

ENCLOSURE 1

Reporting period:

1 January 2013

to

31 December 2013

Quartely Financial Report TFI-PODTax 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.hrInternet address: www.ina.hrCode and city / municipality: **133 ZAGREB**Code and county: **21 GRAD ZAGREB**Number of employees: **8.517**
(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.hrName 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 31 December 2013

Issuer: INA - Industrija nafte d.d. Zagreb

Item	AOP	Previous period	Current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED AND NON-PAID CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+029+033)	002	20.771.000.000	18.451.000.000
I. INTANGIBLE ASSETS (004 do 009)	003	733.000.000	586.000.000
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	79.000.000	107.000.000
3. Goodwill	006		
4. Advances for purchase of intangible assets	007	62.000.000	64.000.000
5. Intangible assets in preparation	008	591.000.000	415.000.000
6. Other intangible assets	009	1.000.000	
II. TANGIBLE ASSETS (011 do 019)	010	17.085.000.000	14.400.000.000
1. Land	011	1.000.000.000	999.000.000
2. Buildings	012	7.432.000.000	6.196.000.000
3. Plant and equipment	013	5.787.000.000	3.547.000.000
4. Instruments, plant inventories and transportation assets	014	311.000.000	309.000.000
5. Biological asset	015		
6. Advances for tangible assets	016	22.000.000	60.000.000
7. Tangible assets in preparation	017	2.524.000.000	3.281.000.000
8. Other material assets	018	3.000.000	3.000.000
9. Investment in property	019	6.000.000	5.000.000
III. LONG-TERM FINANCIAL ASSETS (021 do 028)	020	2.333.000.000	2.274.000.000
1. Investments in subsidiaries	021	1.161.000.000	1.127.000.000
2. Loans given to related parties	022	612.000.000	626.000.000
3. Participating interests (shares)	023	40.000.000	27.000.000
4. Loans to entrepreneurs in which the entity holds participating interests	024		
5. Investments in securities	025		
6. Loans, deposits and similar assets	026	180.000.000	164.000.000
7. Other long-term financial assets	027	340.000.000	330.000.000
8. Investment accounted by equity method	028		
IV. RECEIVABLES (030 do 032)	029	126.000.000	115.000.000
1. Receivables from subsidiaries	030	11.000.000	11.000.000
2. Receivables based on trade loans	031	115.000.000	104.000.000
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033	494.000.000	1.076.000.000
C) SHORT-TERM ASSETS (035+043+050+058)	034	6.595.000.000	6.623.000.000
I. INVENTORIES (036 do 042)	035	2.485.000.000	2.526.000.000
1. Raw materials & consumables	036	445.000.000	595.000.000
2. Work in progress	037	1.156.000.000	995.000.000
3. Finished goods	038	815.000.000	881.000.000
4. Merchandise	039	69.000.000	55.000.000
5. Advances for inventories	040		
6. Long-term assets held for sale	041		
7. Biological asset	042		
II. RECEIVABLES (044 do 049)	043	3.757.000.000	3.695.000.000
1. Receivables from subsidiaries	044	2.226.000.000	1.677.000.000
2. Trade receivables	045	1.103.000.000	1.291.000.000
3. Receivables from participating entities	046		
4. Receivables from employees and shareholders	047	8.000.000	4.000.000
5. Receivables from government and other institutions	048	311.000.000	631.000.000
6. Other receivables	049	109.000.000	92.000.000
III. SHORT-TERM FINANCIAL ASSETS (051 do 057)	050	83.000.000	150.000.000
1. Investments in subsidiaries	051	54.000.000	66.000.000
2. Loans given to related parties	052		
3. Participating interests (shares)	053		
4. Loans to entrepreneurs in which the entity holds participating interests	054		
5. Investments in securities	055		
6. Loans, deposits and similar assets	056	22.000.000	29.000.000
7. Other financial assets	057	7.000.000	55.000.000
IV. CASH AT BANK AND IN CASH REGISTER	058	270.000.000	252.000.000
D) PREPAID EXPENSES AND ACCRUED INCOME	059	79.000.000	98.000.000
E) TOTAL ASSETS (001+002+034+059)	060	27.445.000.000	25.172.000.000
F) OFF-BALANCE SHEET ITEMS	061		

