INDUSTRIJA NAFTE, d.d.

Q2 AND H1 2015 – REPORT INA GROUP CONSOLIDATED

INA Group (ZB: INA-R-A; www.ina.hr) announced its H1 2015 results today. This report contains unaudited consolidated financial statements for the period ending 30 June 2015 as prepared by the management in accordance with the International Financial Reporting Standards.

INA Group financial results (IFRS)

Q1 2015	Q2 2015	Q2 2014	%	HRK mln.	H1 2014*	H1 2015	%
3,798	5,505	6,219	(11)	Net sales revenues	11,761	9,303	(21)
707	804	631	27	EBITDA [(1)]	1,467	1,511	3
939	**696**	**680**	**2**	**CCS EBITDA**	**1,569**	**1,636**	**4**
318	396	143	177	Profit/(loss) from operations	538	714	33
556	**262**	**207**	**27**	**CCS Operating profit**	**642**	**819**	**27**
(251)	(35)	(39)	(10)	Net financial expenses	(131)	(286)	118
50	278	131	112	Net profit/loss attributable to equity holder	372	328	(12)
(668)	**758**	**727**	**4**	**Operating cash flow**	**1,188**	**90**	**(92)**
				Earnings per share			
5.0	27.8	13.1	112	Basic and diluted/(loss) earnings per share (kunas per share)	37.2	32.8	(12)
4,196	3,691	4,269	(14)	Net debt	4,269	3,691	(14)
25.7	23.2	24.3		Net gearing	24.3	23.2	
236	**312**	**385**	**(19)**	**CAPEX total**	**665**	**549**	**(17)**
189	264	326	(19)	Domestic	608	453	(25)
47	49	59	(18)	International	58	96	66

Q1 2015	Q2 2015	Q2 2014	%	USD mln [(2)]	H1 2014*	H1 2015	%
557	802	1,123	(29)	Net sales revenues	2,115	1,360	(36)
104	117	114	3	EBITDA [(1)]	264	221	(16)
138	**101**	**123**	**(17)**	**CCS EBITDA**	**282**	**239**	**(15)**
47	58	26	123	Profit/(loss) from operations	97	104	8
82	**38**	**37**	**2**	**CCS Operating profit**	**116**	**120**	**4**
(37)	(5)	(7)	(28)	Net financial expenses	(24)	(42)	77
7	41	24	71	Net profit/loss attributable to equity holder	67	48	(28)
(98)	**110**	**131**	**(16)**	**Operating cash flow**	**214**	**13**	**(94)**
				Earnings per share			
0.7	4.1	2.4	71	Basic and diluted/(loss) earnings per share (kunas per share)	6.7	4.8	(28)
595	540	767	(30)	Net debt	767	540	(30)
35	**46**	**70**	**(35)**	**CAPEX total**	**120**	**80**	**(33)**
28	38	59	(35)	Domestic	109	66	(39)
7	7	11	(34)	International	10	14	35

[(1)] EBITDA = EBIT + Depreciation + Impairment + Provisions
[(2)] In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q1 2015 – 6.8173; Q2 2015 – 6.8657 HRK/USD; Q2 2014 – 5.5392 HRK/USD; H1 2014 – 5.5603 HRK/USD; H1 2015 – 6.8411 HRK/USD; as at March 31, 2015 – 7.0503 HRK/USD; as at June 30, 2015 – 6.8294 HRK/USD
** Restatement of comparable previous periods was made – see on page 12*

INA Group's H1 2015 CCS EBITDA increased by 4% to HRK 1,636 million compared to H1 2014 in HRK terms while CCS operating profit of HRK 819 million showed an increase of 27% respectively. These results were achieved in spite of the strongly deteriorated environment for Exploration and Production as the primary cash generator of the Company, with almost halved oil prices. At the same time, changes in price environment helped the results of our Refining & Marketing segment.

In H1 2015 Exploration and Production total hydrocarbon production increased by 6%. This was driven by almost 20% surge in domestic oil production, while gas production also recorded a moderate increase of 4% with offshore production increase, supported by Isabela start-up, more than compensating the natural decline of aging fields. Additionally the business benefitted from weakening of HRK against USD as a positive FX change. On the other hand, oil price decrease together with negative regulatory intervention (regulated gas price decrease and royalty increase) caused the weakening of the business segment's profitability with EBITDA decreased by 22% compared to a year ago – this decrease in profitability is more moderate than the rate at which realized hydrocarbon prices fell.

Refining and Marketing including Retail activities show a substantial improvement in the result, with CCS EBITDA amounting to HRK (22) million compared to HRK (405) million in H1 2014. This has been made possible by production adjustment (lower fuel oil yield) and utilizing the low oil prices. To leverage opportunities given by the downstream environment, INA also increased refinery production by 3% and refined product sales by 4%. Although total sales increased, slight decrease in Croatian sales shows that the economic recovery in the domestic market is yet to follow, so the Company continues with the operations optimization with further development of new retail model to adjust to the market competition.

Financial position of the Company improved further with 14% reduction in net debt compared to H1 2014, while gearing reached record low of 23.2%. CAPEX level of HRK 549 million decreased by 17% and stayed focused primarily on domestic Upstream, in order to continue providing benefits in the moderation of the natural decline in the main production areas.

- **Exploration and Production**: In H1 2015, EBITDA reached HRK 1,635 million, which is lower by HRK 451 million in comparison with the same period last year. Compared to H1 2014, Brent drop had a significant negative effect on the result. Besides, the previously mentioned negative regulatory decisions continue to burden the operations with reduced households gas price and increased royalty. Significantly higher upstream production - achieved from increased domestic and international crude oil production as well as higher offshore natural gas production in comparison with H1 2014 – partly mitigated the negative factors.
- **Refining and Marketing (including Retail)**: In H1 2015 CCS-based EBITDA and EBITDA amounted to HRK (22) million and HRK (147) million respectively, both considerably improved over H1 2014 level. The result was driven by a favorable external environment, improved refinery margins at the Rijeka Refinery, higher sales volume with improved sales structure together with improved operating performance in retail operations. Stable refinery operation in Q2 2015 together with improved refinery yields likewise contributed to the improved result.
- **Corporate and Other**[1]**: EBITDA** of the segment amounted to HRK 6 million, a decrease compared to H1 2014 levels. EBITDA was lower mainly due to decreased contribution of Crosco, driven by lower engagement of drilling platforms.

