3,296	4,032	(18)	Net sales revenues	13,329	12,264	(8)
1,260	1,456	1,998	(27)	EBITDA reported	8,053	5,361	(33)
1,277	1,465	2,027	(28)	EBITDA excl. special items**	8,122	5,571	(31)
1,066	1,243	1,675	(26)	Operating profit reported	6,141	3,787	(38)
1,094	1,292	1,643	(21)	Operating profit excl. special items**	6,129	4,475	(27)
234	228	332	(31)	CAPEX ***	799	690	(14)

* Exploration and Production refers to the Upstream of INA, d.d. and following subsidiaries: Crosco Group, INA Naftaplin IE&PL, Guernsey, Adriagas S.r.l. Milano, Prirodni plin d.o.o.
** The 2012 performance was negatively influenced by HRK 688 million special items.
*** Not including one-off exploration Opex

Q3 2012	Q4 2012	Q4 2011	%	Hydrocarbon production*	2011	2012	%
12,134	**11,998**	**13,835**	**(13)**	**Crude oil production (boe/d)***	**15,285**	**12,296**	**(20)**
8,914	8,645	8,602	1	Croatia	9,106	8,792	(3)
-	-	1,789	n.a.	Syria**	2,837	109	(96)
1,878	1,869	1,894	(1)	Egypt	1,762	1,909	8
1,342	1,484	1,550	(4)	Angola	1,579	1,486	(6)
27,831	**27,825**	**48,384**	**(42)**	**Natural gas production (boe/d)**	**49,170**	**33,025**	**(33)**
14,879	12,938	20,728	(38)	Croatia - offshore	21,784	15,768	(28)
12,952	14,887	13,829	8	Croatia - onshore[2]	13,923	14,978	8
-	-	13,827	n.a.	Syria**	13,463	2,278	(83)
2,156	**2,512**	**8,687**	**(71)**	**Condensate (boe/d)**	**9,912**	**3,234**	**(67)**
2,156	2,512	4,530	(45)	Croatia	5,958	2,537	(57)
-	-	4,157	n.a.	Syria**	3,954	697	(82)
42,121	**42,335**	**70,906**	**(40)**	**Total hydrocarbon production (boe/d)**	**74,366**	**48,555**	**(35)**
Q3 2012	**Q4 2012**	**Q4 2011**	**%**	**Average realised hydrocarbon price*****	**2,011**	**2,012**	**%**
90	97	93	4	Crude oil and condensate price (USD/bbl)	99	96	(3)
87	81	72	13	Average realised gas price (USD/boe)****	71	78	11
88	85	77	10	Total hydrocarbon price (USD/boe)*	78	83	7
Q3 2012	**Q4 2012**	**Q4 2011**	**%**	**Natural gas trading - mln cm**	**2,011**	**2,012**	**%**
248	270	312	(13)	Natural gas imports	876	1,129	29
425	717	976	(27)	Total natural gas sales - domestic market	3,033	2,631	(13)

Q3 2012	Q4 2012	Q4 2011	%	Natural gas price differential to import prices (HRK/000 cm)	2,011	2,012	%
(90)	(452)	(694)	(35)	Total price	(510)	(536)	5

*Excluding separated condensate
**The production on Syrian fields in 2012 lasted only 57 days. From 26 of February 2012 Syrian production was stopped by Force Majeure announcement. (the data should not be taken into consideration). Crude production in Syria decreased at faster rate as the crude production cuts started already in Q4 2011 due to local constraints.
*** Calculated based on total external sales revenue including natural gas selling price as well
**** Including intragroup

Q4 quarter 2012 vs. Q3 2012 results

In Q4 2012, the Exploration and Production segment improved its **operating profit excluding special items** to HRK 1.3 billion (up 21% over Q3 2012), mostly driven by the positive contribution of (1) increased domestic crude and condensate sales to the Refining and Marketing segment, and (2) a slightly improved production level which reached level previous to Q3 maintenance. However, this improvement was partially offset by (1) seasonally increased natural gas sales, (2) higher natural gas price differential underlining higher seasonal household sales, (3) 3% decreased total average realized hydrocarbon price and (4) higher deprecation is resulting from reassessment of reserves, particularly, correction of Northern Adriatic reserves.
Reported operating profit for the fourth quarter 2012 amounted to HRK 1,243 million and was negatively affected by HRK 50 million of special items.

Q4 2012 vs Q4 2011 results

In Q4 2012, **EBITDA excluding special items** decreased by 28% compared to Q4 2011 reflecting (1) lower average hydrocarbon production resulting from temporarily suspended Syrian operations and natural depletion in both the Panon basin and in Adriatic off shore fields and decreased sales, and (2) strong contribution of the loss making natural gas trading business in spite of increased sales prices during the quarter. However, these negative drivers' effects have been eased by the (1) 10% increase in realized total average hydrocarbon price and (2) decreased natural gas imports and negative price differential on the back of the eased price cap for small industrial customers starting in third quarter.

[2] Due to the different methodology the condensate production in 2012 compared to total production with NGL (C2+) shows a decrease of 57%. This decrease is underlined bylower condensate production and discontinuation of processing natural gas to ethane resulting in increased natural gas production in Panon.

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Full year 2012 results

Upstream **operating profit** in 2012 excluding special items decreased to HRK 4.5 billion, driven by (1) a 35% decrease in hydrocarbon production, mainly due to the lack of Syrian production volumes and lower offshore volumes, (2) a 29% increased natural gas imports combined with (3) a 5% increased negative natural gas price differential (Prirodni plin delivered an EBIT loss of HRK 993 million in 2012). Full year results reflect the Force Majeure event in Syria announced on 26 February, putting a temporary suspension to Syrian activities. During 2011, the Company recorded almost HRK 2.3 billion revenues from Syria based on an average daily hydrocarbon production level of 20 Mboe/d; which have been absent during this year.

Negative effects of decreased production have been in part mitigated by internal efficiency improvement efforts incorporating staff and process optimizations activities and by Crosco Group's improved contribution driven by on-going recovery in Libyan activities.

Reported operating profit for 2012 amounted to HRK 3.787 million and was negatively affected by HRK 688 million of special items, main being Angolan provisions and tax, service contract in Iran estimated costs and asset impairment.

Total **natural gas** production was 33% lower reflecting (1) a lack of Syrian production in majority of the period due to the announcement of Force Majeure, (2) a natural decline and water cuts on both Onshore[2] and Offshore fields in Croatia, (3) a decrease in offshore production due to severe weather conditions in first quarter, maintenance work on the Barbara T platform in the North Adriatic and a lower INA share due to decommissioning.

Croatian **crude production** declined in 2012 due to natural depletion of the fields. International crude production was 8% higher in Egypt due to the positive effects of drilling and workover activities on North Bahariya and drilling activities on West Abu Gharadig; the beneficial effect of this was diminished, however, by 6% lower crude production in Angola. Syrian crude volumes were significantly lower (with no production recorded in Q2, Q3 and Q4) compared to the same period of last year as the Company temporarily suspended activities in line with international and domestic regulation and local Syrian developments. Production volumes in Syria were accounted for only up to the Force Majeure announcement, with no revenues recorded since October 2011.

As a result of the above mentioned trends, Upstream sales revenues were lower than last year's underlining (1) a decrease in production and lower natural gas sales volumes, (2) an increase in the average realized hydrocarbon price and (3) positive exchange rate movements due to the deterioration of the HRK against the USD.

2012 Upstream expenditures increased by 18% to HRK 8.5 billion, underlining increasing fixed costs of natural gas imports, aforementioned special items and increased royalty payments. Significantly increased imported natural gas volumes and an increased import price due to international market movements, were the main drivers of the increase in these costs. Higher imported natural gas volumes of 1,129 mcm (+29% year-on-year) were necessary to maintain continuity of supply and stability of the domestic energy system following a technical disruption of deliveries caused by severe weather conditions, a decrease in domestic production and additional imports required to cover peak consumption during periods of exceptionally low temperatures.

Exploration and Production capital expenditures

2012 Exploration and Production segment's CAPEX spending amounted to HRK 746 million (including HRK 56 million exploration related one-off opex). Capital investments in Croatia reached HRK 558 million, while foreign investments were around HRK 86 million and CROSCO's investment HRK 102 million. Compared to the previous year, capex spending declined by 8% reflecting the difficult international operating environment, especially in the MENA region. Decreased investment levels are mainly a result of temporarily suspended exploration, development and production activities in Syria combined availability constraints of certain equipment and contractors.