EQUITY AND LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	15.502.000.000	13.329.000.000
I. SHARE CAPITAL	063	9.000.000.000	9.000.000.000
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	2.123.000.000	1.933.000.000
1. Legal reserves	066		
2. Reserves for treasury shares	067		
3. Treasury shares and stakes (deduction)	068		
4. Statutory reserves	069	171.000.000	-9.000.000
5. Other reserves	070	1.952.000.000	1.942.000.000
IV. REVALUATION RESERVES	071	13.000.000	6.000.000
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	3.043.000.000	4.023.000.000
1. Retained earnings	073	3.043.000.000	4.023.000.000
2. Accumulated loss	074		
VI. PROFIT/LOSS FOR THE FINANCIAL YEAR (076-077)	075	1.323.000.000	-1.633.000.000
1. Profit for the financial year	076	1.323.000.000	
2. Loss for the financial year	077		1.633.000.000
VII. NON-CONTROLLING INTERESTS	078		
B) PROVISIONS (080 do 082)	079	3.020.000.000	3.202.000.000
1. Provisions for redundancy costs, severance pays and similar liabilities	080	72.000.000	105.000.000
2. Provisions for tax obligations	081		
3. Other provisions	082	2.948.000.000	3.097.000.000
C) NON-CURRENT LIABILITIES (084 do 092)	083	1.124.000.000	1.891.000.000
1. Liabilities to subsidiaries	084		
2. Liabilities for loans, deposits and other	085		
3. Liabilities to banks and other financial institutions	086	1.053.000.000	1.826.000.000
4. Liabilities for received advances	087		
5. Trade payables	088		
6. Liabilities arising from debt securities	089		
7. Liabilities to entrepreneurs in which the entity holds participating interests	090		
8. Other non-current liabilities	091	71.000.000	65.000.000
9. Deferred tax liability	092		
D) CURRENT LIABILITIES (094 do 105)	093	7.765.000.000	6.710.000.000
1. Liabilities to subsidiaries	094	383.000.000	540.000.000
2. Liabilities for loans, deposits and other	095		
3. Liabilities to banks and other financial institutions	096	5.705.000.000	3.019.000.000
4. Liabilities for received advances	097	22.000.000	21.000.000
5. Trade payables	098	964.000.000	2.172.000.000
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in which the entity holds participating interests	100		
8. Liabilities to employees	101	96.000.000	74.000.000
9. Liabilities for taxes, contributions and similar fees	102	385.000.000	590.000.000
10. Dividend payables	103		
11. Liabilities for long-term assets held for sale	104		
12. Other current liabilities	105	210.000.000	294.000.000
E) ACCRUAL AND DEFERRED INCOME	106	34.000.000	40.000.000
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	27.445.000.000	25.172.000.000
G) OFF-BALANCE SHEET ITEMS	108		
ANNEX TO THE BALANCE SHEET (to be filled in by entrepreneur submitting consolidated financial report)			
A) CAPITAL AND RESERVES			
1. Attributable to equity holders of the parent company's capital	109		
2. Attributable to non controlling interest	110		