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

INA significantly increased operating results H1 2015 in spite of the heavily deteriorated oil price environment. Total hydrocarbon production increased by 6%, with domestic crude going almost 20% up. Overall results of Upstream suffered from the drop in realized prices, although somewhat compensated by strengthening of USD.

Downstream performance, on the other hand, improved significantly in the changed price environment, although it still produced losses. Increased production and sales, together with big positive impact on own consumption and losses resulted in improved results. Nevertheless, optimization of refining and retail operations remains a constant task for INA management in order to ensure long term sustainability of business. Retail sales remain stable and are marked by the decrease in motor gasoline sales and an increase in diesel sales, confirming the dieselisation trend.

Investments remain strong over half a billion kuna since we have not scaled back our investment projects given the fact that they show also robustness in the current environment.

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

INDUSTRIJA NAFTE, d.d.

Management discussion

*Exploration and Production**

Q1 2015	Q2 2015	Q2 2014	%	Segment IFRS results (HRK mln)	H1 2014**	H1 2015	%
1,237	1,385	1,717	(19)	Net sales revenues	3,883	2,622	(32)
870	765	904	(15)	EBITDA	2,086	1,635	(22)
701	466	658	(29)	Operating profit	1,652	1,167	(29)
148	187	233	(20)	CAPEX with one-off	466	335	(28)

* Exploration and Production refers to the Upstream of INA, d.d. and following subsidiaries:, Adriagas S.r.l. Milano, Prirodni plin d.o.o. (merged in INA Nov 3, 2014)
*** Restatement of comparable previous periods was made – see on page 12*

Q1 2015	Q2 2015	Q2 2014	%	Hydrocarbon production	H1 2014	H1 2015	%
13,724	**13,549**	**11,894**	**14**	**Crude oil production (boe/d)**	**11,934**	**13,636**	**14**
10,466	10,193	8,629	18	Croatia	8,659	10,329	19
2,051	2,098	2,032	3	Egypt	2,111	2,075	(2)
1,207	1,257	1,233	2	Angola	1,163	1,232	6
26,007	**24,892**	**23,857**	**4**	**Natural gas production (boe/d)**	**24,565**	**25,447**	**4**
12,988	11,958	10,021	19	Croatia - offshore	10,596	12,470	18
13,020	12,934	13,837	(7)	Croatia - onshore	13,969	12,976	(7)
1,984	**1,915**	**2,194**	**(13)**	**Condensate (boe/d)**	**2,220**	**1,949**	**(12)**
41,715	**40,356**	**37,945**	**6**	**Total hydrocarbon production (boe/d)**	**38,719**	**41,032**	**6**

Q1 2015	Q2 2015	Q2 2014	%	Average realised hydrocarbon price	H1 2014	H1 2015	%
48	53	73	(27)	Total hydrocarbon price (USD/boe)* **	75	51	(33)

Q1 2015	Q2 2015	Q2 2014	%	Natural gas trading - mln cm	H1 2014	H1 2015	%
288	292	384	(24)	Total natural gas sales - domestic market**	912	580	(36)

* Calculated based on total external sales revenue including natural gas selling price as well.
** Not including forced natural gas sales from Okoli in 2014

H1 2015 vs. H1 2014 RESULTS

In H1 2015, EBITDA reached HRK 1,635 million, which is 22% lower than last year. Although overall production volumes increased by a remarkable 6%, resulting from increased crude oil production (domestic and Angola) as well as offshore natural gas production, realized hydrocarbon price decreased by 27%, driven by a Brent price decreased of 47% with a negative impact on crude oil sales in the amount of HRK (924) million.

Furthermore changes in regulatory environment through reduction in the regulated gas price created a HRK (82) million difference compared to base while the effect of doubled royalty reached a negative impact of HRK (67) million, totalling HRK (149) million of negative effect in H1 2015. The lower realised prices were partially mitigated with the HRK weakening 23% to USD, as a positive FX change (HRK/USD 5.56 in H1 2014 vs. 6.84 in H1 2015). The total natural gas sales decreased by 36%, caused mainly due to lower sales to HEP and almost no sales to Petrokemija in Q1 2015.

Crude oil production increased in H1 2015 by 14% compared to H1 2014:

- Almost 20% higher domestic crude oil production was a result of continuing well workovers, improving well performance and additional production from Hrastilnica.
- International oil production was marginally higher as higher production from Angola was partly off-set by lower Egyptian contribution.

Total **natural gas** production in H1 2015 was 4% higher than in H1 2014:

- Off-shore natural gas production increased mainly as a result of production from new offshore fields Ika SW (from November 2014) and Isabela start up (from July 2014) that overcompensated the natural decline on other offshore fields.
- Onshore natural gas production was negatively impacted by natural decline and water cut on mature gas fields which was partially compensated with higher associated gas production.

Lower domestic **condensate** production by 12% was a consequence of natural decline on main gas condensate fields.

Q2 2015 vs. Q2 2014

In Q2 2015, EBITDA decreased by 15% compared to 2014 mainly as a consequence of Brent drop and additional decrease of natural gas regulated price to households (1.59 HRK/cm from April 2015). This was partially mitigated by favourable FX changes.
Additional positive impact was achieved from increased domestic and international crude oil production as a result of performed workovers and well optimization in Croatia and successful drilling and workover campaign abroad. Natural gas production was also higher on offshore resulting from Ika SW and Isabela production.

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Q2 2015 vs. Q1 2015

In Q2 2015, EBITDA decreased by 12% compared to Q1 2015 reflecting primarily the decreased production mainly through reduced off-shore gas production and additional decrease of natural gas regulated price to households (1.59 HRK/cm from April 2015), mitigated with increased Brent, positively impacting realized oil prices.

