

**ENCLOSURE 1**

Reporting period:

1 January 2013

to

30 September 2013

**Quartely Financial Report TFI-POD**Tax number (MB): **03586243**Registration number (MBS): **080000604**Personal identification  
number (OIB): **27759560625**Issuer: **INA - Industrija nafte d.d.**Postal code and location: **10 000****ZAGREB**Street and number: **Avenija Većeslava Holjevca 10**E-mail: [investitori@ina.hr](mailto:investitori@ina.hr)Internet address: [www.ina.hr](http://www.ina.hr)Code and city / municipality: **133** **ZAGREB**Code and county: **21** **GRAD ZAGREB**Number of employees: **8.716**  
(at the end of year)Consolidated Report: **NO**Business activity code: **1920**

Entities in consolidation (according to IFRS)

Registered seat:

Tax number (MB):

Book-keeping office: **Top Računovodstvo Servisi d.o.o.**Contact person: **Ratko Marković**  
(Name and surname of contact person)Telephone: **01 612 3143**Telefaks: **01 612-3115**E-mail: [Ratko.Markovic@trs.ina.hr](mailto:Ratko.Markovic@trs.ina.hr)Name and surname: **Zoltán Sándor Áldott**  
(authorized representatives)**Documents to be published:**

1. Financial Statements (Balance Sheet, Profit and Loss Account, Cash Flow Statement, Change in Capital Statement and Notes to Financial Statements)
2. Statement of persons in charge of making Financial Statements
3. Management Board's Report

(seal)

(signature of authorized representative)

**Balance Sheet**  
as at 30 September 2013

Issuer: INA - Industrija nafte d.d. Zagreb

Item	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED AND NON-PAID CAPITAL</b>	<b>001</b>		
<b>B) LONG-TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	20.771.000.000	20.209.000.000
<b>I. INTANGIBLE ASSETS (004 do 009)</b>	<b>003</b>	733.000.000	954.000.000
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	79.000.000	92.000.000
3. Goodwill	<b>006</b>		
4. Advances for purchase of intangible assets	<b>007</b>	62.000.000	113.000.000
5. Intangible assets in preparation	<b>008</b>	591.000.000	749.000.000
6. Other intangible assets	<b>009</b>	1.000.000	
<b>II. TANGIBLE ASSETS (011 do 019)</b>	<b>010</b>	17.085.000.000	16.280.000.000
1. Land	<b>011</b>	1.000.000.000	1.003.000.000
2. Buildings	<b>012</b>	7.432.000.000	7.088.000.000
3. Plant and equipment	<b>013</b>	5.787.000.000	5.071.000.000
4. Instruments, plant inventories and transportation assets	<b>014</b>	311.000.000	318.000.000
5. Biological asset	<b>015</b>		
6. Advances for tangible assets	<b>016</b>	22.000.000	72.000.000
7. Tangible assets in preparation	<b>017</b>	2.524.000.000	2.720.000.000
8. Other material assets	<b>018</b>	3.000.000	3.000.000
9. Investment in property	<b>019</b>	6.000.000	5.000.000
<b>III. LONG-TERM FINANCIAL ASSETS (021 do 028)</b>	<b>020</b>	2.333.000.000	2.330.000.000
1. Investments in subsidiaries	<b>021</b>	1.161.000.000	1.129.000.000
2. Loans given to related parties	<b>022</b>	612.000.000	643.000.000
3. Participating interests (shares)	<b>023</b>	40.000.000	27.000.000
4. Loans to entrepreneurs in which the entity holds participating interests	<b>024</b>		
5. Investments in securities	<b>025</b>		
6. Loans, deposits and similar assets	<b>026</b>	180.000.000	201.000.000
7. Other long-term financial assets	<b>027</b>	340.000.000	330.000.000
8. Investment accounted by equity method	<b>028</b>		
<b>IV. RECEIVABLES (030 do 032)</b>	<b>029</b>	126.000.000	118.000.000
1. Receivables from subsidiaries	<b>030</b>	11.000.000	11.000.000
2. Receivables based on trade loans	<b>031</b>	115.000.000	107.000.000
3. Other receivables	<b>032</b>		
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>	494.000.000	527.000.000
<b>C) SHORT-TERM ASSETS (035+043+050+058)</b>	<b>034</b>	6.595.000.000	7.122.000.000
<b>I. INVENTORIES (036 do 042)</b>	<b>035</b>	2.485.000.000	2.771.000.000
1. Raw materials & consumables	<b>036</b>	445.000.000	593.000.000
2. Work in progress	<b>037</b>	1.156.000.000	1.071.000.000
3. Finished goods	<b>038</b>	815.000.000	1.027.000.000
4. Merchandise	<b>039</b>	69.000.000	80.000.000
5. Advances for inventories	<b>040</b>		
6. Long-term assets held for sale	<b>041</b>		
7. Biological asset	<b>042</b>		
<b>II. RECEIVABLES (044 do 049)</b>	<b>043</b>	3.757.000.000	4.077.000.000
1. Receivables from subsidiaries	<b>044</b>	2.226.000.000	2.012.000.000
2. Trade receivables	<b>045</b>	1.103.000.000	1.323.000.000
3. Receivables from participating entities	<b>046</b>		
4. Receivables from employees and shareholders	<b>047</b>	8.000.000	4.000.000
5. Receivables from government and other institutions	<b>048</b>	311.000.000	609.000.000
6. Other receivables	<b>049</b>	109.000.000	129.000.000
<b>III. SHORT-TERM FINANCIAL ASSETS (051 do 057)</b>	<b>050</b>	83.000.000	129.000.000
1. Investments in subsidiaries	<b>051</b>	54.000.000	80.000.000
2. Loans given to related parties	<b>052</b>		
3. Participating interests (shares)	<b>053</b>		
4. Loans to entrepreneurs in which the entity holds participating interests	<b>054</b>		
5. Investments in securities	<b>055</b>		
6. Loans, deposits and similar assets	<b>056</b>	22.000.000	35.000.000
7. Other financial assets	<b>057</b>	7.000.000	14.000.000
<b>IV. CASH AT BANK AND IN CASH REGISTER</b>	<b>058</b>	270.000.000	145.000.000
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	79.000.000	164.000.000
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	27.445.000.000	27.495.000.000
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>061</b>		