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 31 December 2013

Issuer: INA - Industrija nafte d.d. Zagreb

Item	AOP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112+113)	111	26.816.000.000	6.228.000.000	24.526.000.000	5.388.000.000
1. Sales revenue	112	26.404.000.000	6.022.000.000	23.882.000.000	5.255.000.000
2. Other operating income	113	412.000.000	206.000.000	644.000.000	133.000.000
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	25.044.000.000	6.343.000.000	26.358.000.000	7.925.000.000
1. Changes in inventories of finished products and work in progress	115	-181.000.000	102.000.000	71.000.000	208.000.000
2. Material costs (117 do 119)	116	18.489.000.000	4.361.000.000	17.852.000.000	3.693.000.000
a) Cost of raw materials & consumables	117	15.628.000.000	3.596.000.000	14.253.000.000	2.312.000.000
b) Cost of goods sold	118	1.324.000.000	386.000.000	2.210.000.000	996.000.000
c) Other costs	119	1.537.000.000	379.000.000	1.389.000.000	385.000.000
3. Staff costs (121 do 123)	120	1.391.000.000	375.000.000	1.339.000.000	348.000.000
a) Net salaries and wages	121	807.000.000	216.000.000	786.000.000	203.000.000
b) Costs for taxes and contributions from salaries	122	394.000.000	110.000.000	376.000.000	99.000.000
c) Contributions on gross salaries	123	190.000.000	49.000.000	177.000.000	46.000.000
4. Depreciation and amortisation	124	1.835.000.000	509.000.000	2.101.000.000	549.000.000
5. Other costs	125	1.410.000.000	403.000.000	1.212.000.000	291.000.000
6. Impairment charges (127+128)	126	1.967.000.000	792.000.000	3.637.000.000	2.751.000.000
a) impairment of long-term assets (excluding financial assets)	127	784.000.000	646.000.000	2.444.000.000	2.443.000.000
b) impairment of short-term assets (excluding financial assets)	128	1.183.000.000	146.000.000	1.193.000.000	308.000.000
7. Provisions	129	133.000.000	-199.000.000	146.000.000	85.000.000
8. Other operating expenses	130				
III. FINANCIAL INCOME (132 do 136)	131	402.000.000	59.000.000	819.000.000	247.000.000
1. Interest income, foreign exchange gains, dividends and other financial income from subsidiaries	132	89.000.000	75.000.000	83.000.000	22.000.000
2. Interest income, foreign exchange gains, dividends and other financial income from third parties	133	78.000.000	-44.000.000	93.000.000	15.000.000
3. Part of income from associates and participating interests	134		0		
4. Unrealized gains (income) from the financial assets	135		0		
5. Other financial income	136	235.000.000	28.000.000	643.000.000	210.000.000
IV. FINANCIAL COSTS (138 do 141)	137	505.000.000	56.000.000	954.000.000	273.000.000
1. Interest, foreign exchange losses and other expenses from subsidiaries	138	4.000.000	72.000.000	25.000.000	12.000.000
2. Interest, foreign exchange losses and other expenses from third parties	139	161.000.000	18.000.000	200.000.000	10.000.000
3. Unrealized loss (expenses) on financial assets	140		0		
4. Other financial expenses	141	340.000.000	-34.000.000	729.000.000	251.000.000
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTITIES	142				
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATES ENTITIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142 + 144)	146	27.218.000.000	6.287.000.000	25.345.000.000	5.635.000.000
X. TOTAL EXPENSES (114+137+143 + 145)	147	25.549.000.000	6.399.000.000	27.312.000.000	8.198.000.000
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	1.669.000.000	-112.000.000	-1.967.000.000	-2.563.000.000
1. Profit before tax (146-147)	149	1.669.000.000	0	0	0
2. Loss before tax (147-146)	150	0	112.000.000	0	0
XII. CORPORATE INCOME TAX EXPENSE	151	346.000.000	3.000.000	-334.000.000	-452.000.000
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	1.323.000.000	-115.000.000	-1.633.000.000	-2.111.000.000
1. Profit for the period (149-151)	153	1.323.000.000	0	0	0
2. Loss for the period (151-148)	154	0	115.000.000	1.633.000.000	2.111.000.000
ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to equity holders of the parent company	155				
2. Attributable to non-controlling interests	156				
STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	1.323.000.000	-115.000.000	-1.633.000.000	-2.111.000.000
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)	158	-103.000.000	-37.000.000	-197.000.000	-93.000.000
1. Exchange differences on translation of foreign operations	159	-116.000.000	-44.000.000	-181.000.000	-92.000.000
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	13.000.000	7.000.000	-7.000.000	-1.000.000
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	
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)	167	-103.000.000	-37.000.000	-197.000.000	-93.000.000
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)	168	1.220.000.000	-152.000.000	-1.830.000.000	-2.204.000.000
APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements)					
VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD					
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 31 December 2013