2012 CAPEX (HRK million)	Croatia	Syria	Egypt	Angola
Exploration	149.6	3.4	1.5	0
o/w expl. one off opex	56.3			
Development	298.3	6.2	52.1	19.2
Exploration (including Iran): 158.1 (21.2%) Development: 375.8 (50.4%) Other: 212.2 (28.4%)	Exploration: On Central and South Adriatic 2D/3D seismic acquisition was finished in March 2012 and it was acquired 1215 km^2 of 3D area and 843 km of 2D line. On onshore finished drilling of exploration wells Hrastilnica-3 (in March) and Đeletovci-1Z (in April). Both wells were tested and they are successful. Exploration wells Zalta-1 East (INA 50%) and Antunovac-1 were drilled and are unsuccessful. Development: On Adriatic investments were related to IVANA K platform overhaul. On onshore in scope of EOR project finished re-lining on Žu-111, on-site work for the CS CO2 Molve and membrane separator units is ongoing. On-site work for CS CO2 Ethane and CO2 pipeline is above plan due to acceleration of activities. Drilling of development well Kalinovac-4 R started in May and finished in September. The main of the rest development activities were related to well general workovers.	All planned activities cancelled due to political situation. Investments represent allocated G&A costs and construction activities for the period Jan-Feb 26th before Force Majeure announcement and difference posted in December 2012 based on received final billing statement for 4Q2011.	North Bahariya: Six development wells were drilled and put into production (Abrar 4,5,7,11,13 and Ganna-3). In December started drilling of Abrar-9 well and it is expected to finish in February 2013. Two exploration wells were drilled Rawda-SE1 (founded dry) and Sidra-2-put into production). Ras Qattara: Workover operations were performed in order of optimizing production level. West Abu El Gharadig: Drilling of production well Raml-27 finished in October and production well Raml-28 (converted form water injector to oil producer) was drilled and completed in November and put into production, also workover operations were performed.	Investments on block 3/05a were related to FEED (front engineering and design) activities on Punja and Caco Gazela Fields. On block 3/05 investments were related to FSO Palanca dry dock maintenance and GLCC-LLCC separator construction activities. On both blocks planned activities were in delay due to late National Concessionaire's approval.

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*Refining and Marketing**

Q3 2012	Q4 2012	Q4 2011	%	Segment IFRS results (HRK mln)	2011	2012	%
5,909	4,609	4,128	12	Revenues	17,926	19,704	10
228	(433)	(592)	(27)	EBITDA reported	(1,078)	(417)	(61)
235	(387)	(577)	(33)	EBITDA excl. special items**	(1,020)	(366)	(64)
33	(1,256)	(1,404)	(11)	Operating profit/(loss) reported	(2,528)	(1,833)	(27)
40	(569)	(793)	(28)	Operating profit/(loss) excl. special items**	(1,637)	(1,132)	(31)
152	(42)	5	n.a.	Replacement modification gain (+) / loss (-)	266	99	(63)
30	(14)	80	n.a.	Impairment on inventories gain (+) / loss (-)	(15)	13	n.a.
2	(5)	(28)	(82)	Foreign exchange rate differences gain (+) / loss (-)	69	(7)	n.a.
(145)	(508)	(850)	(40)	CCS-based R&M operating loss	(1,956)	(1,237)	(37)
31	132	247	(47)	CAPEX and investments (w/o acquisition)	575	228	(60)

*Refers to Refining & Marketing INA. d.d. and following subsidiaries: Maziva Zagreb, Proplin (until October, 2011), Osijek Petrol, Interlna Ljubljana, INA BH Sarajevo, Holdina Sarajevo, INA Hungary, INA -Crna Gora, INA Beograd, INA Kosovo
**The 2012 performance includes HRK 701 million negative special items
***Starting from Q2 2011 effect of inventories impairment excluded from Estimated CCS-based Operating profit/(loss)

Q3 2012	Q4 2012	Q4 2011	%	Refinery processing (kt)	2011	2012	%
104	138	190	(27)	Domestic crude oil	399	496	24
748	576	351	64	Imported crude oil	2,745	2,448	(11)
19	33	62	(46)	Condensate	129	113	(13)
223	206	180	15	Other feedstock	777	1,009	30
1,094	**953**	**783**	**22**	**Total refinery throughput**	**4,051**	**4,065**	**0**
Q3 2012	**Q4 2012**	**Q4 2011**	**%**	**Refinery production (kt)**	**2011**	**2012**	**%**
67	52	40	30	LPG	214	236	10
330	266	181	47	Motor gasoline	877	1,164	33
383	306	228	34	Diesel	982	1,334	36
49	53	62	(14)	Heating oil	199	181	(9)
35	15	20	(22)	Kerosene	118	97	(18)
10	13	24	(47)	Naphtha	95	61	(36)
122	121	95	28	Fuel oil	545	440	(19)
14	(0)	-	n.a.	Bitumen	49	26	(48)
(50)	0	20	(97)	Other products*	369	(6)	n.a.
960	**827**	**669**	**24**	**Total**	**3,448**	**3,532**	**2**
7	5	6	(22)	Refinery loss	29	26	(12)
128	121	107	13	Own consumption	573	507	(11)
1,094	**953**	**783**	**22**	**Total refinery production**	**4,051**	**4,065**	**0**
Q3 2012	**Q4 2012**	**Q4 2011**	**%**	**Refined product sales by country (kt)**	**2011**	**2012**	**%**
544	433	496	(13)	Croatia	1,923	1,814	(6)
130	129	130	(0)	B&H	539	485	(10)
343	274	147	86	Other markets	1,100	1,125	2
1,017	**835**	**772**	**8**	**Total**	**3,561**	**3,424**	**(4)**
Q3 2012	**Q4 2012**	**Q4 2011**	**%**	**Refined product sales by product (kt)**	**2011**	**2012**	**%**
76	57	45	25	LPG	246	258	5
282	215	189	14	Motor gasoline	902	975	8
406	322	305	6	Diesel	1,247	1,312	5
31	45	62	(28)	Heating oil	201	154	(24)
52	19	18	2	Kerosene	116	117	1
9	11	22	(51)	Naphtha	95	60	(37)
119	117	90	30	Fuel oil	537	402	(25)
20	16	22	(27)	Bitumen	91	57	(37)
23	34	19	81	Other products*	127	89	(30)
1,017	**835**	**772**	**8**	**Total**	**3,561**	**3,424**	**(4)**
318	236	190	24	o/w Retail segment sales	1,023	1,026	0

*Other products = FCC gasoline, petrol components, other gasoline, benzene-rich cut, other diesel fuels and components, liquid sulphur, coke, motor oils. Ind, lubricants, base oils, spindle oil, waxes, blend. gas oil "M", atmosp. residue, intermediaries and other

Q4 2012 vs. Q3 2012

Refining and Marketing operating loss (excluding special items) in Q4 2012 amounted to HRK 569 million representing a significant descent compared to Q3 2012 as a consequence of (1) strong seasonality on core markets, (2) lower average crack spread primarily caused by a decrease in the gasoline margin and a higher share of fuel oil sold on sea, and (3) an increased own consumption and loss (13.2% in Q4 2012 vs.12.3% in Q3 2012). These negative effects were mitigated by (1) the management's efforts and focus on efficiency improvement, and (2) favorable Brent-Ural spread (1.1 USD/bbl in Q4 2012 vs.0.4 USD/bbl in Q3 2012).

Reported Q4 2012 operating loss of HRK 1,256 million was negatively affected by HRK 687 million of special items, mostly concerning asset impairment booked at the end of the quarter.

Q4 2012 vs. Q4 2011

In Q4 2012, **the R&M segment's operating result (excluding special items)** improved over the same quarter of 2011 by HRK 224 million. Internal efforts made by the management on (1) production yield improvement (2) lower own consumption and loss derived from better feedstock selection, (3) utilization of new plants, (4) on-demand refineries operation, and (5) increased motor fuel sales amidst contracting markets strongly supported this result. In addition, favorable external crack spread environment, especially on LPG and gasoline, positively impacted this result.
Negative items that partly offset these positive developments were (1) the higher price of processed crude oil, and (2) lower share of processed domestic crude.