The base period's results were positively impacted by non-recurring items in the magnitude of HRK 100 million. The decreased production of 3% was mainly attributable to lower offshore gas production due to lower INA share on NACA together with natural decline and water cut on ALCA. Domestic crude oil production was also lower resulting from no test production from Hrastilnica.

International production slightly increased as a result of higher than initially expected Gazela-101 production on Block 3/05A in Angola and successful drilling and workover operations on North Bahariya and Ras Qattara Concessions in Egypt.

EXPLORATION AND PRODUCTION CAPITAL EXPENDITURES

Exploration and Production segment's CAPEX in period H1 2015 amounted to HRK 335 million. Capital investments in Croatia amounted HRK 252 million and capital investments abroad HRK 83 million. In comparison with H1 2014 capital investments are lower in total for HRK 131 million or 28%. Decreased investments level is mainly result of lower offshore development and lower onshore exploration in Croatia.

E&P CAPEX H1 2015 (HRK million)	Croatia	Egypt	Angola
Exploration	**24.9**	**-**	**-**
Development	**182.6**	**53.7**	**29.0**
Exploration: 24.9 (7.4%) Development: 265.3 (79.2%) Other: 44.9 (13.4%)	**Exploration Onshore:** **Hrastilnica-5**: Status: Plug & Abandon due to unfavourable drilling results. Kloštar-8, well test finalized. 3D Seismic Legrad acquisition (79 km^2) has been successfully performed, data processing and seismic interpretation to follow. **Development Onshore:** **EOR project** - Trial exploitation of CO_2 injection system on Ivanić (12 wells) on-going. Preparation workover operations were performed in nine wells and on two wells are on-going. Solving legal property rights to enable CO_2 injection in two additional wells on Ivanić and Žutica North fields. Workovers in production wells on Ivanić in progress to prepare the wells for expected increased production. Preparation workover for re-lining on injection wells Žutica south. **Međimurje project**: Construction activities on-going. Injection well Mač-1R drilled and completed for formation water injection. **Gola-10 well** was put in test production to the flare. Obtaining of construction permit in progress. **Capital well workovers** started mid-March, seven performed and four are in progress. **4P Program (HF):** Contract for hydraulic fracturing signed. Preparation activities (wells preparation, lab testing, etc.) on-going. Fracking execution to start in August. **Development Offshore:** Ika JZ: Gas test production started in November 2014 and is in progress. Documentation preparation for issuing Operating license. Ivana A/K optimization: Process skid and booster unit assembly and installation activities finished. Continuation of activities needed for obtaining all necessary permits.	**Exploration:** No activities, H1 actual related to billing statement's adjustments received for East Yidma concession. Concession expired. **Development:** **North Bahariya Concession** – three wells drilled, completed and put in production while drilling of two wells is on-going. Several workover operations completed. **West Abu Gharadig Concession** – Tendering process is on-going for Contaminated Sand Treatment. **Ras Qattara Concession** – Faras GPG & network project is completed while tendering process is ongoing for Contaminated Sand Treatment. Workover operations were successfully performed on twenty wells. **Sidi Rahman Concession –** work program for Sidi Rahman-5 well workover was completed and preparations for upcoming workover campaign are in progress.	**Development:** **Block 3/05**: Bufalo-113 Infill Well: well spud on March 20th 2015, drilling is on-going. Also, Operator continued with the execution of planned production, well intervention, maintenance, inspection and facilities engineering activities and continued with implementing on-going major development projects. **Block 3/05A**: Caco Gazela Development Area: Drilling of Gazela-101 well started on July 28th 2014. Occurred unexpected technical problems during drilling. Punja Development Area: Final Investment Decision (FID) to be made by Partners during Q3 2015.

Refining and Marketing, including Retail*

Q1 2015	Q2 2015	Q2 2014	%	Segment IFRS results (HRK mln)	H1 2014**	H1 2015	%
2,576	4,453	4,774	(7)	Revenues	8,569	7,029	(18)
(285)	138	(187)	n.a.	EBITDA	(507)	(147)	(71)
(53)	30	(138)	n.a.	CCS-based R&M EBITDA	(405)	(22)	(94)
(435)	57	(364)	n.a.	Operating profit/(loss)	(855)	(378)	(56)
(197)	(77)	(300)	(74)	CCS-based R&M operating loss	(751)	(273)	(64)
38	99	111	(11)	CAPEX and investments (w/o acquisition)	157	137	(13)

*Refers to Refining & Marketing including Retail INA. d.d. and following subsidiaries: INA-Maziva, Polybit Rijeka, InterINA Ljubljana, INA BH Sarajevo, HoldINA Sarajevo, INA Crna Gora, INA Beograd, INA Kosovo, Osijek Petrol, Petrol Rijeka

*** Restatement of comparable previous periods was made – see on page 12*

Q1 2015	Q2 2015	Q2 2014	%	Refinery processing (kt)	H1 2014	H1 2015	%
75	173	(0)	n.a.	Domestic crude oil	93	248	167
268	691	664	4	Imported crude oil	1,019	958	(6)
8	28	-	n.a.	Condensate	33	36	8
183	155	188	(17)	Other feedstock	388	339	(13)
534	**1,047**	**853**	**23**	**Total refinery throughput**	**1,533**	**1,581**	**3**
Q1 2015	**Q2 2015**	**Q2 2014**	**%**	**Refinery production (kt)**	**H1 2014**	**H1 2015**	**%**
28	74	51	45	LPG	90	102	13
144	285	216	32	Motor gasoline	392	430	10
139	353	289	22	Diesel	497	492	(1)
28	40	22	84	Heating oil	55	68	25
11	36	42	(16)	Kerosene	55	47	(16)
10	15	11	40	Naphtha	19	24	27
45	110	102	7	Fuel oil	185	155	(16)
-	-	-	n.a.	Bitumen	3	-	n.a.
63	2	17	(88)	Other products*	41	65	59
469	**914**	**750**	**22**	**Total**	**1,338**	**1,383**	**3**
7	9	5	59	Refinery loss	10	16	66
57	124	97	29	Own consumption	185	182	(2)
534	**1,047**	**853**	**23**	**Total refinery production**	**1,533**	**1,581**	**3**
Q1 2015	**Q2 2015**	**Q2 2014**	**%**	**Refined product sales by country (kt)**	**H1 2014**	**H1 2015**	**%**
362	417	422	(1)	Croatia	794	779	(2)
112	131	128	2	B&H	240	243	1
11	59	51	14	Slovenia	69	69	1
101	386	243	59	Other markets	416	487	17
586	**992**	**844**	**17**	**Total**	**1,518**	**1,577**	**4**
Q1 2015	**Q2 2015**	**Q2 2014**	**%**	**Refined product sales by product (kt)**	**H1 2014**	**H1 2015**	**%**
40	79	56	39	LPG	102	118	16
142	298	219	36	Motor gasoline	385	440	14
274	369	366	1	Diesel	657	643	(2)
49	26	26	1	Heating oil	65	75	15
14	36	38	(4)	Kerosene	50	50	(0)
6	18	7	161	Naphtha	19	24	26
31	113	103	10	Fuel oil	183	144	(22)
5	10	10	1	Bitumen	16	16	(5)
26	42	19	125	Other products*	39	68	72
586	**992**	**844**	**17**	**Total**	**1,518**	**1,577**	**4**
197	246	252	(2)	o/w Retail segment sales	448	443	(1)