Issuer: INA - Industrija nafte d.d. Zagreb			
Item	AOP	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	1.669.000.000	-1.967.000.000
2. Depreciation and amortisation	002	1.835.000.000	2.101.000.000
3. Increase in short-term liabilities	003		1.038.000.000
4. Decrease in short-term receivables	004		
5. Decrease in inventories	005	413.000.000	
6. Other cash flow increases	006	2.393.000.000	5.005.000.000
I. Total increase of cash flow from operating activities (001 do 006)	007	6.310.000.000	6.177.000.000
1. Decrease in short-term liabilities	008	1.491.000.000	
2. Increase in short-term receivables	009	873.000.000	787.000.000
3. Increase in inventories	010		122.000.000
4. Other cash flow decreases	011	244.000.000	1.210.000.000
II. Total decrease of cash flow from operating activities (008 do 011)	012	2.608.000.000	2.119.000.000
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	3.702.000.000	4.058.000.000
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Cash inflows from sale of long-term tangible and intangible assets	015	6.000.000	5.000.000
2. Cash inflows from sale of equity and debt instruments	016		0
3. Interest receipts	017	96.000.000	94.000.000
4. Dividends receipts	018		
5. Other cash inflows from investment activities	019	34.000.000	59.000.000
III. Total cash inflows from investment activities (015 do 019)	020	136.000.000	158.000.000
1. Cash outflows for purchase of long-term tangible and intangible assets	021	1.195.000.000	1.934.000.000
2. Cash outflows for purchase of equity and debt financial instruments	022	16.000.000	10.000.000
3. Other cash outflows from investment activities	023	43.000.000	
IV. Total cash outflows from investment activities (021 do 023)	024	1.254.000.000	1.944.000.000
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	026	1.118.000.000	1.786.000.000
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash receipts from issuance from equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	15.062.000.000	21.220.000.000
3. Other cash inflows from financial activities	029		
V. Total cash inflows from financial activities (027 do 029)	030	15.062.000.000	21.220.000.000
1. Cash outflows for repayment of loans and bonds	031	17.420.000.000	23.038.000.000
2. Dividends paid	032		343.000.000
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034		
5. Other cash outflows from financial activities	035	185.000.000	129.000.000
VI. Total cash outflows from financial activities (031 do 035)	036	17.605.000.000	23.510.000.000
C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	038	2.543.000.000	2.290.000.000
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	41.000.000	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	18.000.000
Cash and cash equivalents at the beginning of the period	041	229.000.000	270.000.000
Increase of cash and cash equivalents	042	41.000.000	0
Decrease of cash and cash equivalents	043		18.000.000
Cash and cash equivalents at the end of the period	044	270.000.000	252.000.000

STATEMENT OF CHANGES IN EQUITY

for the period **1.1.2013** to **31.12.2013**

Item	AOP	Previous period	Current period
1	2	3	4
1. Share capital	001	9.000.000.000	9.000.000.000
2. Capital reserves	002		
3. Reserves from profit	003	2.123.000.000	1.933.000.000
4. Retained earnings or accumulated loss	004	3.043.000.000	4.023.000.000
5. Profit / loss for the current year	005	1.323.000.000	-1.633.000.000
6. Revaluation of long-term tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008	13.000.000	6.000.000
9. Other revaluation	009		
10. Total capital and reserves (AOP 001 do 009)	010	15.502.000.000	13.329.000.000
11. Currency gains and losses arising from net investments in foreign operations	011	-116.000.000	-181.000.000
12. Current and deferred taxes (part)	012		
13. Cash flow hedging	013		
14. Changes in accounting policies	014		
15. Correction of significant mistakes in prior period	015		
16. Other changes in capital	016	1.336.000.000	-1.649.000.000
17. Total increase or decrease in capital (AOP 011 do 016)	017	1.220.000.000	-1.830.000.000
17 a. Attributable to equity holders of the parent company's capital	018		
17 b. Attributable to non-controlling interests	019		

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-Q4 2013 – REPORT INA, D.D. NON-CONSOLIDATED

INA, d.d. financial results (IFRS)