<b>EQUITY AND LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	15.502.000.000	15.533.000.000
I. SHARE CAPITAL	<b>063</b>	9.000.000.000	9.000.000.000
II. CAPITAL RESERVES	<b>064</b>		
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	2.123.000.000	2.026.000.000
1. Legal reserves	<b>066</b>		
2. Reserves for treasury shares	<b>067</b>		
3. Treasury shares and stakes (deduction)	<b>068</b>		
4. Statutory reserves	<b>069</b>	171.000.000	83.000.000
5. Other reserves	<b>070</b>	1.952.000.000	1.943.000.000
IV. REVALUATION RESERVES	<b>071</b>	13.000.000	6.000.000
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	3.043.000.000	4.023.000.000
1. Retained earnings	<b>073</b>	3.043.000.000	4.023.000.000
2. Accumulated loss	<b>074</b>		
VI. PROFIT/LOSS FOR THE FINANCIAL YEAR (076-077)	<b>075</b>	1.323.000.000	478.000.000
1. Profit for the financial year	<b>076</b>	1.323.000.000	478.000.000
2. Loss for the financial year	<b>077</b>		
VII. NON-CONTROLLING INTERESTS	<b>078</b>		
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	3.020.000.000	3.131.000.000
1. Provisions for redundancy costs, severance pays and similar liabilities	<b>080</b>	72.000.000	91.000.000
2. Provisions for tax obligations	<b>081</b>		
3. Other provisions	<b>082</b>	2.948.000.000	3.040.000.000
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	1.124.000.000	1.608.000.000
1. Liabilities to subsidiaries	<b>084</b>		
2. Liabilities for loans, deposits and other	<b>085</b>		
3. Liabilities to banks and other financial institutions	<b>086</b>	1.053.000.000	1.542.000.000
4. Liabilities for received advances	<b>087</b>		
5. Trade payables	<b>088</b>		
6. Liabilities arising from debt securities	<b>089</b>		
7. Liabilities to entrepreneurs in which the entity holds participating interests	<b>090</b>		
8. Other non-current liabilities	<b>091</b>	71.000.000	66.000.000
9. Deferred tax liability	<b>092</b>		
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	7.765.000.000	7.178.000.000
1. Liabilities to subsidiaries	<b>094</b>	383.000.000	418.000.000
2. Liabilities for loans, deposits and other	<b>095</b>		
3. Liabilities to banks and other financial institutions	<b>096</b>	5.705.000.000	4.138.000.000
4. Liabilities for received advances	<b>097</b>	22.000.000	26.000.000
5. Trade payables	<b>098</b>	964.000.000	1.615.000.000
6. Liabilities arising from debt securities	<b>099</b>		
7. Liabilities to entrepreneurs in which the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	96.000.000	70.000.000
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	385.000.000	566.000.000
10. Dividend payables	<b>103</b>		
11. Liabilities for long-term assets held for sale	<b>104</b>		
12. Other current liabilities	<b>105</b>	210.000.000	345.000.000
<b>E) ACCRUAL AND DEFERRED INCOME</b>	<b>106</b>	34.000.000	45.000.000
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	27.445.000.000	27.495.000.000
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>108</b>		
<b>ANNEX TO THE BALANCE SHEET (to be filled in by entrepreneur submitting consolidated financial report)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributable to equity holders of the parent company's capital	<b>109</b>		
2. Attributable to non controlling interest	<b>110</b>		

Note 1.: APPENDIX TO THE BALANCE SHEET (to be filled in by entities who submitting consolidated financial statements).