*Other products = Benzene-rich cut, liquid sulphur, coke, motor oils. Industrial lubricants, base oils, spindle oil, waxes, blended gas oil "M", atmosperic residue, intermediaries and other.

H1 2015 vs. H1 2014 RESULTS

In H1 2015, Refining and Marketing (including Retail) CCS-based EBITDA amounted to HRK (22) million from HRK (405) million a considerable improvement over H1 2014 level.

Refining & Marketing operations

The result was driven by (1) the decrease in the Brent price from 108.9 USD/bbl to 57.8 USD/bbl positively contributing to lower material costs and lower cost of own consumption, combined with (2) higher sales volume targeted to capture the favourable external environment (i.e. motor fuel sale increased by 42 kt) and (3) a better yield structure in the refineries. Likewise retail operations achieved a (4) higher retail fuel unit margin. The more favourable external environment allowed for improved refinery margins.

The result was negatively affected by (1) lower motor fuel sales on captive markets with realised lower sales spreads mostly due to lower motor fuel retail sales on domestic market and limited quantities together with aggressive competition in Bosnia & Herzegovina and (2) higher staff costs related to transfer of fire-fighters to Refining and Marketing business division.

Retail operations

In H1 2015, total sales volumes of the Retail segment amounted to 443 kt, having a 1% decrease vs. H1 2014. The decrease was mainly influenced by lower sales of motor gasoline by 7% (10kt) while sales of diesel and heating oil increased by 2% (5 kt). LPG sales recorded a decrease of 1% as a result of lower sales of LPG bottles. Sales structure shows an increase in diesel fuels sales, which can be attributed primarily to dieselisation trend, whilst indicating customers' preferences towards more efficient fuels.
Non-fuel margin revenue increased slightly versus H1 2014, which is a result of continuously expanding the supply of consumer goods and the development of new additional services.

On 30 June 2015, INA Group operated a network of 441 filling stations (391 in Croatia, 43 in Bosnia and Herzegovina, 6 in Slovenia and 1 in Montenegro), of which 32 filling stations in Croatia were involved in the Entrepreneurship model, having more efficient operations. Compared to the same date previous year, four underperforming filling stations were closed (three in Bosnia and Herzegovina and one in Croatia).

Q2 2015 vs. Q2 2014 RESULTS

In Q2 2015, the Refining and Marketing (including Retail) - CCS-based EBITDA and EBITDA amounted to HRK 30 million and HRK 138 million respectively, both significantly improved over Q2 2014 level. The positive result derives from Refining and Marketing (including Retail) operation due the same underlying drivers described in half-year comparison section above.

Q2 2015 vs. Q1 2015 RESULTS

In Q2 2015 Refining and Marketing (including Retail) realized an improved result on CCS-based EBITDA level, in amount of HRK 30 million, which was HRK 83 million higher result compared to the previous quarter. The main contributors to the positive difference mainly come from April and May performance, including (1) more favourable external environment and lower price level of raw material and energy combined with (2) significantly higher motor fuel sales volume in line with seasonal patterns also supported by (3) more stable refineries operations with significantly higher processing levels. Gasoline production was significantly increased in the refineries to maximise the benfit from extremely favourable gasoline crack spreads.

CAPITAL EXPENDITURES

Total capital expenditures amounted to HRK 137 million in H1 2015, HRK 20 million lower compared to H1 2014. Refining and Marketing capital expenditures in H1 2015 amounted to HRK 100 million mainly related to Logistics projects, while Retail segment expenditures reached HRK 37 million, being 1 HRK million above H1 2014 realisation. Retail segment finished three knock-down-rebuild projects, two modernization projects and other minor capex modernization projects with and additional five knock-down-rebuild projects started during H1 2015.

Condensed Consolidated Income Statement – INA-GROUP
For the period ended 30 June 2014 and 2015
(In HRK millions)