HRK mln.	Q3 2013	Q4 2013	Q4 2012	%	2012	2013	%
Net sales revenues	7,019	5,255	6,022	(13)	26,404	23,882	(10)
EBITDA reported ⁽¹⁾	1,083	848	977	(13)	5,707	4,052	(29)
EBITDA excl. special items ⁽²⁾	1,210	848	1,061	(20)	6,000	4,179	(30)
Operating profit/(loss)	378	(2,536)	(125)	1,929	1,772	(1,832)	n.a.
Operating profit/(loss) excl. special items ⁽²⁾	505	(294)	584	n.a.	3,134	537	(83)
Net financial expenses	(39)	(26)	13	n.a.	(103)	(135)	31
Net profit/(loss) ⁽³⁾	261	(2,110)	(115)	1,735	1,323	(1,633)	n.a.
Net profit/(loss) excl. special items ⁽²⁾	363	249	452	(45)	2,413	828	(66)
Operating cash flow	303	1,740	258	574	3,702	4,058	10
Earnings per share							
Basic and diluted earnings/(loss) per share (kunas per share)	26.10	(211.00)	(11.50)	1,735	132.30	(163.30)	n.a.
Net debt					6,488	4,593	(29)
Net gearing	26.27	25.63	29.50		29.50	25.63	
USD mln ⁽⁴⁾	Q3 2013	Q4 2013	Q4 2012	%	2012	2013	%
Net sales revenues	1,233	938	1,038	(10)	4,513	4,185	(7)
EBITDA reported ⁽¹⁾	190	151	168	(10)	975	710	(27)
EBITDA excl. special items ⁽²⁾	213	151	183	(17)	1,025	732	(29)
Operating profit/(loss)	66	(453)	(22)	2,001	303	(321)	n.a.
Operating profit/(loss) excl. special items ⁽²⁾	89	(52)	101	n.a.	536	94	(82)
Net financial expenses	(7)	(5)	2	n.a.	(18)	(24)	34
Net profit/(loss) ⁽³⁾	46	(377)	(20)	1,800	226	(286)	n.a.
Net profit/(loss) excl. special items ⁽²⁾	64	45	78	(43)	412	145	(65)
Operating cash flow	53	310	44	598	633	711	12
Earnings per share							
Basic and diluted earnings/(loss) per share (USD per share)	4.6	(37.7)	(2.0)	1,800	22.6	(28.6)	n.a.
Net debt					1,109	805	(27)

⁽¹⁾ EBITDA = EBIT + Depreciation + Impairment + Provisions

⁽²⁾ The 2013 EBIT was negatively influenced by HRK 2,369 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 2013 – 5.6928 HRK/USD; Q4 2012 – 5.8038 HRK/USD; Q4 2013 – 5.6036; Q1-Q4 2012 – 5.8509 HRK/USD; Q1-Q4 2013 – 5.7059 HRK/USD

⁽⁵⁾ 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.

⁽⁶⁾ Linear depreciation method was applied starting from 01 January 2013 in order to fairly reflect the amortization of the equipment in Syria.

2013 results

In 2013 INA d.d. realized EBITDA excluding special items in the amount of HRK 4,179 million and operating profit excluding special items of HRK 537 million. The shrinking EBITDA was largely driven by lower hydrocarbon production in domestic fields in the Upstream segment, as operations are characterized by the natural production decline and slightly decreased realized hydrocarbon prices with 3% lower Brent price. Gas imports in 2013 have been lower by 31% but still negative price movement in gas trading continuously burdens Upstream operations..

On net profit level, INA, d.d. realized HRK 828 million excluding special items, and operating cash flow of HRK 4,058 million.

Income statement

Total sales revenues in 2013 amounted HRK 23,882 million, 10% lower compared to 2012 level, primarily triggered by lower Brent, lower average crack spread, decreased natural gas sales volumes.

Costs of raw materials and consumables were 9% lower and amounted to HRK 14,253 million, as processing of other raw material volumes was lower.

Costs of goods sold recorded increase of 67%, and amounted HRK 2,210 million, resulting from higher import of crude oil products compared to 2012.