The R&M segment's **'clean' CCS-based operating result** improved by HRK 342 million compared to Q4 2011 as a result of above mentioned drivers. Similar to last year, the revaluation related to own produced inventories from domestic crude in Q4, which is not fully handled by CCS replacement modification, resulted with a loss of approximately HRK 82 million.

Total refinery throughput was 22% higher than Q4 2011 due to better capacity utilization. Last year, Sisak refinery started operation in late November following an overhaul due to a fire event. Total R&M sales rose by 63 kt or 8.2% as a result of strong wholesale efforts to offset the decline in demand.

Q1-Q4 2012 vs. Q1-Q4 2011 results

The segment improved its EBITDA (excluding special items) in 2012, reaching a value of HRK (366) million; an improvement of HRK 654 million compared to last year. This improvement reflects: (1) a significantly higher average crack spread, and (2) increased share of motor fuels share in sales (66.8% in 2012 vs. 60.4% in 2011), (3) diversified feedstock selection and lower own consumption and loss (13.1% in 2012 vs. 14.9% in 2011), (4) on-demand operation mode of refineries resulting (5) in high white product yields in both refineries with the average 74.3% in 2012 vs. 67.9% in 2011, (6) inventory management materialized in low volume levels at the end of the year. Positives trends were offset by (1) increased processed crude oil price (2) a decrease in the Brent-Ural spread (1.1 USD/bbl in 2012 vs. 2.2 USD/bbl in 2011), (3) a decline in motor fuel consumption in core markets and (4) higher energy costs, mainly due to a combined effect of increased natural gas consumption and higher prices.
Improved R&M segment's **operating result (excluding special items)** underlines positive external environment, especially in terms of the high gasoline crack spread, and matched production yield with market demand, (i.e. the share of marketable fuel products was kept high while the share of non-profitable black products was kept low). Increased depreciation related to putting new assets on stream and the price cap in the domestic market on both motor fuels and LPG limited positive effects.

Reported operating loss for 2012 amounted to HRK 1,833 million and was negatively affected by HRK 701 million of special items, including impairment of assets (IAS 36) in the amount of HRK 663 mln. These asset based impacts combined with the unfavorable external environment result in negative EBITDA outlooks.

Although both the gasoline and diesel demand on domestic market have been in a continuous decline for the third consecutive year, the R&M segment managed to achieve higher motor fuel sales in the period which resulted in higher market share due to the continuous efforts of the Company. Negative GDP movements and reduced spending are apparent across all sectors, mostly in construction and transport which had limited performance of the Company.

In order to increase efficiency and to mitigate the negative trend in the Croatian region, since November 2012, the production process of Lubricants is organized at one location in Zagreb.

Refining and Marketing capital expenditures

A large scale refinery development program was completed in 2011. As a result of this, in 2012 CAPEX spending was lower compared to the previous year (HRK 242 million vs. HRK 768 million). The successful start-up and putting on-stream of the Isomerization unit at the Sisak Refinery has significantly improved the octane pool in gasoline blending and was the most important project completed in 2012. Numerous growth and HSE/sustainable projects have been launched in 2012, in line with preparation for upcoming significant development programs.

INDUSTRIJA NAFTE, d.d.

*Retail Services**

Q3 2012	Q4 2012	Q4 2011	%	Segment IFRS results (HRK mln)	2011	2012	%
2,423	1,782	1,822	(2)	Revenues	7,676	7,788	1
87	(8)	(11)	(27)	EBITDA reported	95	122	28
95	(1)	8	n.a.	EBITDA excl. special items**	140	148	6
67	(41)	28	n.a.	Operating profit/(loss) reported	47	(3)	n.a.
70	(32)	53	n.a.	Operating profit/(loss) excl. special items**	109	19	(83)
57	136	49	178	CAPEX and investments (w/o acquisition)	106	229	116

* Refers to Retail INA. d.d. and Petrol Rijeka and retail of subsidiaries: Proplin (until October 3, 2011), Osijek Petrol, Interina Ljubljana, Holdina Sarajevo, INA - Crna Gora
**The 2012 performance was negatively influenced by HRK 22 million special items

Q3 2012	Q4 2012	Q4 2011	%	Refined product retail sales (kt)	2011	2012	%
109	76	86	(11)	Motor gasoline	386	349	(10)
206	157	169	(7)	Gas and heating oils	707	662	(6)
8	7	8	(11)	LPG	34	29	(15)
1	1	1	(11)	Other products	3	3	(13)
324	**241**	**264**	**(8)**	**Total**	**1,131**	**1,042**	**(8)**
Q3 2012	**Q4 2012**	**Q4 2011**	**%**	**Refined product retail sales (kt)**	**2011**	**2012**	**%**
309	230	251	(9)	Croatia	1,079	994	(8)
11	9	9	(6)	B&H	39	36	(7)
4	3	3	(12)	Other markets	14	13	(6)
324	**241**	**264**	**(8)**	**Total**	**1,131**	**1,042**	**(8)**

Q4 2012 vs. Q3 2012 results

Retail segment recorded an **operating loss excluding special items** of HRK 32 million, and a marginally negative **EBITDA excluding special items** of HRK 1 million. Lower sales volumes of 241 kt in the fourth quarter, a key driver of the unfavorable result, are mainly a result of sales seasonality.

Q4 2012 vs Q4 2011 results

Retail operations concluded the fourth quarter below the 2011 comparable figure due to 8% lower sales volumes and, in part, increased costs due to intensified modernization of the petrol stations during the year. However, EBITDA which remained close to 2011 levels indicates similar profitability of the network in spite of the tightening demand and increased scope of maintenance and modernization activities and decreased sales volumes.
Operating loss in Q4 2012 amounted to HRK 41 million, including the negative impact of impact of HRK 9 million of special items.

Q1-Q4 2012 vs Q1-Q4 2011 results

In 2012, the Retail segment recorded an improvement in **EBITDA excluding special items** generating HRK 148 million underlining improved profitability in spite of decreased sales volumes. A drop in demand and the tightening of the Croatian market, which decreased sales volumes and margins, was offset by management efforts to lower operating costs.
Reported operating loss in 2012 amounted to HRK 3 million, including the negative impact of HRK 22 million special items.

In 2012 **total retail sales** volumes decreased by 8% compared to 2011. In relation to the previous year, motor gasoline sales recorded a drop of 10%, while gas oil sales decreased by 6%. A noticeable sales slump resulted from the weaker consumer demand, caused by the slowdown in economic activity, higher retail prices, increased unemployment rate, as well as the negative influence of the strong winter and a lower number of operating filling stations resulting from intensified network modernization program in 2012.
In order to increase the quality of service, new type of fuel oil 0.1%S was introduced in December 2012 replacing 0.5%S fuel oil.

Throughput per site in 2012 was 4% lower compared to the previous year, indicating both contracting market and intensified network modernization program having certain number of petrol stations temporarily closed.

On 31 December 2012, INA Group operated a network of 448 filling stations (396 in Croatia and 52 abroad, of which 45 in Bosnia and Herzegovina, 6 in Slovenia and 1 in Montenegro).

Retail capital expenditures

Capital expenditures in the amount of HRK 229 million in 2012 were 116% higher than in 2011, when they amounted to HRK 106 million. The main reason for such high realization in 2012, compared to the previous year, was the intensive modernization program.
As part of the intensive INA Retail network modernization program, which aims to increase the brand identity and functionality of filling stations and to achieve a high level of customer service and consumer satisfaction, 92 filling stations were modernized in 2012, while 17 filling stations are currently in the construction phase and 6 in tendering phase.