Q1 2015	Q2 2015	Q2 2014	%		Note	H1 2014	H1 2015	%
				Sales revenue				
2,394	2,899	3,643	(20)	a) domestic		7,229	5,293	(27)
1,404	2,606	2,576	1	b) exports		4,532	4,010	(12)
3,798	**5,505**	**6,219**	**(11)**	**Total sales revenue**	1	**11,761**	**9,303**	**(21)**
66	88	129	(32)	Capitalised value of own performance		212	154	(27)
125	85	62	37	Other operating income		126	210	67
3,989	**5,678**	**6,410**	**(11)**	**Total operating income**		**12,099**	**9,667**	**(20)**
318	(59)	202	n.a.	Changes in inventories of finished products and work in progress		(85)	259	n.a.
(1,221)	(2,812)	(3,768)	(25)	Cost of raw materials and consumables	2	(6,113)	(4,033)	(34)
(413)	(415)	(447)	(7)	Depreciation and amortization	4	(907)	(828)	(9)
(570)	(715)	(567)	26	Other material costs	4	(1,024)	(1,285)	25
(181)	(152)	(180)	(16)	Service costs	4	(436)	(333)	(24)
(593)	(633)	(618)	2	Staff costs	5	(1,178)	(1,226)	4
(1,035)	(503)	(848)	(41)	Cost of other goods sold	3	(1,796)	(1,538)	(14)
(8)	(109)	(37)	195	Impairment and charges (net)		(62)	(117)	89
32	116	(4)	n.a.	Provisions for charges and risks (net)		40	148	270
(3,671)	**(5,282)**	**(6,267)**	**(16)**	**Operating expenses**		**(11,561)**	**(8,953)**	**(23)**
318	**396**	**143**	**177**	**Profit/(loss) from operations**		**538**	**714**	**33**
				Share in the profit of associated companies				
414	216	29	645	Finance income		90	630	600
(665)	(251)	(68)	269	Finance costs		(221)	(916)	314
(251)	**(35)**	**(39)**	(10)	**Net loss from financial activities**	7	**(131)**	**(286)**	**118**
67	**361**	**104**	247	**Profit/(loss) before tax**		**407**	**428**	**5**
(17)	(83)	27	n.a.	Income tax expense	6	(35)	(100)	186
50	**278**	**131**	112	**Profit/(loss) for the year**		**372**	**328**	**(12)**
				Attributable to				
50	278	131	112	Owners of the Company		372	328	(12)
0	(0)	0	n.a.	Non-controlling interests		0	0	0
50	**278**	**131**	112			**372**	**328**	**(12)**
				Earnings per share				
5.0	27.8	13.1	112	Basic and diluted earnings per share (kunas per share)		37.2	32.8	(12)

Condensed Consolidated Statement of Comprehensive Income – INA-GROUP
For the period ended 30 June 2014 and 2015
(in HRK million)

Q1 2015	Q2 2015	Q2 2014	%		H1 2014	H1 2015	%
50	**278**	**131**	**112**	**Profit/(loss) for the year**	**372**	**328**	**(12)**
				Other comprehensive income, net of income tax:			
(10)	31	-	n.a.	Remeasurement of defined benefit obligation	-	21	n.a.
404	(140)	(14)	900	Exchange differences on translating foreign operations	8	264	3,200
28	47	(21)	n.a.	Gain/(loss) on available-for-sale financial assets	18	75	317
422	**(62)**	**(35)**	**77**	**Other comprehensive income/(loss), net of income tax**	**26**	**360**	**1,285**
472	**216**	**96**	**125**	**Total comprehensive income/(loss) for the period**	**398**	**688**	**73**
				Attributable to:			
472	216	96	125	Owners of the Company	398	688	73
0	(0)	0	n.a.	Non-controlling interests	0	0	0

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Statement of Financial Position – INA-GROUP
At 30 June 2015
(in HRK millions)

	Note	31 Dec 2014	30 June 2015	%
Assets				
Non-current assets				
Intangible assets	9	457	478	5
Property, plant and equipment	10	14,038	13,954	(1)
Goodwill		183	183	0
Investments in associates and joint ventures		22	22	0
Other investments		23	14	(39)
Long-term receivables		170	214	26
Deferred tax		1,742	1,633	(6)
Available for sale assets		462	556	20
Total non-current assets		**17,097**	**17,054**	**(0)**
Current assets				
Inventories	12	1,924	2,494	30
Trade receivables net	13	1,998	2,394	20
Other receivables		181	159	(12)
Corporative income tax receivables		112	21	(81)
Other current assets		282	260	(8)
Prepaid expenses and accrued income		154	140	(9)
Cash and cash equivalents		467	224	(52)
Total current assets		**5,118**	**5,692**	**11**
Total assets	8	**22,215**	**22,746**	**2**
Equity and liabilities				
Capital and reserves				
Share capital	11	9,000	9,000	0
Legal reserves		330	330	0
Revaluation reserve		121	196	62
Other reserves		2,851	1,496	(48)
Retained earnings / (Deficit)		(641)	1,177	n.a.
Equity attributable to equity holder of the parent		**11,661**	**12,199**	**5**
Non-controlling interests		(1)	(1)	0
Total equity		**11,660**	**12,198**	**5**
Non-current liabilities				
Long-term loans		628	460	(27)
Other non-current liabilities		64	69	8
Employee benefits obligation		172	138	(20)
Provisions		2,837	3,068	8
Deferred tax liability		9	10	11
Total non-current liabilities		**3,710**	**3,745**	**1**
Current liabilities				
Bank loans and overdrafts		2,631	3,309	26
Current portion of long-term debt		199	146	(27)
Trade payables	15	1,713	1,889	10
Taxes and contributions		1,054	580	(45)
Other current liabilities		554	523	(6)
Accruals and deferred income		114	71	(38)
Employee benefits obligation		12	6	(50)
Provisions		568	279	(51)
Total current liabilities		**6,845**	**6,803**	**(1)**
Total liabilities	14	**10,555**	**10,548**	**(0)**
Total equity and liabilities		**22,215**	**22,746**	**2**

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Cash Flow Statement - INA GROUP
For the period ended 30 June 2014 and 2015
(in HRK millions)