Within the **other operating costs** realized in 2013:

- Other material costs were lower by 10% and amounted to HRK 1,394 million.
- Service costs in the amount of HRK 1,074 million recorded a decrease of 9% mainly due to lower royalty and lower other non-production services.
- Depreciation was 14% higher and amounted to HRK 2,101 million mainly due to depreciation method change in Syria.
- Adjustments and provisions of HRK 3,783 million increased by 80% mainly related to Syrian Hayan concession and Refining and Marketing assets impairment.

Staff costs in the amount HRK 1,472 million were 9% lower compared to 2012 as a result of workforce optimization.

Net financial expenses in the amount of HRK 135 million were recorded in 2013. compared to the HRK 103 million in 2012.

Balance sheet

Total assets of INA, d.d., as at 31 December 2013 amounted to HRK 25,172 million and were 8% lower compared to 31 December 2012.

Property, plant and equipment amounted to HRK 14,340 million and were lower 16% as 31 December 2012

Trade receivables outside INA-Group amounted to HRK 1,291 million and were 17% higher compared to 31 December 2012.

Total liabilities amounted to HRK 11,843 million and remained at almost the same level compared to 31 December 2012.

Net indebtedness of INA, d.d., amounted to HRK 4,593 million as at 31 December 2013 what is 29% lower compared to 31 December 2012. **Gearing ratio**¹ decreased from 29.5% as at 31 December 2012, to 25.6% as at 31 December 2013.

Trade payables increased by 122% to HRK 2,144 million, as a result of higher liabilities for imported crude oil.

Cash flow

The operating cash-flow before changes in working capital amounted to HRK 3,929 million in 2013, decrease of 30% compared to the same period last year, mainly as result of lower EBITDA.

Changes in working capital affected the operating cash flow positively by HRK 486 million, primarily due to:

- Increased value of inventories by HRK 122 million
- Increase in receivables by HRK 787 million, while
- Payables increased by HRK 1,395 million.

Taxes paid influenced the operating cash flow in the amount of HRK 357 million. All the above factors resulted in HRK 4,058 million net inflows from operating activities generated by INA d.d. in 2013.

¹ 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 31 December 2012 and 2013
(HRK millions)

Q3 2013	Q4 2013	Q4 2012	%		2012	2013	%
				Sales revenue			
4,536	3,531	3,986	(11)	a) domestic	17,188	15,558	(9)
2,483	1,724	2,036	(15)	b) exports	9,216	8,324	(10)
7,019	5,255	6,022	(13)	Total sales revenue	26,404	23,882	(10)
-	-	(1)	n.a.	Income from own consumption of products and services	2	-	n.a.
181	133	204	(35)	Other operating income	410	644	57
7,200	5,388	6,225	(13)	Total operating income	26,816	24,526	(9)
				Changes in inventories of finished products and work in progress	181	(71)	n.a.
(4,632)	(2,312)	(3,596)	(36)	Cost of raw materials and consumables	(15,628)	(14,253)	(9)
(506)	(549)	(509)	8	Depreciation and amortization	(1,835)	(2,101)	14
(329)	(385)	(378)	2	Other material costs	(1,546)	(1,394)	(10)
(353)	(245)	(319)	(23)	Service costs	(1,175)	(1,074)	(9)
(346)	(394)	(467)	(16)	Staff costs	(1,617)	(1,472)	(9)
(464)	(996)	(386)	158	Cost of other goods sold	(1,324)	(2,210)	67
(185)	(2,750)	(792)	247	Impairment and charges (net)	(1,967)	(3,637)	85
(14)	(85)	199	n.a.	Provisions for charges and risks (net)	(133)	(146)	10
(6,822)	(7,924)	(6,350)	25	Operating expenses	(25,044)	(26,358)	5
378	(2,536)	(125)	1,929	Profit/(loss) from operations	1,772	(1,832)	n.a.
				Share in the profit of associated companies			
325	247	62	298	Finance income	402	819	104
(364)	(273)	(49)	457	Finance costs	(505)	(954)	89
(39)	(26)	13	n.a.	Net loss from financial activities	(103)	(135)	31
339	(2,562)	(112)	2,188	Profit/(loss) before tax	1,669	(1,967)	n.a.
(78)	452	(3)	n.a.	Income tax expense	(346)	334	n.a.
261	(2,110)	(115)	1,735	Profit/(loss) for the year	1,323	(1,633)	n.a.
				Attributable to			
261	(2,110)	(115)	1,735	Owners of the Company	1,323	(1,633)	n.a.
-	-	-	n.a.	Non-controlling interests	-	-	n.a.
261	(2,110)	(115)	1,735		1,323	(1,633)	n.a.
				Earnings per share			
26.1	(211.0)	(11.5)	1,735	Basic and diluted earnings per share (kunas per share)	132.3	(163.3)	n.a.