**PROFIT AND LOSS**

for the period 1 January 2013 to 30 September 2013

Issuer: INA - Industrija nafte d.d. Zagreb

Item	AOP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112+113)</b>	<b>111</b>	20.600.000.000	7.658.000.000	19.140.000.000	7.195.000.000
1. Sales revenue	112	20.382.000.000	7.615.000.000	18.627.000.000	7.019.000.000
2. Other operating income	113	218.000.000	43.000.000	513.000.000	176.000.000
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	18.712.000.000	6.450.000.000	18.460.000.000	6.823.000.000
1. Changes in inventories of finished products and work in progress	115	-283.000.000	77.000.000	-137.000.000	-7.000.000
2. Material costs (117 do 119)	116	14.128.000.000	5.284.000.000	14.160.000.000	5.421.000.000
a) Cost of raw materials & consumables	117	12.032.000.000	4.582.000.000	11.941.000.000	4.632.000.000
b) Cost of goods sold	118	938.000.000	313.000.000	1.214.000.000	464.000.000
c) Other costs	119	1.158.000.000	389.000.000	1.005.000.000	325.000.000
3. Staff costs (121 do 123)	120	1.016.000.000	331.000.000	991.000.000	322.000.000
a) Net salaries and wages	121	591.000.000	194.000.000	583.000.000	191.000.000
b) Costs for taxes and contributions from salaries	122	284.000.000	93.000.000	277.000.000	89.000.000
c) Contributions on gross salaries	123	141.000.000	44.000.000	131.000.000	42.000.000
4. Depreciation and amortisation	124	1.326.000.000	352.000.000	1.552.000.000	506.000.000
5. Other costs	125	1.019.000.000	273.000.000	948.000.000	384.000.000
6. Impairment charges (127+128)	126	1.175.000.000	159.000.000	887.000.000	185.000.000
a) impairment of long-term assets (excluding financial assets)	127	138.000.000	-47.000.000	1.000.000	
b) impairment of short-term assets (excluding financial assets)	128	1.037.000.000	206.000.000	886.000.000	185.000.000
7. Provisions	129	331.000.000	-26.000.000	59.000.000	12.000.000
8. Other operating expenses	130				
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	331.000.000	98.000.000	568.000.000	328.000.000
1. Interest income, foreign exchange gains, dividends and other financial income from subsidiaries	132	203.000.000	128.000.000	59.000.000	21.000.000
2. Interest income, foreign exchange gains, dividends and other financial income from third parties	133	116.000.000	98.000.000	354.000.000	227.000.000
3. Part of income from associates and participating interests	134				
4. Unrealized gains (income) from the financial assets	135				
5. Other financial income	136	12.000.000	-128.000.000	155.000.000	80.000.000
<b>IV. FINANCIAL COSTS (138 do 141)</b>	<b>137</b>	438.000.000	20.000.000	652.000.000	360.000.000
1. Interest, foreign exchange losses and other expenses from subsidiaries	138	3.000.000	-1.000.000	13.000.000	9.000.000
2. Interest, foreign exchange losses and other expenses from third parties	139	125.000.000	-19.000.000	162.000.000	43.000.000
3. Unrealized loss (expenses) on financial assets	140				
4. Other financial expenses	141	310.000.000	40.000.000	477.000.000	308.000.000
<b>V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTITIES</b>	<b>142</b>				
<b>VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATES ENTITIES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	20.931.000.000	7.756.000.000	19.708.000.000	7.523.000.000
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	19.150.000.000	6.470.000.000	19.112.000.000	7.183.000.000
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	1.781.000.000	1.286.000.000	596.000.000	340.000.000
1. Profit before tax (146-147)	149	1.781.000.000	1.286.000.000	596.000.000	340.000.000
2. Loss before tax (147-146)	150	0	0	0	0
<b>XII. CORPORATE INCOME TAX EXPENSE</b>	<b>151</b>	343.000.000	215.000.000	118.000.000	78.000.000
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	1.438.000.000	1.071.000.000	478.000.000	262.000.000
1. Profit for the period (149-151)	153	1.438.000.000	1.071.000.000	478.000.000	262.000.000
2. Loss for the period (151-148)	154	0	0	0	0
<b>ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to equity holders of the parent company	155				
2. Attributable to non-controlling interests	156				
<b>STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	1.438.000.000	1.071.000.000	478.000.000	262.000.000
<b>II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	-66.000.000	-275.000.000	-104.000.000	-59.000.000
1. Exchange differences on translation of foreign operations	159	-72.000.000	-273.000.000	-88.000.000	-59.000.000
2. Movements in revaluation reserves of long-term tangible and intangible assets	160		0		
3. Gains or loss from reevaluation of financial assets available for sale	161	6.000.000	-2.000.000	-7.000.000	
4. Gains or losses on efficient cash flow hedging	162				
5. Gains or losses on efficient hedge of a net investments in foreign countries	163				
6. Share in other comprehensive income/loss of associates companies	164				
7. Actuarial gain / losses on defined benefit plans	165			-9.000.000	
<b>III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)</b>	<b>167</b>	-66.000.000	-275.000.000	-104.000.000	-59.000.000
<b>V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	1.372.000.000	796.000.000	374.000.000	203.000.000
<b>APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements)</b>					
<b>VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD</b>					
1. Attributable to equity holders of the parent company	169				
2. Attributable to non-controlling interests	170				