Q1 2015	Q2 2015	Q2 2014	%		Note	H1 2014	H1 2015	%
50	**278**	**131**	**112**	**Profit/(loss) for the year**		**372**	**328**	**(12)**
				Adjustments for:				
413	415	447	(7)	Depreciation and amortisation		907	828	(9)
17	83	(27)	n.a.	Income tax expense recognised in income statement		35	100	186
8	109	37	195	Impairment charges (net)		62	117	89
(4)	(9)	(1)	800	Gain on sale of property, plant and equipment		(3)	(13)	333
-	(31)	-	n.a.	Gain on sale investments and shares		-	(31)	n.a.
176	(81)	(27)	200	Foreign exchange loss		-	95	n.a.
15	13	23	(43)	Interest expense (net)		55	28	(49)
42	31	22	41	Other financial expense recognised in profit		33	73	121
(32)	(118)	4	n.a.	Decrease in provisions		(40)	(150)	275
18	73	20	265	Decommisioning interests and other provision		43	91	112
(14)	24	3	700	Other non-cash items		(1)	10	n.a.
689	**787**	**632**	**25**	**Operating cash flow before working capital changes**	**16**	**1,463**	**1,476**	**1**
				Movements in working capital	17			
(600)	3	(943)	n.a.	(Increase)/decrease in inventories		(485)	(597)	23
(206)	(213)	(686)	(69)	(Increase)/decrease in receivables and prepayments		(126)	(419)	233
(436)	196	1,757	(89)	(Decrease)/increase in trade and other payables		441	(240)	n.a.
(553)	**773**	**760**	**2**	**Cash generated from operations**		**1,293**	**220**	**(83)**
(115)	(15)	(33)	(55)	Taxes paid		(105)	(130)	24
(668)	**758**	**727**	**4**	**Net cash inflow from operating activities**		**1,188**	**90**	**(92)**
				Cash flows used in investing activities				
(157)	(369)	(363)	2	Capital expenditures, exploration and development costs		(653)	(526)	(19)
(72)	33	40	(18)	Payment for intangible assets		(7)	(39)	457
5	17	3	467	Proceeds from sale of non-current assets		5	22	340
-	(3)	-	n.a.	Payments related to sale of subsidiary		-	(3)	n.a.
10	-	5	n.a.	Interest received and other financial income		10	10	0
14	(2)	(6)	(67)	Investments and loans to third parties, net		39	12	(69)
(200)	**(324)**	**(321)**	**1**	**Net cash used for investing activities**	**18**	**(606)**	**(524)**	**(14)**
				Cash flows from financing activities				
1,366	236	731	(68)	Additional long-term borrowings		1,974	1,602	(19)
(551)	(1,299)	(606)	114	Repayment of long-term borrowings		(2,929)	(1,850)	(37)
2,966	3,159	4,289	(26)	Additional short-term borrowings		8,013	6,125	(24)
(2,930)	(2,592)	(4,846)	(47)	Repayment of short term borrowings		(7,691)	(5,522)	(28)
(6)	(3)	(9)	(67)	Interest paid on long-term loans		(25)	(9)	(64)
(90)	(7)	(1)	600	Interest paid on short-term loans and other interest charges		(44)	(97)	120
755	**(506)**	**(442)**	**14**	**Net cash used in financing activities**		**(702)**	**249**	**n.a.**
(113)	(72)	(36)	100	Net (decrease)/increase in cash and cash equivalents		(120)	(185)	54
467	282	314	(10)	At 1 January		402	467	16
(72)	14	5	180	Effect of foreign exchange rate changes		1	(58)	n.a.
282	224	283	(21)	At the end of period		283	224	(21)

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Statement of Changes in Equity – INA-GROUP
For the period ended 30 June 2014 and 2015
(in HRK millions)

Attributable to equity holders of the parent

	Share capital	Legal reserves	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Non controlling interest	Total equity
Balance as at 1 January 2014	**9,000**	**330**	**2,284**	**6**	**1,256**	**12,876**	**(1)**	**12,875**
Profit for the period	-	-	-	-	372	372	0	372
Other comprehensive profit net	-	-	8	18	-	26	-	26
Total comprehensive income, net	**-**	**-**	**8**	**18**	**372**	**398**	**0**	**398**
Balance as at 30 June 2014	**9,000**	**330**	**2,292**	**24**	**1,628**	**13,274**	**(1)**	**13,273**

	Share capital	Legal reserves	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Non controlling interest	Total equity
Balance as at 1 January 2015	**9,000**	**330**	**2,851**	**121**	**(641)**	**11,661**	**(1)**	**11,660**
Profit for the period	-	-	-	-	328	328	0	328
Other comprehensive income net	-	-	285	75	-	360	-	360
Total comprehensive income for the year	**-**	**-**	**285**	**75**	**328**	**688**	**0**	**688**
Transfer other reserves to retained earnings	-	-	(1,640)	-	1,640	-	-	-
Dividends paid	-	-	-	-	(150)	(150)	-	(150)
Balance as at 30 June 2015	**9,000**	**330**	**1,496**	**196**	**1,177**	**12,199**	**(1)**	**12,198**

INDUSTRIJA NAFTE, d.d.

INA Group Summary Segmental Results of Operations

Q1 2015	Q2 2015	Q2 2014	%	(HRK mln)	H1 2014	H1 2015	%
				Sales			
1,237	1,385	1,717	(19)	Exploration & Production	3,883	2,622	(32)
2,576	4,453	4,774	(7)	Refining & Marketing including Retail	8,569	7,029	(18)
672	499	694	(28)	Corporate and Other	1,188	1,171	(1)
(687)	(832)	(966)	(14)	Inter-segment revenue	(1,879)	(1,519)	(19)
3,798	**5,505**	**6,219**	**(11)**	**Sales**	**11,761**	**9,303**	**(21)**
				Operating expenses, net other income from operating activities			
(536)	(919)	(1,059)	(13)	Exploration & Production	(2,231)	(1,455)	(35)
(3,011)	(4,396)	(5,138)	(14)	Refining & Marketing including Retail	(9,424)	(7,407)	(21)
(684)	(553)	(683)	(19)	Corporate and Other	(1,264)	(1,237)	(2)
751	759	804	(6)	Inter-segment eliminations	1,696	1,510	(11)
(3,480)	**(5,109)**	**(6,076)**	**(16)**	**Expenses**	**(11,223)**	**(8,589)**	**(23)**
				Profit/(loss) from operations			
701	466	658	(29)	Exploration & Production	1,652	1,167	(29)
(435)	57	(364)	n.a.	Refining & Marketing including Retail	(855)	(378)	(56)
(12)	(54)	11	n.a.	Corporate and Other	(76)	(66)	(13)
64	(73)	(162)	(55)	Inter-segment eliminations	(183)	(9)	(95)
318	**396**	**143**	**177**	**Profit/(loss) from operations**	**538**	**714**	**33**
				Share in the profit of associate companies			
(251)	**(35)**	**(39)**	**(10)**	**Net loss from financial activities**	**(131)**	**(286)**	**118**
67	**361**	**104**	**247**	**Profit/(loss) before taxation**	**407**	**428**	**5**
(17)	(83)	27	n.a.	Income tax expense	(35)	(100)	186
50	**278**	**131**	**112**	**Profit/(loss) for the year**	**372**	**328**	**(12)**