Condensed Consolidated Income Statement – INA-GROUP
For the period ended 31 December 2011 and 2012
(in HRK millions)

Q3 2012	Q4 2012	Q4 2011	%		Note	2011	2012	%
				Sales revenue				
4,908	4,816	5,316	(9)	a) domestic		18,115	19,090	5
3,181	2,459	1,985	24	b) exports		11,913	10,805	(9)
8,089	**7,275**	**7,301**	**(0)**	**Total sales revenue**	1	**30,028**	**29,895**	**(0)**
82	104	131	(21)	Income from own consumption of products and services		309	269	(13)
52	115	126	(9)	Other operating income		485	353	(27)
8,223	**7,494**	**7,558**	**(1)**	**Total operating income**		**30,822**	**30,517**	**(1)**
5	(66)	(510)	(87)	Changes in inventories of finished products and work in progress		394	281	(29)
(4,464)	(3,521)	(2,051)	72	Cost of raw materials and consumables	2	(13,657)	(15,151)	11
(387)	(572)	(706)	(19)	Depreciation and amortization	4	(2,640)	(2,016)	(24)
(440)	(415)	(511)	(19)	Other material costs	4	(1,801)	(1,696)	(6)
(267)	(345)	(351)	(2)	Service costs	4	(1,217)	(1,360)	12
(589)	(772)	(722)	7	Staff costs	5	(2,752)	(2,636)	(4)
(1,006)	(1,488)	(2,152)	(31)	Cost of other goods sold	3	(5,267)	(5,377)	2
(70)	(693)	(590)	17	Impairment and charges (net)		(1,256)	(1,063)	(15)
26	212	182	16	Provisions for charges and risks (net)		413	(143)	n.a.
(7,192)	**(7,660)**	**(7,411)**	**3**	**Operating expenses**		**(27,783)**	**(29,161)**	**5**
1,031	**(166)**	**147**	**n.a.**	**Profit from operations**		**3,039**	**1,356**	**(55)**
				Share in the profit of associated companies				
77	39	55	(29)	Finance income		145	137	(6)
(43)	(111)	(564)	(80)	Finance costs		(808)	(426)	(47)
34	**(72)**	**(509)**	**(86)**	**Net loss from financial activities**	7	**(663)**	**(289)**	**(56)**
1,065	**(238)**	**(362)**	**(34)**	**Profit before tax**		**2,376**	**1,067**	**(55)**
(240)	(15)	109	n.a.	Income tax expense	6	(573)	(380)	(34)
825	**(253)**	**(253)**	**0**	**Profit for the year**		**1,803**	**687**	**(62)**
				Attributable to				
825	(252)	(242)	4	Owners of the Company		1,815	681	(62)
-	(1)	(11)	(91)	Non-controlling interests		(12)	6	n.a.
825	**(253)**	**(253)**	**0**			**1,803**	**687**	**(62)**
				Earnings per share				
82.5	(25.2)	(24.2)	4	Basic and diluted earnings per share (kunas per share)		181.5	68.1	(62)

Condensed Consolidated Statement of Comprehensive Income – INA-GROUP
For the period ended 31 December 2011 and 2012
(in HRK million)

Q3 2012	Q4 2012	Q4 2011	%		2011	2012	%
825	(248)	(253)	825	**Profit for the year**	**1,803**	**692**	**(62)**
				Other comprehensive income:			
(278)	(41)	401	(278)	Exchange differences arising from foreign operations	276	(112)	n.a.
(2)	7	30	(2)	Gains on available-for-sale investments, net	(27)	13	n.a.
(280)	(34)	431	(280)	**Other comprehensive income, net**	**249**	**(99)**	**n.a.**
545	(282)	178	545	**Total comprehensive income for the year**	**2,052**	**593**	**(71)**
				Attributable to:			
545	(282)	189	545	Owners of the Company	2,064	586	(72)
-	-	(11)	-	Non- controlling interests	(12)	7	n.a.

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Statement of Financial Position – INA-GROUP
At 31 December 2011 and 2012
(in HRK millions)

	Note	1 January 2012	31 Dec 2012	%
Assets				
Non-current assets				
Intangible assets	9	880	676	(23)
Property, plant and equipment	10	20,294	18,716	(8)
Goodwill		183	183	0
Investments in associates and joint ventures		34	34	0
Other investments		355	187	(47)
Long-term receivables		162	202	25
Derivative financial instruments		5	5	0
Deferred tax		662	544	(18)
Available for sale assets		325	340	5
Total non-current assets		**22,900**	**20,887**	**(9)**
Current assets				
Inventories	12	3,693	3,352	(9)
Trade receivables net	13	3,282	2,770	(16)
Other receivables		456	516	13
Derivative financial instruments		2	2	0
Other current assets		76	30	(61)
Prepaid expenses and accrued income		79	142	80
Cash and cash equivalents		337	488	45
Current assets		**7,925**	**7,300**	**(8)**
Assets classified as held for sale		-	-	n.a.
Total current assets		**7,925**	**7,300**	**(8)**
Total assets	8	**30,825**	**28,187**	**(9)**
Equity and liabilities				
Capital and reserves				
Share capital	11	9,000	9,000	0
Revaluation reserve		-	13	n.a.
Other reserves		2,616	2,505	(4)
Retained earnings / (Deficit)		2,759	3,437	25
Equity attributable to equity holder of the parent		**14,375**	**14,955**	**4**
Non-controlling interests		(10)	(1)	(90)
Total equity		**14,365**	**14,954**	**4**
Non-current liabilities				
Long-term loans		5,630	1,161	(79)
Other non-current liabilities		126	101	(20)
Employee benefits obligation		104	100	(4)
Provisions		2,715	2,713	(0)
Total non-current liabilities		**8,575**	**4,075**	**(52)**
Current liabilities				n.a.
Bank loans and overdrafts		1,918	1,266	(34)
Current portion of long-term debt		1,904	4,725	148
Trade payables	15	2,032	1,684	(17)
Taxes and contributions		1,524	497	(67)
Other current liabilities		246	596	142
Accruals and deferred income		48	36	(25)
Employee benefits obligation		13	10	(23)
Provisions		200	344	72
Current liabilities		**7,885**	**9,158**	**16**
Liabilities directly associated with assets classified held for sale		-	-	n.a.
Total current liabilities		**7,885**	**9,158**	**16**
Total liabilities	14	**16,460**	**13,233**	**(20)**
Total equity and liabilities		**30,825**	**28,187**	**(9)**

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Cash Flow Statement - INA GROUP
For the period ended 31 December 2011 and 2012
(in HRK millions)

Q3 2012	Q4 2012	Q4 2011	%		Note	2011	2012	%
825	**(253)**	**(253)**	**0**	**Profit/(loss) for the year**		**1,803**	**687**	**(62)**
				Adjustments for:				
387	572	706	(19)	Depreciation and amortisation		2,640	2,016	(24)
240	15	(109)	n.a.	Income tax (benefit)/expenses recognized in (loss)/profit		573	380	(34)
79	748	743	1	Impairment charges (net)		1,489	1,281	(14)
(9)	(55)	(225)	(76)	Reversal of impairment		(233)	(218)	(6)
(5)	(29)	(5)	480	Gain on sale of property, plant and equipment		(14)	(36)	157
-	-	20	n.a.	Gain on sale investments and shares		-	-	n.a.
(132)	126	257	(51)	Foreign exchange loss/(gain)		201	44	(78)
29	28	46	(39)	Interest expense (net)		140	123	(12)
84	(21)	185	n.a.	Other financial expense recognised in profit		166	98	(41)
(35)	(219)	(171)	28	Increase in provisions		(389)	136	n.a.
39	28	32	(13)	Decommissioning interests		118	115	(3)
(36)	(79)	10	n.a.	Other non-cash items		(38)	(85)	124
1,466	**861**	**1,236**	**(30)**	**Operating cash flow before working capital changes**	**16**	**6,456**	**4,541**	**(30)**
				Movements in working capital	17			
(368)	808	1,281	(37)	(Increase)/decrease in inventories		(893)	190	n.a.
82	308	(499)	n.a.	(Increase)/decrease in receivables and prepayments		(113)	379	n.a.
540	(1,483)	(688)	116	(Decrease)/increase in trade and other payables		(1,706)	(120)	(93)
1,720	**494**	**1,330**	**(63)**	**Cash generated from operations**		**3,744**	**4,990**	**33**
(220)	(186)	(66)	182	Taxes paid		(462)	(1,248)	170
1,500	**308**	**1,264**	**(76)**	**Net cash inflow from operating activities**		**3,282**	**3,742**	**14**
				Cash flows used in investing activities				
(338)	(530)	(752)	(30)	Payments for property, plant and equipment		(1,281)	(1,190)	(7)
(33)	(36)	(66)	(45)	Payment for intangible assets		(121)	(99)	(18)
5	2	2	0	Proceeds from sale of non-current assets		14	9	(36)
-	-	-	n.a.	Proceeds from sale of subsidiaries		22	-	n.a.
-	-	-	n.a.	Dividends received from companies classified as available for sale and from other companies		8	1	(88)
5	(1)	8	n.a.	Interest received and other financial income		28	19	(32)
-	(3)	-	n.a.	Investments and loans to third parties, net		(9)	142	n.a.
(361)	**(568)**	**(808)**	**(30)**	**Net cash used for investing activities**	**18**	**(1,339)**	**(1,118)**	**(17)**
				Cash flows from financing activities				
46	42	53	(21)	Additional long-term borrowings		80	318	298
(208)	(27)	39	n.a.	Repayment of long-term borrowings		(1,313)	(1,934)	47
3,344	3,876	3,245	19	Additional short-term borrowings		19,267	15,280	(21)
(4,195)	(3,743)	(3,920)	(5)	Repayment of short term borrowings		(19,081)	(15,936)	(16)
-	-	-	n.a.	Dividends paid		(480)	-	n.a.
(22)	(20)	(66)	(70)	Interest paid on long-term loans		(66)	(93)	41
-	1	(1)	n.a.	Other long-term liabilities, net		(8)	-	n.a.
(72)	21	(5)	n.a.	Interest paid on short term loans and other financing charges		(251)	(96)	(62)
(1,107)	**150**	**(655)**	**n.a.**	**Net cash from financing activities**		**(1,852)**	**(2,461)**	**33**
32	(110)	(199)	(45)	Net (decrease)/increase in cash and cash equivalents		91	163	79
559	609	558	9	At 1 January		317	337	6
18	(11)	(22)	(50)	Effect of foreign exchange rate changes		(71)	(12)	(83)
609	488	337	45	At the end of period		337	488	45