**CASH FLOW STATEMENT - Indirect method**  
in the period 1 January 2013 to 30 September 2013

Issuer: INA - Industrija nafte d.d. Zagreb			
Item	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	<b>001</b>	1.781.000.000	596.000.000
2. Depreciation and amortisation	<b>002</b>	1.326.000.000	1.552.000.000
3. Increase in short-term liabilities	<b>003</b>	1.767.000.000	529.000.000
4. Decrease in short-term receivables	<b>004</b>		
5. Decrease in inventories	<b>005</b>		
6. Other cash flow increases	<b>006</b>	1.972.000.000	2.133.000.000
<b>I. Total increase of cash flow from operating activities (001 do 006)</b>	<b>007</b>	6.846.000.000	4.810.000.000
1. Decrease in short-term liabilities	<b>008</b>		
2. Increase in short-term receivables	<b>009</b>	1.756.000.000	991.000.000
3. Increase in inventories	<b>010</b>	341.000.000	341.000.000
4. Other cash flow decreases	<b>011</b>	1.305.000.000	1.159.000.000
<b>II. Total decrease of cash flow from operating activities (008 do 011)</b>	<b>012</b>	3.402.000.000	2.491.000.000
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	3.444.000.000	2.319.000.000
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	0	0
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1. Cash inflows from sale of long-term tangible and intangible assets	<b>015</b>	7.000.000	5.000.000
2. Cash inflows from sale of equity and debt instruments	<b>016</b>	2.000.000	0
3. Interest receipts	<b>017</b>		69.000.000
4. Dividends receipts	<b>018</b>	1.000.000	
5. Other cash inflows from investment activities	<b>019</b>	117.000.000	45.000.000
<b>III. Total cash inflows from investment activities (015 do 019)</b>	<b>020</b>	127.000.000	119.000.000
1. Cash outflows for purchase of long-term tangible and intangible assets	<b>021</b>	656.000.000	1.066.000.000
2. Cash outflows for purchase of equity and debt financial instruments	<b>022</b>	18.000.000	9.000.000
3. Other cash outflows from investment activities	<b>023</b>		49.000.000
<b>IV. Total cash outflows from investment activities (021 do 023)</b>	<b>024</b>	674.000.000	1.124.000.000
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>025</b>	0	0
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>026</b>	547.000.000	1.005.000.000
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Cash receipts from issuance from equity and debt financial instruments	<b>027</b>		
2. Cash inflows from loans, debentures, credits and other borrowings	<b>028</b>	11.213.000.000	17.260.000.000
3. Other cash inflows from financial activities	<b>029</b>		
<b>V. Total cash inflows from financial activities (027 do 029)</b>	<b>030</b>	11.213.000.000	17.260.000.000
1. Cash outflows for repayment of loans and bonds	<b>031</b>	13.775.000.000	18.273.000.000
2. Dividends paid	<b>032</b>		343.000.000
3. Cash outflows for finance lease	<b>033</b>		
4. Cash outflows for purchase of own stocks	<b>034</b>		
5. Other cash outflows from financial activities	<b>035</b>	129.000.000	83.000.000
<b>VI. Total cash outflows from financial activities (031 do 035)</b>	<b>036</b>	13.904.000.000	18.699.000.000
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>037</b>	0	0
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>038</b>	2.691.000.000	1.439.000.000
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	206.000.000	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	0	125.000.000
Cash and cash equivalents at the beginning of the period	<b>041</b>	229.000.000	270.000.000
Increase of cash and cash equivalents	<b>042</b>	206.000.000	0
Decrease of cash and cash equivalents	<b>043</b>		125.000.000
Cash and cash equivalents at the end of the period	<b>044</b>	435.000.000	145.000.000

## STATEMENT OF CHANGES IN EQUITY

for the period **1.1.2013** to **30.9.2013**

Item	AOP	Previous period	Current period
1	2	3	4
1. Share capital	<b>001</b>	9.000.000.000	9.000.000.000
2. Capital reserves	<b>002</b>		
3. Reserves from profit	<b>003</b>	2.167.000.000	2.026.000.000
4. Retained earnings or accumulated loss	<b>004</b>	3.043.000.000	4.023.000.000
5. Profit / loss for the current year	<b>005</b>	1.438.000.000	478.000.000
6. Revaluation of long-term tangible assets	<b>006</b>		
7. Revaluation of intangible assets	<b>007</b>		
8. Revaluation of financial assets available for sale	<b>008</b>	6.000.000	6.000.000
9. Other revaluation	<b>009</b>		
<b>10. Total capital and reserves (AOP 001 do 009)</b>	<b>010</b>	15.654.000.000	15.533.000.000
11. Currency gains and losses arising from net investments in foreign operations	<b>011</b>	-72.000.000	-88.000.000
12. Current and deferred taxes (part)	<b>012</b>		
13. Cash flow hedging	<b>013</b>		
14. Changes in accounting policies	<b>014</b>		
15. Correction of significant mistakes in prior period	<b>015</b>		
16. Other changes in capital	<b>016</b>	1.444.000.000	119.000.000
<b>17. Total increase or decrease in capital (AOP 011 do 016)</b>	<b>017</b>	1.372.000.000	31.000.000
17 a. Attributable to equity holders of the parent company's capital	<b>018</b>		
17 b. Attributable to non-controlling interests	<b>019</b>		

Items that decrease equity have negative sign  
 Items from 001 to 009 are state of balance sheet date

## **Notes with financial statements**

Notes to Financial Statements provide additional and supplementary information which are not presented in the statement of financial position, income statement, cash flow statement and statement of changes in equity in accordance with the regulations of the relevant international financial reporting standards.