INA-INDUSTRIJA NAFTE, d.d.
INA, d.d. Unconsolidated Statement of Financial Position
At 31 December 2013
(HRK millions)

	1 January 2013	31 Dec 2013	%
Assets			
Non-current assets			
Intangible assets	671	522	(22)
Property, plant and equipment	17,063	14,340	(16)
Goodwill	-	-	n.a.
Investments in subsidiaries	1,161	1,127	(3)
Investments in associates and joint ventures	34	22	(35)
Other investments	798	795	(0)
Long-term receivables	210	239	14
Derivative financial instruments	-	-	n.a.
Deferred tax	494	1,076	118
Available for sale assets	340	330	(3)
Total non-current assets	20,771	18,451	(11)
Current assets			
Inventories	2,485	2,526	2
Trade receivables net	1,103	1,291	17
Intercompany receivables	2,226	1,677	(25)
Other receivables	428	728	70
Derivative financial instruments	-	-	n.a.
Other current assets	83	149	80
Prepaid expenses and accrued income	79	98	24
Cash and cash equivalents	270	252	(7)
Current assets	6,674	6,721	1
Assets classified as held for sale	-	-	n.a.
Total current assets	6,674	6,721	1
Total assets	27,445	25,172	(8)
Equity and liabilities			
Capital and reserves			
Share capital	9,000	9,000	0
Revaluation reserve	13	5	(62)
Other reserves	2,123	1,934	(9)
Retained earnings / (Deficit)	4,366	2,390	(45)
Total equity	15,502	13,329	(14)
Non-controlling interests	-	-	n.a.
Total equity	15,502	13,329	(14)
Non-current liabilities			
Long-term loans	1,053	1,826	73
Other non-current liabilities	71	65	(8)
Employee benefits obligation	67	98	46
Provisions	2,663	2,707	2
Total non-current liabilities	3,854	4,696	22
Current liabilities			
Bank loans and overdrafts	1,057	2,764	161
Current portion of long-term loans	4,648	255	(95)
Calculated derivative agreements	-	-	n.a.
Intercompany payables	383	569	49
Trade payables	964	2,144	122
Taxes and contributions	385	590	53
Other current liabilities	328	388	18
Accruals and deferred income	34	40	18
Employee benefits obligation	6	7	17
Provisions	284	390	37
Current liabilities	8,089	7,147	(12)
Liabilities directly associated with assets classified held for sale	-	-	n.a.
Total current liabilities	8,089	7,147	(12)
Total liabilities	11,943	11,843	(1)
Total equity and liabilities	27,445	25,172	(8)

INA—INDUSTRIJA NAFTE d.d. ZAGREB
INA, d.d. Unconsolidated Statement of Cash Flow
For the period ended 31 December 2012 and 2013
 (HRK millions)