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Statement of Changes in Equity – INA-GROUP
For the period ended 31 December 2011 and 2012
(in HRK millions)

Attributable to equity holders of the parent

	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Non controlling interest	Total equity
Balance as at 1 January 2011	**9.000**	**2.340**	**27**	**1.424**	**12.791**	**2**	**12.793**
Profit for the year	-	-	-	1.815	1.815	(12)	1.803
Other comprehensive income, net	-	276	(27)	-	249	-	249
Other comprehensive income, net	-	276	(27)	1.815	2.064	(12)	2.052
Dividends payable	-	-	-	(480)	(480)	-	(480)
Balance as at 31 Dec 2011	**9.000**	**2.616**	**-**	**2.759**	**14.375**	**(10)**	**14.365**
	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Non controlling interest	Total equity
Balance as at 1 January 2012	**9,000**	**2,616**	**-**	**2,759**	**14,375**	**(10)**	**14,365**
Profit for the year	-	-	-	685	685	7	692
Other comprehensive income, net	-	(112)	13	-	(99)	-	(99)
Purchase of non-controlling interest	-	-	-	(3)	(3)	3	-
Total comprehensive income for the year	-	(112)	13	682	583	10	593
Dividends paid	-	-	-	-	-	-	-
Balance as at 31 Dec 2012	**9,000**	**2,504**	**13**	**3,441**	**14,958**	**-**	**14,958**

Financial overview and notes

Income statement

Notes

Q1-Q4 2012 results

1 **Total sales revenues** in 2012 amounted to HRK 29,895 million and were slightly below 2011 level, as lower crude oil and natural gas sales volumes were offset by higher realized oil derivatives and natural gas prices compared to the last year.

2 **Costs of raw materials and consumables** were 11% higher compared to 2011 and amounted to HRK 15,151 million, resulting from increased VGO processing as well as 12% higher average import price of crude, while volumes of imported crude were 11% lower.

3 **Costs of goods sold** recorded a small increase by 2% to the amount of HRK 5,377 million triggered by a combined effect of higher sold volumes of imported natural gas and higher prices compared to 2011.

4 Within the **other operating costs** realized in 2012:

- Other material costs were lower by 6% and amounted to HRK 1,696 million.
- Service costs in the amount of HRK 1,360 million recorded an increase of 12% mainly due to higher royalty costs compared to 2011 as well as costs related to exiting service contract in Iran.
- Depreciation was 24% lower and amounted to HRK 2,016 million mainly due to "force majeure" announced in February 2012 that reduced Exploration and Production depreciation
- Adjustments and provisions of HRK 1,206 million were by 43% higher and related to international operations as well as Refining and Marketing assets impairment as the segment planned performance is strongly impacted by low conversion of refinery assets and high distribution network costs.

5 **Staff costs** in the amount HRK 2,636 million were 4% lower compared to 2011 as a result of workforce optimization. Staff costs represent cost of net salaries in the amount of HRK 1,315 million, cost of employee income tax in the amount of HRK 569 million, tax on payroll in the amount of HRK 332 million and other payroll related costs in the amount of HRK 427 million for the twelve month period ended 31 December 2012. For the twelve month period ended 31 December 2011 staff cost includes cost of net salaries in the amount of HRK 1,367 million, cost of employee income tax in the amount HRK 565 million, tax on payroll in the amount HRK 399 million, and other payroll related costs in the amount HRK 421 million. INA terminated the contracts of 594 employees and severance payments in the total amount of HRK 179 million were made (the number of workers includes 127 employees who were gone on 31 December 2011 and 117 employees who were gone on 31 December 2012, because the costs of their severance payments were included in 2012 costs).

6 **Income tax expense** decreased by 34% to the amount of HRK 380 million.

Tax costs and deferred taxes during the interim period are calculated on the basis of actual results and the profit tax rate, 20% for both 2012 and 2011.

7 **Net financial expenses** in the amount of HRK 289 million were recorded in 2012, compared to the net financial expenses of HRK 663 million in 2011.

- Net foreign exchange gains were HRK 37 million in 2012 mainly related to the appreciation of HRK against USD, compared to HRK 278 million net foreign exchange losses recorded in 2011
- Interest payable amounted to HRK 174 million and interest received HRK 23 million in 2012, compared to interest payable of HRK 191 million and interest received HRK 26 million in 2011.

The Company has recognized revenues in the income statement from hydrocarbon sales in Syria which had been realized, in line with international accounting standards, meaning that the cash principle has been applied since the beginning of 2011. INA until now did not receive the outstanding revenues for its share of hydrocarbon production in Syria neither it expects to realize its production share from its Syrian project for the foreseeable future ,i.e. at least until the "force majeure" conditions cease to exist. Following the changes of the parameters for the functional depreciation (INA's production share during the "force majeure") on the major part of the Syrian assets and in line with the IFRS, depreciation would not be booked for the cash generating assets from February 2012 till force majeure conditions will cease to exist.

Under current practice and in line with the international accounting standards the Company adjusts its receivables that are 180 days or older. Accordingly the Company has adjusted a significant amount of its receivables in Egypt that meet these criteria.

Restatement of the previous periods understands the reclassification relating to financial statements presentations (in line with IAS 1) in respect of netting the revenues and expenses and technical corrections relating to recording of the asset impairment made at 2011 year end to the appropriate corresponding interim period of that year.

Until end of 2012, HRK 1,619 million recurring cost savings (1,287 excluding inter-segmental) and HRK 615 million revenue improvements have been achieved compared to the 2008 baseline at INA Group level. Altogether, HRK 2,234 million of recurring EBIT improvement (1,902 excluding inter-segmental) has been delivered since the program's inception in 2010.

INDUSTRIJA NAFTE, d.d.

Balance sheet

8 As at 31 December 2012, INA Group **total assets** amounted to HRK 28,187 million and were 9% lower compared to 31 December 2011.

9 In the period ended 31 December 2012, the Group invested HRK 99 million in **intangible assets**. The effect of depreciation equals to HRK 48 million. Foreign exchange revaluation of oil and gas fields decreased the net book value in amount of HRK 13 million. Impaired investments amounted to HRK 104 million and transfer from exploration to development decreased net book value of intangible assets in amount of HRK 117 million. Transfer from tangible assets increased net book value in amount of HRK 2 million

10 In the period ended 31 December 2012, INA Group invested HRK 1.131 million **in property, plant and equipment**. Reversal of capitalized decommissioning costs decreased the value of assets by HRK 117 million. Foreign exchange revaluation decreased the net book value in amount of HRK 90 million. Impairment of assets equals HRK 624 million and impairment of investment equals to HRK 32 million. The effect of depreciation reduced net book value of property, plant and equipment in amount of HRK 1,958 million. Transfer from intangible assets increased the value of property, plant and equipment in amount of HRK 115 million. Disposal of assets amounted to HRK 7 million. Increase of INA Group net book value is also result of foreign exchange differences in the amount of HRK 13 million. Correction of prior year depreciation increased net book value of property, plant and equipment in amount of HRK 1 million.