## Q1-Q3 2013 – REPORT INA, D.D. NON-CONSOLIDATED

### INA, d.d. financial results (IFRS)

HRK mln.	H1 2013 modified <sup>(6)</sup>	Q3 2013	Q3 2012	%	Q1-Q3 2012	Q1-Q3 2013	%
Net sales revenues	11,608	7,019	7,615	(8)	20,382	18,627	(9)
EBITDA reported <sup>(1)</sup>	2,103	1,075	1,693	(37)	4,720	3,178	(33)
<b>EBITDA excl. special items <sup>(2)</sup></b>	<b>2,103</b>	<b>1,202</b>	<b>1,731</b>	<b>(31)</b>	<b>4,929</b>	<b>3,305</b>	<b>(33)</b>
Operating profit reported	308	372	1,208	(69)	1,888	680	(64)
<b>Operating profit excl. special items <sup>(2)</sup></b>	<b>308</b>	<b>499</b>	<b>1,254</b>	<b>(60)</b>	<b>2,541</b>	<b>807</b>	<b>(68)</b>
Net financial expenses	(52)	(32)	78	n.a.	(107)	(84)	(21)
Net profit/(loss) <sup>(3)</sup>	216	262	1,071	(76)	1,438	478	(67)
<b>Net profit/(loss) excl. special items <sup>(2)</sup></b>	<b>216</b>	<b>364</b>	<b>1,107</b>	<b>(67)</b>	<b>1,960</b>	<b>580</b>	<b>(70)</b>
Operating cash flow	2,015	304	1,442	(79)	3,444	2,319	(33)
<b>Earnings per share</b>							
Basic and diluted earnings/(loss) per share (kunas per share)	21.6	26.2	107.1	(76)	143.8	47.8	(67)
Net gearing	24.00	26.27	28.15		28.15	26.27	
USD mln <sup>(4)</sup>	H1 2013 modified <sup>(6)</sup>	Q3 2013	Q3 2012	%	Q1-Q3 2012	Q1-Q3 2013	%
Net sales revenues	2,014	1,233	1,274	(3)	3,474	3,245	(7)
EBITDA reported <sup>(1)</sup>	365	189	283	(33)	805	554	(31)
<b>EBITDA excl. special items <sup>(2)</sup></b>	<b>365</b>	<b>211</b>	<b>289</b>	<b>(27)</b>	<b>840</b>	<b>576</b>	<b>(31)</b>
Operating profit reported	53	65	202	(68)	322	118	(63)
<b>Operating profit excl. special items <sup>(2)</sup></b>	<b>53</b>	<b>88</b>	<b>210</b>	<b>(58)</b>	<b>433</b>	<b>141</b>	<b>(68)</b>
Net financial expenses	(9)	(6)	13	n.a.	(18)	(15)	(20)
Net profit/(loss) <sup>(3)</sup>	37	46	179	(74)	245	83	(66)
<b>Net profit/(loss) excl. special items <sup>(2)</sup></b>	<b>37</b>	<b>64</b>	<b>185</b>	<b>(66)</b>	<b>334</b>	<b>101</b>	<b>(70)</b>
Operating cash flow	350	53	241	(78)	587	404	(31)
<b>Earnings per share</b>							
Basic and diluted earnings/(loss) per share (USD per share)	3.7	4.6	17.9	(74)	24.5	8.3	(66)

<sup>(1)</sup> EBITDA = EBIT + Depreciation + Impairment + Provisions

<sup>(2)</sup> The 2013 EBIT was negatively influenced by HRK 127 million special items

<sup>(3)</sup> INA Group net profit attributable to equity holder

<sup>(4)</sup> In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q2 2013 – 5.7902 HRK/USD; Q3 2012 – 5.9788 HRK/USD; Q3 2013 – 5.6928 HRK/USD; Q1-Q3 2012 – 5.8664 HRK/USD; Q1-Q3 2013 – 5.7396 HRK/USD

<sup>(5)</sup> Starting from 1 January 2013, the reporting of Refining and Marketing segment and Retail segment is merged as Refining and Marketing including Retail segment value chain aligning the presentation with international industry reporting practice. As a result of this resegmentation, the Group has the following two reporting segments: Upstream and Refining and Marketing including Retail. Comparative periods have been restated accordingly.

<sup>(6)</sup> Linear depreciation method was applied starting from 01 January 2013 in order to fairly reflect the amortization of the equipment in Syria. Depreciation impact for the first nine months of 2013 was HRK 410 million.

### Q1-Q3 2013 results

In Q1-Q3 2013 INA d.d. realized EBITDA excluding special items in the amount of HRK 3,305 million and operating profit excluding special items of HRK 807 million, driven also by changing methodology of depreciation calculation in Syria. INA has been constantly monitoring and evaluating situation unfolding in Syria and the possibility that the facilities' maintenance may not be performed in line with INA standards. In the absence of parameters needed for unit-cost production depreciation calculation method due to Force Majeure, linear depreciation method was applied starting from 01 January 2013 in order to fairly reflect the amortization of the equipment. Depreciation impact for the first nine months of 2013 was HRK 410 million. Company will continue to monitor the value of its assets and if needed apply adjustments in accordance with usual business practice to ensure adequate valuation.

On net profit level, INA, d.d. realized HRK 580 million excluding special items, and operating cash flow of HRK 2,319 million.



**Income statement**

**Total sales revenues in Q1-Q3 2013** amounted HRK 18,627 million, 9% lower compared to Q1-Q3 2012 level, primarily triggered by lower Brent, lower average crack spread, decreased natural gas sales volumes and slightly lower prices.