Q1 2015	Q2 2015	Q2 2014	%	Depreciation	H1 2014	H1 2015	%
224	237	256	(7)	Exploration & Production	523	461	(12)
136	132	137	(4)	Refining & Marketing including Retail	275	268	(3)
53	46	54	(15)	Corporate and Other	109	99	(9)
413	**415**	**447**	**(7)**	**Total**	**907**	**828**	**(9)**

Q1 2015	Q2 2015	Q2 2014	%	EBITDA*	H1 2014	H1 2015	%
870	765	903	(15)	Exploration & Production	2,085	1,635	(22)
(285)	138	(186)	n.a.	Refining & Marketing including Retail	(506)	(147)	(71)
51	(45)	83	n.a.	Corporate and Other	101	6	(94)
71	(54)	(169)	(68)	Inter-segment eliminations	(213)	17	n.a.
707	**804**	**631**	**27**	**Total**	**1,467**	**1,511**	**3**

* EBITDA = EBIT + Depreciation + Impairment + Provisions

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.

INDUSTRIJA NAFTE, d.d.

Financial overview and notes

INCOME STATEMENT

Notes **H1 2015 RESULTS**

1 **Total sales revenues** in H1 2015 amounted to HRK 9,303 million and were 21% below the H1 2014 level, primarily triggered by lower Exploration and production sales revenue due to lower Brent, and consequently also lower average wholesale and retail prices of oil derivatives.

2 **Costs of raw materials and consumables** were 34% below H1 2014 levels at HRK 4,033 million, mainly resulting from lower prices

3 **Costs of goods sold** in H1 2015 recorded a decrease of 14% compared to H1 2014, and amounted to HRK 1,538 million resulting from different sales structure.

4 Other **operating costs** realized in H1 2015 include:

- Other material costs were higher by 25% and amounted to HRK 1.285 million resulting from subcontractors costs related to STSI project in Belarus, slightly higher royalty costs because of regulation changes, and maintenance costs.
- Service costs in the amount of HRK 333 million recorded a decrease of 24% mainly due to ENI tax posted in 2014 (cost related to 2013 for which provision was released in the same amount).
- Depreciation in the amount of HRK 828 million was 9% lower compared to H1 2014 mainly due to lower Syrian depreciation.
- Adjustments and provisions had a positive effect in the amount of HRK 31 million and was HRK 53 million lower (HRK 22 million negative effect in 2014) compared to H1 2014 resulting from reversal of provision for incentives, bonus provision, reversal of provision for litigation and lower provisions made for retirement.

5 **Staff costs** in the amount HRK 1,226 million were 4% higher compared to H1 2014. Staff costs represent the cost of net salaries in the amount of HRK 617 million, cost of tax and contributions for pension and health insurance in the amount of HRK 425 million, severance payments for employees whose employment contracts are terminated due to business reasons in the amount of HRK 64 million and other payroll related costs in the amount of HRK 120 million for the period ended on 30June 2015. For the period ended on 30June 2014 staff cost include the cost of net salaries in the amount of HRK 609 million, cost of tax and contributions for pension and health insurance in the amount HRK 407 million, severance payments for employees whose employment contracts are terminated due to business reasons in the amount of HRK 25 million and other payroll related costs in the amount HRK 137 million.

6 **Income tax in** H1 2015 amounted to HRK 100 million and is higher compared to HRK 35 million in H1 2014.
Tax costs and deferred taxes during the interim period are calculated on the basis of actual results and the profit tax rate, 20% for the periods ended on 30 June 2014 and 30June 2015.

7 **Net financial expenses** recoreded increase in H1 2015 compared to H1 2014 mainly as result of FX loses comming from weakening kuna but the policies implemented (increasing EUR share in debt protfolio) neutralized mayority of negative effects.

- Net foreign exchange loss was HRK 121 million in 2015 and is higher, compared to HRK 7 million in 2014 resulting from significant increase of average HRK/USD exchange rate from 5.6 in H1 2014 to 6.8 in H1 2015.
- Interest payable amounted to HRK 77 million and interests received to HRK 19 million in 2015 while in 2014 interest payables amounted to HRK 99 million and interests received to HRK 10 million.
- Other financial net expenses amounted to HRK 107 million and are higher, compared to HRK 49 mln in 2014.

Restatement

*A change has been made in the recording of „Impairment of short term loans - financial cost" originally recorded in „Value Adj. and other Provisions Impairment charges (net)", which are now recorded in „Financial costs"; „Reversal of impairment before insolvency deal" originally recorded in „Finance Costs", which are now recorded in „Value Adj. and other Provisions Impairment charges (net)"; "Book value of tangible & intangible assets sold" originally recorded in "Value Adj. and other Provisions Impairment charges (net)" are now recorded in „Other Operating Income"; "Interest - tax & contributions" originally recorded in "Service costs" are now recorded in „Finance expenses".

Special items

In addition to international accounting standards, international reporting standards and regulatory requests the company discloses special items to achieve a higher level of transparency and to provide better understanding of the usual business operations. Business events not occurring regularly and having significant effect on operations and results are considered as special items. At the beginning of 2013 INA has adopted the materiality level for the special items in the amount of EUR 10 million or above. Furthermore, in accordance with the adopted accounting policies and IFRS 36 – Impairment of Assets, INA performs impairment testing at the end of each reporting period if impairment indicators are assessed to be significant.