11 **Issued capital** at 31 December 2012 amounted to HRK 9,000 million. There were no movements in the issued capital of the Company in either the current or the prior financial reporting.

12 **Inventories** amounted to HRK 3,352 million, which is a decrease of 9% compared to 31 December 2011, as a result of lower volumes of crude oil inventories.

13 **Trade receivables** decreased by 16% to the amount of HRK 2,770 million as a result of management efforts to collect overdue receivables and decreased sales volumes.

14 As at 31 December 2012 **total liabilities** decreased by 20% to the amount of HRK 13,233 million mostly as an effect of lower indebtedness compared to the 31 December 2011 level.
INA Group **net indebtedness** decreased by 27% and amounted to HRK 6,664 million, as INA primarily managed to reduce its long-term debt as a result of higher own cash generating capabilities. **Gearing ratio**[3] decreased from 38.8% as at 31 December 2011, to 30.8% as at 31 December 2012.

15 **Trade payables** decreased by 17% to HRK 1,684 million, as a result of lower amount of purchased crude oil.

Cash flow

16 The **operating cash-flow before changes in working capital** amounted to HRK 4,541 million in 2012, representing a decrease of HRK 1,915 million, or 30%, compared to 2011, mainly as a result of lower EBITDA.

17 **Changes in working capital** affected the operating cash flow positively by HRK 449 million, primarily due to:
- Decrease in receivables by HRK 379 million
- Decreased value of inventories by HRK 190 million

18 **Net outflows in investing activities** amounted to HRK 1,118 million, in comparison with HRK 1,339 million of outflows in 2011. Positive inflow in the amount of HRK 143 million was recorded resulting from repaid loans by subsidiaries of joint ventures. The lower level of cash inflow was a consequence of the nature of key projects, some of which were completed, and from current less favorable operating market environment.

[3] Net debt / net debt plus equity incl. minority interests

INDUSTRIJA NAFTE, d.d.

Related party transactions

The company has dominant positions in Croatia in oil and gas exploration and production, oil refining and the sale of gas and petroleum products. As a result of the Company's strategic position within the Croatian economy, a substantial portion of its business and the business of its subsidiaries is transacted with the Croatian Government, its departments and agencies, and the companies with the Republic of Croatia being their majority shareholder. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on Group level consolidation. Details of transactions between INA, d.d. and the Group companies and other related parties are disclosed below.

Product sales between related parties were made at the usual prices of the Group, reduced by discounts and rebates depending on each particular relationship. Purchases of products between related parties were made at market prices, including appropriate discounts depending on each particular relationship. INA d.d. generally seeks collateral for oil product sold to its related parties, except from customers who are state budget beneficiaries or fully owned by the state. The liabilities of the related parties to INA, d.d. are presented net of impairment for bad and doubtful receivables

INA-Group	Amounts owed from related parties	Amounts owed to related parties
HRK mln	31 Dec 2012	31 Dec 2012
Companies available for sale		
JANAF d.d. Zagreb	1	22
Strategic partner		
MOL Plc	79	95
Companies controlled by strategic partner		
Energopetrol d.d.	70	-
Tifon d.o.o.	32	1
Kalegran Ltd.	28	-
MOL SLOVENIJA d.o.o.	2	9
Companies controlled by the State		
Hrvatska elektroprivreda	346	8
Petrokemija Kutina	259	1
Hrvatske željeznice	78	8
Jadrolinija	31	1
Croatia Airlines	30	-
Hrvatske šume	-	-
Podzemno skladište plina Okoli	5	8
Plinacro	1	32

INA-Group	Sales of goods	Purchase of goods
HRK mln	31 Dec 2012	31 Dec 2012
Companies available for sale		
JANAF d.d. Zagreb	3	75
Strategic partner		
MOL Plc	689	734
Companies controlled by strategic partner		
Tifon d.o.o.	866	6
Energopetrol d.d.	340	1
Kalengran Ltd.	128	1
Intermol d.o.o.	61	-
MOL SLOVENIJA d.o.o.	33	92
IES-Italiana Energia e Servizi s.p.a.	15	9
Moltrade Mineralimpex Zrt.	-	102
Slovnaft, a.s.	-	84
Companies controlled by the State		
Hrvatska elektroprivreda	2,617	161
Petrokemija Kutina	1,679	1
Croatia Airlines	257	-
Jadrolinija	165	6
Hrvatske željeznice	149	67
Podzemno skladište plina Okoli	29	151
Plinacro	11	280

Financial instruments and risk management

Risk Management and Hedging Policy for INA Group is providing the framework under which INA and its consolidated subsidiaries manage and maintain commodity, foreign exchange and interest rate risk at an acceptable level. Beside financial (market) risks, the most important risks include the credit risk and the liquidity risk.

a) Market risk

Commodity price risk management

INA purchases crude oil on a spot market price, mostly through short-term credit facility arrangements in US dollars. The required quantities of gas are purchased at a price denominated in US dollars in accordance to 3-year supply contract with Italian ENI. Domestic prices of refined products are determined under the pricing formula set out in the Highest Retail Refined Product Pricing Regulation which, to a limited extent, is protecting the Group from the changes in crude and oil product prices and the foreign currency risk, enabling refinery products to be reprised bi-weekly. INA may also use derivative instruments in managing its commodity exposure.

Foreign currency risk management

Many Group transactions are priced and denominated in foreign currency and thus the Group is exposed to currency risk. The Group has net long USD and EUR, and net short HRK operative cash flow position. The Group may use cross currency swaps to adjust the currency mix of the debt portfolio. As of December 31, 2012, there were no open cross currency transactions.

Interest rate risk management

INA Group companies use borrowed funds at both fixed and floating interest rates (mostly floating) and the Group is consequently exposed to the interest rate risk. The Group does not speculate on interest rate developments and primarily chooses floating rates. As of December 31, 2012, there were no open interest rate swap transactions.

Other price risk

INA is exposed to equity price risks arising from equity investments held for strategic reasons and not for trading.

b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. According to existing Credit Risk Management Procedure Group estimates creditworthiness and risk in dealing with customers based on internal model of evaluation as well as using the services of creditworthiness agencies. There is no significant credit risk exposure of INA Group that is not covered with collateral, other than those to the institutions and entities controlled by the state and the local government, and exposure toward customers under certain concession agreements abroad. In order to extend the available measures for collection of receivables, INA is also using services of agencies for “out of court” collection of receivables.

c) Liquidity risk

The Group's liquidity risk is managed by maintaining adequate reserves of liquidity and credit lines by continuous monitoring of projected and actual cash flow and due dates for account receivables and payables.

As of December 31, 2012, the Group had contracted short-term bank credit lines amounting to HRK 1.99 bn (CNB middle rate), excluding overdrafts and trade financing credit lines established with the purpose to finance the purchase of crude oil and oil products, and contracted long-term credit lines amounting to HRK 7.42 bn (CNB middle rate).

d) Fair value of financial instruments

The Group has concluded some long-term sale or purchase contracts that contain embedded derivatives as defined by IAS 39.

INDUSTRIJA NAFTE, d.d.

IRAN Moghan-2 Block

Currently INA, d.d. holds a Service Contract for the Exploration and Development of the Moghan-2 Block in Iran signed on 8 April 2008 with the National Iranian Oil Company (NIOC). The contract came into effect on 1 June 2008 and regulates INA as the operator in the exploration, appraisal and development phase while NIOC will conduct production operations. Minimum exploration work commitments include seismic surveys (2D and 3D) and drilling of one exploration well with minimum financial obligation amounting to USD 40.3 million. Obligatory Exploration phase expired on 31 May 2012. Due to the very complex developments regarding the international regulation for operating in Iran, including restrictive measures, actual project costs as of 30 June 2012 amounted to USD 4.5 mln.
The Company is currently not engaged in any activities that would be in breach of the EU and wider international trade sanctions against Iran and will continue with its efforts to ensure all future activities are carried out in compliance with the aforementioned regulation.