**Costs of raw materials and consumables** were 1% lower and amounted to HRK 11,941 million, as processing of other raw material volumes and average import price were lower.

**Costs of goods sold** recorded increase of 29%, and amounted HRK 1,214 million, resulting from lower sold volumes of imported natural gas compared to Q1-Q3 2013.

Within the **other operating costs** realized in Q1-Q3 2013:

- Other material costs were lower by 13% and amounted to HRK 1,005 million.
- Service costs in the amount of HRK 861 million recorded a decrease of 3% mainly due to lower royalty and lower other non-production services.
- Depreciation was 17% higher and amounted to HRK 1,552 million mainly due to decrease in hydrocarbon production due to natural depletion both in on and offshore fields, the lack of Syrian volumes and depreciation method change in Syria.
- Adjustments and provisions of HRK 946 million were by 37% mainly related to Angolan provisions that occurred in 2012.

**Staff costs** in the amount HRK 1,078 million were 6% lower compared to Q1-Q3 2012 as a result of workforce optimization.

**Net financial expenses** in the amount of HRK 84 million were recorded in Q1-Q3 2013. compared to the HRK 107 million in Q1-Q3 2012.

**Balance sheet**

**Total assets** of INA, d.d., as at 30 September 2013 amounted to HRK 27,495 million and remained at almost the same level compared to 31 December 2012.

**Property, plant and equipment** amounted to HRK 16,208 million and were lower 5% as 31 December 2012

**Trade receivables** outside INA-Group amounted to HRK 1,323 million and were 20% higher compared to 31 December 2012.

**Total liabilities** amounted to HRK 11,962 million and remained at almost the same level compared to 31 December 2012.

**Net indebtedness** of INA, d.d., amounted to HRK 5,535 million as at 30 September 2013 what is 15% lower compared to 31 December 2012. **Gearing ratio**<sup>1</sup> decreased from 29.5% as at 31 December 2012, to 26.3% as at 30 September 2013.

**Trade payables** amounted to HRK 1,599 million, and increased doubled compared to 2012 end, as a result of higher liabilities for imported crude oil.

**Cash flow**

**The operating cash-flow before changes in working capital** amounted to HRK 3,121 million in Q1-Q3 2013, decrease of 35% compared to the same period last year, mainly as result of lower EBITDA.

**Changes in working capital affected the operating cash flow negatively by HRK 542 million**, primarily due to:

- Increased value of inventories by HRK 341 million
- Increase in receivables by HRK 991 million, while
- Payables increased by HRK 790 million.

Taxes paid influenced the operating cash flow in the amount of HRK 260 million. All the above factors resulted in HRK 2,319 million net inflows from operating activities generated by INA d.d. in Q1-Q3 2013.

<sup>1</sup> Net debt / net debt plus equity incl. minority interests

**INA—INDUSTRIJA NAFTE d.d. ZAGREB**  
**INA, d.d. Unconsolidated Income Statement**  
**For the period ended 30 September 2012 and 2013**  
**(HRK millions)**

Q2 2013 modified	Q3 2013	Q3 2012	%		Q1-Q3 2012	Q1-Q3 2013	%
				Sales revenue			
4,016	4,536	4,876	(7)	a) domestic	13,202	12,027	(9)
1,866	2,483	2,739	(9)	b) exports	7,180	6,600	(8)
<b>5,882</b>	<b>7,019</b>	<b>7,615</b>	<b>(8)</b>	<b>Total sales revenue</b>	<b>20,382</b>	<b>18,627</b>	<b>(9)</b>
-	-	1	n.a.	Income from own consumption of products and services	3	-	n.a.
177	176	42	319	Other operating income	215	513	139
<b>6,059</b>	<b>7,195</b>	<b>7,658</b>	<b>(6)</b>	<b>Total operating income</b>	<b>20,600</b>	<b>19,140</b>	<b>(7)</b>
				Changes in inventories of finished products and work in progress	283	137	(52)
(239)	7	(77)	n.a.	Cost of raw materials and consumables	(12,032)	(11,941)	(1)
(3,330)	(4,632)	(4,582)	1	Depreciation and amortization	(1,326)	(1,552)	17
(526)	(506)	(352)	44	Other material costs	(1,158)	(1,005)	(13)
(354)	(325)	(389)	(16)	Service costs	(885)	(861)	(3)
(251)	(360)	(235)	53	Staff costs	(1,150)	(1,078)	(6)
(390)	(346)	(369)	(6)	Cost of other goods sold	(938)	(1,214)	29
(477)	(464)	(313)	48	Impairment and charges (net)	(1,175)	(887)	(25)
(320)	(185)	(159)	16	Provisions for charges and risks (net)	(331)	(59)	(82)
(31)	(12)	26	n.a.	<b>Operating expenses</b>	<b>(18,712)</b>	<b>(18,460)</b>	<b>(1)</b>
<b>(5,918)</b>	<b>(6,823)</b>	<b>(6,450)</b>	<b>6</b>	<b>Profit from operations</b>	<b>1,888</b>	<b>680</b>	<b>(64)</b>
<b>141</b>	<b>372</b>	<b>1,208</b>	<b>(69)</b>	Share in the profit of associated companies			
				Finance income	331	568	72
114	328	98	235	Finance costs	(438)	(652)	49
(44)	(360)	(20)	1,700	<b>Net loss from financial activities</b>	<b>(107)</b>	<b>(84)</b>	<b>(21)</b>
<b>70</b>	<b>(32)</b>	<b>78</b>	<b>n.a.</b>	<b>Profit before tax</b>	<b>1,781</b>	<b>596</b>	<b>(67)</b>
<b>211</b>	<b>340</b>	<b>1,286</b>	<b>(74)</b>	Income tax expense	(343)	(118)	(66)
(35)	(78)	(215)	(64)	<b>Profit for the year</b>	<b>1,438</b>	<b>478</b>	<b>(67)</b>
<b>176</b>	<b>262</b>	<b>1,071</b>	<b>(76)</b>	Attributable to			
				Owners of the Company	1,438	478	(67)
176	262	1,071	(76)	Non-controlling interests	-	-	n.a.
-	-	-	n.a.	<b>Earnings per share</b>			
<b>176</b>	<b>262</b>	<b>1,071</b>	<b>(76)</b>	Basic and diluted earnings/(loss) per share (kunas per share)	143.8	47.8	(67)