Q3 2013	Q4 2013	Q4 2012	%		2012	2013	%
261	(2,110)	(115)	1,735	Profit/(loss) for the year	1,323	(1,633)	n.a.
				Adjustments for:			n.a.
506	549	509	8	Depreciation and amortisation	1,835	2,101	14
78	(452)	3	n.a.	Income tax (benefit)/expenses recognized in (loss)/profit	346	(334)	n.a.
221	2,804	846	231	Impairment charges	2,156	4,732	119
(956)	(54)	(54)	0	Reversal of impairment	(189)	(1,095)	479
2	-	1	n.a.	Gain on sale of property, plant and equipment	(6)	(5)	(17)
38	(23)	(14)	64	Foreign exchange loss/(gain)	(29)	12	n.a.
19	(27)	54	n.a.	Interest expense	(16)	(110)	588
(31)	23	(94)	n.a.	Other financial expense recognised in profit	(4)	7	n.a.
39	48	(344)	n.a.	(Decrease)/increase in provisions	121	172	42
-	-	-	n.a.	Merger of Proplin	-	-	n.a.
17	35	39	(10)	Decommissioning interests	113	80	(29)
5	16	(7)	n.a.	Other non-cash items	3	2	(33)
199	809	824	(2)	Operating cash flow before working capital changes	5,653	3,929	(30)
				Movements in working capital			
236	219	754	(71)	(Increase)/decrease in inventories	413	(122)	n.a.
738	204	883	(77)	(Increase)/decrease in receivables and prepayments	(873)	(787)	(10)
(723)	605	(2,014)	n.a.	(Decrease)/increase in trade and other payables	(247)	1,395	n.a.
450	1,837	447	311	Cash generated from operations	4,946	4,415	(11)
(147)	(97)	(189)	(49)	Taxes paid	(1,244)	(357)	(71)
303	1,740	258	574	Net cash inflow from operating activities	3,702	4,058	10
				Cash flows used in investing activities			
(413)	(869)	(495)	76	Payments for property, plant and equipment	(1,048)	(1,689)	61
(137)	1	(44)	n.a.	Payment for intangible assets	(147)	(245)	67
(2)	-	(1)	n.a.	Proceeds from sale of non-current assets	6	5	(17)
4	(4)	(2)	100	Proceeds from sale of investments	-	-	n.a.
(9)	(1)	2	n.a.	Acquisition of investments in associates and joint ventures and other companies	(16)	(10)	(38)
2	-	-	n.a.	Dividends received from companies classified under available for sale and other companies	1	2	100
1	-	-	n.a.	Proceeds from profit of companies	33	39	18
69	29	18	61	Interest received and other financial income	96	98	2
(4)	63	(49)	n.a.	Investments and loans to third parties	(43)	14	n.a.
(489)	(781)	(571)	37	Net cash (outflow) used for investing activities	(1,118)	(1,786)	60
				Cash flows from financing activities			
564	1,612	-	n.a.	Additional long-term borrowings	168	6,160	3,567
(1,536)	(1,321)	-	n.a.	Repayment of long-term borrowings	(1,808)	(9,798)	442
5,542	2,348	3,850	(39)	Additional short-term borrowings	14,894	15,060	1
(4,227)	(3,444)	(3,711)	(7)	Repayment of short term borrowings	(15,612)	(13,240)	(15)
(343)	-	-	n.a.	Payment dividends	-	(343)	n.a.
(20)	(15)	(17)	(12)	Interest paid on long-term loans	(82)	(79)	(4)
(2)	(2)	(29)	(93)	Other long-term liabilities	(36)	(7)	(81)
(71)	(29)	55	n.a.	Interest paid on short term loans and other financing charges	(52)	(40)	(23)
(93)	(851)	148	n.a.	Net cash from financing activities	(2,528)	(2,287)	(10)
(278)	107	(165)	n.a.	Net (decrease)/increase in cash and cash equivalents	56	(15)	n.a.
419	145	435	(67)	At 1 January	229	270	18
4	-	-	n.a.	Effect of foreign exchange rate changes	(15)	(3)	(80)
145	252	270	(7)	At the end of period	270	252	(7)

Announcements in 2013

December 04, 2013	Contract with Jadrolinija on procurement of fuel signed
November 11, 2013	Tax resolution
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	31 Dec 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
Total	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

Source: Central Clearing Depository Company.

Changes in organization, Management Board or Supervisory Board

Supervisory Board

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

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 I-XII 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 Ádott	President of INA, d.d. Board
Niko Dalić	Member
Pál Zoltán Kara	Member
Ivan Krešić	Member
Davor Mayer	Member
Péter Ratatics	Member