Contingent liabilities

EDISON INTERNATIONAL S.p.a arbitration procedure

EDISON INTERNATIONAL S.p.a. in its claim states that INA essentially did not adhere to the Production Sharing Agreement for the contractual area of north Adriatic, Izabela and Iris/Iva blocks, i.e. that it breached the obligations arising from the Agreement, and Edison is consequently claiming the amount of EUR 108 million. On 19 July 2011, INA provided its response to the Notice of Arbitration and also set out its Counterclaim. The seat of arbitration is Vienna, Republic of Austria, and the arbitration proceedings are being conducted pursuant to the UNCITRAL Arbitration Rules 2010. Further, written submissions were being exchanged and hearing was held in December 2012 in Vienna. The hearing was followed by another round of written submissions and the judgment of the Arbitral Tribunal is pending.

Findings Report received from the Ministry of Finance

On 20 February 2012, INA d.d. received from the Financial Police at the Ministry of Finance a Report on the findings in connection with the supervision of legality, correctness and timeliness of the calculation, declaration and payment of budgetary revenue for the period 1 January 2008 until 31 December 2009. The inspection covered value-added tax and corporate income tax for the period 1 January 2008 - 31 December 2009. According to the Findings Report, the Company has been imposed additional tax liabilities as well as late-payment interest for the period from 2008 to 2009. The potential tax liability and late penalty interest determined by the tax resolution was decreased compared to the initial liabilities determined in the Report and amounts to approximately HRK 124 million. INA, d.d. filed the appeal to the tax resolution within the prescribed deadline and is confident of proving its case in the pending administrative proceedings.

Subsequent events

INDUSTRIJA NAFTE, d.d.

INA Group Summary Segmental Results of Operations

Q3 2012	Q4 2012	Q4 2011	%	(HRK mln)	2011	2012	%
				Sales			
2,428	3,296	4,032	(18)	Exploration & Production	13,329	12,264	(8)
5,909	4,609	4,128	12	Refining & Marketing	17,926	19,704	10
2,423	1,782	1,822	(2)	Retail	7,676	7,788	1
159	233	292	(20)	Corporate and Other	674	598	(11)
(2,830)	(2,645)	(2,973)	(11)	Inter-segment revenue	(9,577)	(10,459)	9
8,089	**7,275**	**7,301**	**(0)**	**Sales**	**30,028**	**29,895**	**(0)**
				Operating expenses, net other income from operating activities			
(1,362)	(2,053)	(2,357)	(13)	Exploration & Production	(7,188)	(8,477)	18
(5,876)	(5,865)	(5,532)	6	Refining & Marketing	(20,454)	(21,537)	5
(2,356)	(1,823)	(1,794)	2	Retail	(7,629)	(7,791)	2
(294)	(344)	(444)	(23)	Corporate and Other	(1,295)	(1,193)	(8)
2,830	2,645	2,973	(11)	Inter-segment eliminations	9,577	10,459	9
(7,058)	**(7,440)**	**(7,154)**	**4**	**Expenses**	**(26,989)**	**(28,539)**	**6**
				Profit/(loss) from operations			
1,066	1,243	1,675	(26)	Exploration & Production	6,141	3,787	(38)
33	(1,256)	(1,404)	(11)	Refining & Marketing	(2,528)	(1,833)	(27)
67	(41)	28	n.a.	Retail	47	(3)	n.a.
(135)	(111)	(152)	(27)	Corporate and Other	(621)	(595)	(4)
1,031	**(165)**	**147**	**n.a.**	**Profit from operations**	**3,039**	**1,356**	**(55)**
				Share in the profit of associate companies			
34	**(72)**	**(509)**	**(86)**	**Net loss from financial activities**	**(663)**	**(289)**	**(56)**
1,065	**(237)**	**(362)**	**(35)**	**Profit before taxation**	**2,376**	**1,067**	**(55)**
(240)	(15)	109	n.a.	Income tax expense	(573)	(380)	(34)
825	**(252)**	**(253)**	**(0)**	**Profit for the year**	**1,803**	**687**	**(62)**

Sales data include intra-group sales and related costs are included in the operating costs of the business segment making the purchase. Intra-group transactions are eliminated for consolidated sales data and operating costs.

INA Group Summary Segmental Results of Operations

Q3 2012	Q4 2012	Q4 2011	%	Operating Profit Excluding Special Items (HRK mln)	2011	2012	%
1,094	1,292	1,643	(21)	Exploration & Production	6,129	4,475	(27)
40	(569)	(793)	(28)	Refining & Marketing	(1,637)	(1,132)	(31)
70	(32)	53	n.a.	Retail	109	19	(83)
(108)	(101)	(111)	(9)	Corporate and Other	(523)	(499)	(5)
1,096	**590**	**792**	**(26)**	**Total**	**4,078**	**2,863**	**(30)**

Q3 2012	Q4 2012	Q4 2011	%	Depreciation (HRK mln)	2011	2012	%
192	350	422	(17)	Exploration & Production	1,895	1,192	(37)
154	173	222	(22)	Refining & Marketing	502	624	24
22	27	22	23	Retail	92	96	4
19	22	40	(45)	Corporate and Other	151	104	(31)
387	**572**	**706**	**(19)**	**Total**	**2,640**	**2,016**	**(24)**

Q3 2012	Q4 2012	Q4 2011	%	EBITDA* (HRK mln)	2011	2012	%
1,260	1,456	1,998	(27)	Exploration & Production	8,053	5,361	(33)
228	(433)	(592)	(27)	Refining & Marketing	(1,078)	(417)	(61)
87	(8)	(11)	(27)	Retail	95	122	28
(113)	(128)	(134)	(4)	Corporate and Other	(548)	(488)	(11)
1,462	**887**	**1,261**	**(30)**	**Total**	**6,522**	**4,578**	**(30)**

Q3 2012	Q4 2012	Q4 2011	%	EBITDA Excluding Special Items* (HRK mln)	2011	2012	%
1,277	1,465	2,027	(28)	Exploration & Production	8,122	5,571	(31)
235	(387)	(577)	(33)	Refining & Marketing	(1,020)	(366)	(64)
95	(1)	8	n.a.	Retail	140	148	6
(103)	(68)	(102)	(33)	Corporate and Other	(466)	(390)	(16)
1,504	**1,009**	**1,356**	**(26)**	**Total**	**6,776**	**4,963**	**(27)**

** EBITDA = EBIT + Depreciation + Impairment + Provisions*

INDUSTRIJA NAFTE, d.d.

Segmental Information

31 December 2012 Assets and liabilities	Exploration and production	Refining and marketing	Retail	Corporate and other	Elimination	Total
Property, plant and equipment	11,571	5,359	1,116	695	(25)	18,716
Intangible assets	565	13	2	96	-	676
Investments in associates and joint ventures	34	-	-	-	-	34
Inventories	1,610	2,219	60	139	(676)	3,352
Trade receivables, net	1,748	780	330	217	(305)	2,770
Not allocated assets						2,639
Total assets						**28,187**
Trade payables	832	644	265	248	(305)	1,684
Not allocated liabilities						11,549
Total liabilities						**13,233**
Other segment information						
Capital expenditure:	**690**	**228**	**229**	**83**	**-**	**1,230**
Property, plant and equipment	648	220	229	34	-	1,131
Intangible assets	42	8	-	49	-	99
Depreciation and amortisation	**1,192**	**624**	**96**	**104**	**-**	**2,016**
Impairment losses/(income) PP&E, net recognized in profit and loss	(38)	663	(1)	-	-	624
Other impairment losses/(income), net recognized in profit and loss	243	150	43	3	-	439
Total impairment losses/(income), net	**205**	**813**	**42**	**3**	**-**	**1,063**

31 December 2011 Assets and liabilities	Exploration and production	Refining and marketing	Retail	Corporate and other	Elimination	Total
Property, plant and equipment	12,375	6,417	990	524	(12)	20,294
Intangible assets	782	13	4	81	-	880
Investments in associates and joint ventures	34	-	-	-	-	34
Inventories	1,270	2,598	61	150	(386)	3,693
Trade receivables, net	1,977	985	388	318	(386)	3,282
Not allocated assets						2,642
Total assets						**30,825**
Trade payables	2,504	909	176	386	(1,943)	2,032
Not allocated liabilities						14,428
Total liabilities						**16,460**
Other segment information						
Capital expenditure:	**799**	**575**	**106**	**50**	**-**	**1,530**
Property, plant and equipment	726	567	105	11	-	1,409
Intangible assets	73	8	1	39	-	121
Depreciation and amortisation	**1,894**	**502**	**92**	**152**	**-**	**2,640**
Impairment losses/(income) PP&E,net recognized in profit and loss	(33)	655	(62)	-	-	560
Other impairment losses/(income),net recognized in profit and loss	325	351	9	11	-	696
Total impairment losses/(income), net	**292**	**1,006**	**(53)**	**11**	**-**	**1,256**

INDUSTRIJA NAFTE, d.d.