**INA-INDUSTRIJA NAFTE, d.d.**  
**INA, d.d. Unconsolidated Statement of Financial Position**  
**At 30 September 2013**  
**(HRK millions)**

	1 January 2013	30 Sept 2013	%
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	671	841	25
Property, plant and equipment	17,063	16,208	(5)
Goodwill	-	-	n.a.
Investments in subsidiaries	1,161	1,129	(3)
Investments in associates and joint ventures	34	22	(35)
Other investments	798	850	7
Long-term receivables	210	302	44
Derivative financial instruments	-	-	n.a.
Deferred tax	494	527	7
Available for sale assets	340	330	(3)
<b>Total non-current assets</b>	<b>20,771</b>	<b>20,209</b>	<b>(3)</b>
<b>Current assets</b>			
Inventories	2,485	2,771	12
Trade receivables net	1,103	1,323	20
Intercompany receivables	2,226	2,012	(10)
Other receivables	428	742	73
Derivative financial instruments	-	-	n.a.
Other current assets	83	129	55
Prepaid expenses and accrued income	79	164	108
Cash and cash equivalents	270	145	(46)
<b>Current assets</b>	<b>6,674</b>	<b>7,286</b>	<b>9</b>
Assets classified as held for sale	-	-	n.a.
<b>Total current assets</b>	<b>6,674</b>	<b>7,286</b>	<b>9</b>
<b>Total assets</b>	<b>27,445</b>	<b>27,495</b>	<b>0</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	9,000	9,000	0
Revaluation reserve	13	6	(54)
Other reserves	2,123	2,026	(5)
Retained earnings / (Deficit)	4,366	4,501	3
<b>Total equity</b>	<b>15,502</b>	<b>15,533</b>	<b>0</b>
Non-controlling interests	-	-	n.a.
<b>Total equity</b>	<b>15,502</b>	<b>15,533</b>	<b>0</b>
<b>Non-current liabilities</b>			
Long-term loans	1,053	1,542	46
Other non-current liabilities	71	66	(7)
Employee benefits obligation	67	91	36
Provisions	2,663	2,683	1
<b>Total non-current liabilities</b>	<b>3,854</b>	<b>4,382</b>	<b>14</b>
<b>Current liabilities</b>			
Bank loans and overdrafts	1,057	3,881	267
Current portion of long-term loans	4,648	257	(94)
Calculated derivative agreements	-	-	n.a.
Intercompany payables	383	434	13
Trade payables	964	1,599	66
Taxes and contributions	385	565	47
Other current liabilities	328	441	34
Accruals and deferred income	34	45	32
Employee benefits obligation	6	1	(83)
Provisions	284	357	26
<b>Current liabilities</b>	<b>8,089</b>	<b>7,580</b>	<b>(6)</b>
Liabilities directly associated with assets classified held for sale	-	-	n.a.
<b>Total current liabilities</b>	<b>8,089</b>	<b>7,580</b>	<b>(6)</b>
<b>Total liabilities</b>	<b>11,943</b>	<b>11,962</b>	<b>0</b>
<b>Total equity and liabilities</b>	<b>27,445</b>	<b>27,495</b>	<b>0</b>

**INA—INDUSTRIJA NAFTE d.d. ZAGREB**  
**INA, d.d. Unconsolidated Statement of Cash Flow**  
**For the period ended 30 September 2012 and 2013**  
**(HRK millions)**

Q2 2013 modified	Q3 2013	Q3 2012	%		Q1-Q3 2012	Q1-Q3 2013	%
176	262	1,071	(76)	<b>Profit/(loss) for the year</b>	1,438	478	(67)
				<b>Adjustments for:</b>			n.a.
526	506	352	44	Depreciation and amortisation	1,326	1,552	17
35	78	215	(64)	Income tax (benefit)/expenses recognized in (loss)/profit	343	118	(66)
351	221	194	14	Impairment charges	1,310	1,928	47
889	(956)	(35)	2,631	Reversal of impairment	(135)	(1,041)	671
(1)	2	-	n.a.	Gain on sale of property, plant and equipment	(7)	(5)	(29)
(115)	38	(57)	n.a.	Foreign exchange loss/(gain)	(15)	35	n.a.
(14)	19	(14)	n.a.	Interest expense	(70)	(83)	19
12	(31)	8	n.a.	Other financial expense recognised in profit	90	(16)	n.a.
50	39	3	1,200	(Decrease)/increase in provisions	465	124	(73)
-	-	-	n.a.	Merger of Proplin	-	-	n.a.
20	17	26	(35)	Decommissioning interests	74	45	(39)
(20)	5	(3)	n.a.	Other non-cash items	10	(14)	n.a.
<b>1,909</b>	<b>200</b>	<b>1,760</b>	<b>(89)</b>	<b>Operating cash flow before working capital changes</b>	<b>4,829</b>	<b>3,121</b>	<b>(35)</b>
				<b>Movements in working capital</b>			
55	236	(6)	n.a.	(Increase)/decrease in inventories	(341)	(341)	0
(1,166)	738	(659)	n.a.	(Increase)/decrease in receivables and prepayments	(1,756)	(991)	(44)
1,200	(723)	567	n.a.	(Decrease)/increase in trade and other payables	1,767	790	(55)
<b>1,998</b>	<b>451</b>	<b>1,662</b>	<b>(73)</b>	<b>Cash generated from operations</b>	<b>4,499</b>	<b>2,579</b>	<b>(43)</b>
(82)	(147)	(220)	(33)	Taxes paid	(1,055)	(260)	(75)
<b>1,916</b>	<b>304</b>	<b>1,442</b>	<b>(79)</b>	<b>Net cash inflow from operating activities</b>	<b>3,444</b>	<b>2,319</b>	<b>(33)</b>
				<b>Cash flows used in investing activities</b>			
(257)	(413)	(286)	44	Payments for property, plant and equipment	(553)	(820)	48
(99)	(137)	(48)	185	Payment for intangible assets	(103)	(246)	139
1	(2)	-	n.a.	Proceeds from sale of non-current assets	7	5	(29)
-	4	-	n.a.	Proceeds from sale of investments	2	4	100
-	(9)	-	n.a.	Acquisition of investments in associates and joint ventures and other companies	(18)	(9)	(50)
-	2	-	n.a.	Dividends received from companies classified under available for sale and other companies	1	2	100
3	1	1	0	Proceeds from profit of companies	33	39	18
-	69	78	(12)	Interest received and other financial income	78	69	(12)
(27)	(4)	(71)	(94)	Investments and loans to third parties	6	(49)	n.a.
<b>(379)</b>	<b>(489)</b>	<b>(326)</b>	<b>50</b>	<b>Net cash (outflow) used for investing activities</b>	<b>(547)</b>	<b>(1,005)</b>	<b>84</b>
				<b>Cash flows from financing activities</b>			
3,984	564	46	1,126	Additional long-term borrowings	168	4,548	2,607
(6,808)	(1,536)	(197)	680	Repayment of long-term borrowings	(1,808)	(8,477)	369
3,565	5,542	3,204	73	Additional short-term borrowings	11,044	12,712	15
(2,805)	(4,227)	(4,033)	5	Repayment of short term borrowings	(11,901)	(9,796)	(18)
-	(343)	-	n.a.	Payment dividends	-	(343)	n.a.
(27)	(20)	(19)	5	Interest paid on long-term loans	(65)	(64)	(2)
(1)	(2)	(3)	(33)	Other long-term liabilities	(7)	(5)	(29)
12	(71)	(86)	(17)	Interest paid on short term loans and other financing charges	(107)	(11)	(90)
<b>(2,080)</b>	<b>(93)</b>	<b>(1,088)</b>	<b>(91)</b>	<b>Net cash from financing activities</b>	<b>(2,676)</b>	<b>(1,436)</b>	<b>(46)</b>
(543)	(278)	28	n.a.	Net (decrease)/increase in cash and cash equivalents	221	(122)	n.a.
963	419	418	0	At 1 January	229	270	18
(1)	4	(11)	n.a.	Effect of foreign exchange rate changes	(15)	(3)	(80)
419	145	435	(67)	At the end of period	435	145	(67)

## Announcements in Q1-Q3 2013

September 03 2013	Acquisition of a further 50% in Croplin d.o.o.
June 28 2013	Arbitral Tribunal resolution
May 06 2013	General Meeting decisions
May 02 2013	Code of Corporate Governance Questionnaire for 2012
April 25 2013	General Meeting notice
April 12 2013	Contract on gas supply signed with Petrokemija d.d.
April 04 2013	Revolving credit facility agreement signed
March 29, 2013	Annual document of disclosed information
March 29, 2013	Disposal of shares
March 28, 2013	Supervisory Board Meeting held
January 15, 2013	Answer to Zagreb Stock Exchange 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	30 Sept 13
MOL Plc.	2,500,001	2,500,001	4,715,538	4,715,538	4,715,538	4,725,620	4,908,207	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	4,483,552
Private and institutional investors	2,319,632	3,015,081	800,91	800,91	800,91	790,828	608,241	608,241
<b>Total</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>

Source: Central Clearing Depository Company.

### Changes in organization, Management Board or Supervisory Board

#### Supervisory Board

During the third quarter there was no change in the Supervisory Board

#### Management Board

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

#### Board of Executive Directors

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

### Management representation

INA Group's consolidated financial statements for I-IX 2013 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