SPECIAL ITEMS IN OPERATING PROFIT AND EBITDA
(in HRK mln)

Q3 2012	Q4 2012	Q4 2011		2011	2012
			INA GROUP		
(65)	**(756)**	**(645)**	**Total impact of special items on operating profit**	**(1,039)**	**(1,507)**
(42)	**(122)**	**(95)**	**Total impact of special items on EBITDA**	**(254)**	**(385)**
(28)	**(50)**	**32**	**Exploration & Production**	**12**	**(688)**
(5)	(28)	(29)	Incentive measures	(69)	(82)
-	(30)	-	Impairment of assets	-	(161)
(12)	(15)	-	Angola	-	(273)
-	-	-	Egypt - extra cost of production	-	(11)
(31)	(4)	(4)	Provisions (ENI, litigations, incentives)	(31)	(43)
13	25	-	Reversal - IAS 36	-	77
7	1	-	Iran Moghan-2 Block - service contract exit accrual	-	(196)
		65	Impairment of assets in Libya (Crosco)	-	-
-	-	-	Provisions (Prirodni plin tax case)	112	-
(7)	**(687)**	**(611)**	**Refining & Marketing**	**(891)**	**(701)**
-	(648)	(655)	Impairment of assets - Refinery	(655)	(665)
(7)	(46)	(15)	Incentive measures	(58)	(66)
(9)	6	59	Provisions (litigations, incentives)	(13)	(6)
9	1	-	Reversal of provisions (litigations, incentives)	-	21
-	-	-	Revenues from insurance	-	15
-	-	-	Impairment of gas bottles - Proplin	(165)	-
(3)	**(9)**	**(25)**	**Retail**	**(62)**	**(22)**
(8)	(7)	(19)	Incentive measures	(45)	(26)
(6)	(25)	-	Impairment of assets	-	(31)
4	24	-	Reversal of provisions (litigations, incentives)	-	39
7	(1)	(6)	Provisions (litigations, incentives)	(17)	(4)
(27)	**(10)**	**(41)**	**Corporate functions**	**(98)**	**(96)**
(10)	(61)	(32)	Incentive measures	(82)	(99)
-	(1)	-	Impairment of assets	-	(1)
5	2	-	Reversal of provisions (litigations, incentives)	-	21
(22)	49	(9)	Provisions for incentives	(16)	(18)
-	1	-	Revenues from insurance	-	1

Main external parameters

Q3 2012	Q4 2012	Q4 2011	%		2011	2012	%
109.6	110.0	109.3	0.7	Brent dtd (USD/bbl)	111.3	111.6	0.3
1,043.9	967.3	927.2	4.3	Premium unleaded gasoline 10 ppm (USD/t)*	978.1	1,021.1	4.4
971.6	959.7	963.4	(0.4)	Gas oil – ULSD 10 ppm (USD/t)*	957.0	968.5	1.2
618.0	582.3	617.8	(5.7)	Fuel oil 3,5% (USD/t)*	603.0	624.6	3.6
888.8	986.4	871.9	13.1	LPG (USD/t)*	903.3	930.9	3.1
95.6	49.1	43.3	13.4	Average crack spread	30.9	78.3	153.4
214.7	135.0	100.3	34.6	Crack spread – premium unleaded (USD/t)*	136.2	177.0	29.9
142.4	127.4	136.5	(6.7)	Crack spread – gas oil (USD/t)*	115.1	124.4	8.1
(211.1)	(250.0)	(209.2)	19.6	Crack spread - fuel oil 3,5% (USD/t)*	(238.8)	(219.5)	(8.1)
59.6	154.1	45.0	242.5	Crack spread - LPG (USD/t)*	61.4	86.8	41.4
5.98	5.80	5.56	4.5	HRK/USD average	5.34	5.85	9.5
5.76	5.73	5.82	(1.6)	HRK/USD closing	5.82	5.73	(1.6)
7.47	7.52	7.49	0.4	HRK/EUR average	7.43	7.51	1.1
7.45	7.55	7.53	0.2	HRK/EUR closing	7.53	7.55	0.2
0.43	0.32	0.48	(33.6)	3m USD LIBOR (%)	0.34	0.43	27.5
0.36	0.20	1.50	(86.9)	3m EURIBOR (%)	1.39	0.58	(58.7)

** FOB Mediterranean*

INDUSTRIJA NAFTE, d.d.

Announcements in 2012

December 18, 2012	Supervisory Board meeting held
December 18, 2012	General Meeting decisions
December 07, 2012	Amendment to invitation to Extraordinary General Shareholders Assembly
December 05, 2012	INA d.d. to expand activities in Egypt
November 09, 2012	Merger agreement
November 09, 2012	General Meeting notice
November 08, 2012	Contract signed
September 11, 2012	New oil discovery on the Privlaka field
September 06, 2012	Answer to Zagreb Stock Exchange query
July 30, 2012	Report for Q2 and H1 2012, unaudited, consolidated and unconsolidated
July 26, 2012	Exploitation field Žutica extended
July 06, 2012	Changes in organizational structure of INA, d.d.
June 19, 2012	General Meeting decisions
June 04, 2012	Announcement on media statements
June 03, 2012	Code of Corporate Governance Questionnaire for 2011
May 11, 2012	General Meeting notice
May 11, 2012	Annual document of disclosed information for 2011
April 27, 2012	Report for Q1 2012, unaudited, consolidated and unconsolidated
April 12, 2012	Annual report for 2011, audited, consolidated and unconsolidated
April 12, 2012	Supervisory Board meeting held
April 11, 2012	Extraordinary General Meeting decisions
April 06, 2012	Supervisory Board meeting announcement
March 02, 2012	Extraordinary General Meeting notice
February 27, 2012	Notice on “force majeure” in Syria
February 24, 2012	The Croatian government decision on restrictive measures against Syria
February 14, 2012	Report for Q4 2011, unaudited, consolidated and unconsolidated
January 19, 2012	Response to query

INA, d.d. Shareholders structure by number of shares

	31 Dec 06	31 Dec 07	31 Dec 08	31 Dec 09	31 Dec 10	31 Dec 11	31 Dec 12
MOL Plc.	2,500,001	2,500,001	4,715,538	4,715,538	4,715,538	4,725,620	4,908,207
Government of the Rep. of Croatia	5,180,367	4,484,918	4,483,552	4,483,552	4,483,552	4,483,552	4,483,552
Private and institutional investors	2,319,632	3,015,081	800,910	800,910	800,910	790,828	608,241
Total	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**

Source: Central Clearing Depositary Company.

Changes in organization, Management Board or Supervisory Board

Supervisory Board

On the Extraordinary General Shareholders' Assembly of INA, d.d. held on 18 December 2012. Mr. Szabolcs Ferencz I., Mr. Ferenc Horváth, Mr. József Molnár, Mr. György Mosonyi, Ms. Gordana Sekulić, Mr. Davor Štern, Mr. Damir Vanđelić and Mr. Oszkár Világi were resolved from the duty of the Supervisory Board member. On the same General Assembly Mr. Szabolcs Ferencz I., Mr. Ferenc Horváth, Mr. József Molnár, Mr. György Mosonyi, Mr. Željko Perić, Mr. Siniša Petrović, Mr. Mladen Proštenik and Mr. Oszkár Világi were appointed INA, d.d Supervisory Board members for the mandate of 4 years.

Management Board

During the fourth quarter there was no change in the Management Board.

Board of Executive Directors

During the fourth quarter there was no change in the Board of Executive Directors.

Management representation

INA Group's consolidated financial statements for Q4 and Q1-Q4 2012 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.

Management Board:

Zoltán Áldott	President of INA, d.d. Board
Niko Dalić	Member
Pál Zoltán Kara	Member
Ivan Krešić	Member
Davor Mayer	Member
Péter Ratatics	Member