Intersegment eliminations

Intersegment elimination line within the operating results is used to provide segmental results as International Accounting Standards requests, guided with the transparency of presented information which needs to fulfill the highest requests of consistency and reliability. For this purpose and also for the purpose of having the segmental results presenting fair market relations between the segments, which are fully aligned with on demand operations of the Refining and Marketing including Retail segment, parity of internal transfer between Exploration and production and Refining and Marketing including Retail is based on delivered quantities. This line shows the effect of the change on operating profit in the amount of unrealized profit deferred in respect of transfers between segments. Unrealized profits arise where the item transferred is held in inventory by the receiving segment and a third party sale takes place only in a subsequent quarter. For segmental reporting purposes the deliverer segment records a profit immediately at the point of transfer. However, at company level profit is only reported when the related third party sale has taken place. Intersegment EBITDA effect on Exploration and production and Refining and marketing including Retail results in H1 2015 is HRK +17 million which is higher compared to HRK -190 million in H1 2014 due to different operational mode of Sisak refinery.

Change of internal pricing of domestic crude oil and condensate

Starting form 1 April 2015 INA changed internal price formula for crude oil and condensated between Exploration and Production and Rafining and Marketing segment. New formula was introduced to better reflect real market prices in highly volatile external environment.

Angola and Egypt concessions - change in the accounting treatment of billing statements

Until June 2015 accounting treatment of billing statements related to international concessions (Egypt & Angola) was not equal with once related to North Adriatic area. Starting from July same accounting treatment is applied. New accounting treatment is practice according to IFRS as it ensures full representation of occurred expenses and related liabilities. Effect of change to accrual based method on INA financial statements amounts to USD -233 th on CAPEX and USD 76 th on OPEX.

INDUSTRIJA NAFTE, d.d.

BALANCE SHEET

Notes

8 As at 30 June 2015 INA Group **total assets** amounted to HRK 22,746 million and were 2% higher compared to 31 December 2014.

9 At 30 June 2015, INA Group invested HRK 21 million in intangible assets. The effect of depreciation decreases the intangible assets by HRK 19 million. Foreign exchange revaluation of oil and gas fields increased the value of intangible assets in the amount of HRK 20 million. Additionally, the values of intangible assets decreased due to utilization of emission quotas in the amount of HRK 1 million.

10 In the period ended on 30 June 2015, INA Group invested HRK 520 million in property, plant and equipment. Foreign exchange revaluation increased net book value in the amount of HRK 236 million. The effect of depreciation reduced net book value of property, plant and equipment in the amount of HRK 809 million. In the absence of parameters needed for unit-cost production depreciation calculation method due to Force Majeure, straight-line depreciation method for surface assets in Syria was applied starting from 1 January 2013, in order to fairly reflect the amortization of the equipment. Depreciation impact of surface assets in Syria was HRK 28 million in 2015. Value adjustment and write-off of assets under construction decreased NBV in the amount of HRK 25 million. Impairment of assets in use reduced net book value in the amount of HRK 3 million. Disposal of tangible assets equals HRK 2 million. Strategic inventories in the amount of HRK 1 million are transferred from warehouses.

11 **Issued capital** as at 30 June 2015 amounted to HRK 9,000 million. There was no movement in the issued capital of the Company in either the current or the prior financial reporting.

12 **Inventories** amounted to HRK 2,494 million, and have increased by 30% compared to 31 December 2014 as a result of higher crude oil inventories (imported) and own produced finished products.

13 **Trade receivables** increased to HRK 2,394 million and are 20% higher compared to the opening balance, on 31 December 2014 resulting from higher sales volumes in June compared to December 2014.

14 As at 30 June 2015 **total liabilities** amounted to HRK 10,548 million, which is in line compared to the 31 December 2014 level.
INA Group **net debt** increased by 23% and amounted to HRK 3,691 million compared to 31 December 2014 due to negative changes in working capital, resulting in increase of short term loans. **Gearing ratio**[2] increased from 20.4% as at 31 December 2014, to 23.2% as at 30 June 2015.

15 **Trade payables** increased by 10% to HRK 1,889 million, as a result of higher liabilities for imported crude oil.

CASH FLOW

Notes

16 The **operating cash-flow before changes in working capital** amounted to HRK 1,476 million in H1 2015 representing a increase of HRK 13 million, or 1%, compared to H1 2014, which is in line with similar EBITDA performance compared to the previous year.

17 **Changes in working capital** affected the operating cash flow negatively by HRK 1,256 million, primarily due to:

- Decrease in trade and other payables by HRK 240 mln as result of decrease of other payables, mostly related to tax and other related liabilities
- Increased value of inventories by HRK 597 million due to higher level of crude oil and finished products
- Increase in receivables by HRK 419 million as a result of higher sales volumes in Q2 2015 compared to Q4 2014 and higher receivables from Egypt.

18 **Net outflows in investing activities** amounted to HRK 524 million, in comparison with HRK 606 million of outflows in H1 2014.

Subsequent events

Contract signed with Petrokemija
INA - Industrija nafte, d.d. and Petrokemija d.d. have signed final Gas Supply contract on 17 July 2015 for the next contractual period from 1 October 2015 until 30 September 2016. Under the Contract, a delivery of 300 million m3 of natural gas annually has been agreed.

Agreement on new retail operating model
An Agreement, which enables the implementation of the new, business sustainable, retail operating model, has been signed on 29 June 2015 by the representatives of the three leading unions operating in INA (INAŠ - Oil Industries Trade Union, Oil Industry Union - SING, and Autonomous Trade Union of Workers in Energy, Chemistry and Non-Metal Industry of Croatia- EKN), the representatives of the INA Works Council, and the representative of the INA Maloprodajni Servisi d.o.o. (INA MS).

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

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 are the credit risk and the liquidity risk.

a) Market risk

Commodity price risk management (price risk)

INA purchases crude oil on a spot market in USD, mostly using short-term credit facility arrangements. The required quantities of gas had been purchased in EUR based on spot prices. INA may use derivative instruments in managing its commodity exposure. As of 30 June 2015, INA had opened short-term forward commodity swap transactions to hedge its exposure to changes in pricing periods and fixed price contracts.

Foreign currency risk management

Many INA Group's transactions are priced and denominated in foreign currency and thus INA Group is exposed to currency risk. INA Group has net long USD and EUR, and net short HRK exposure of operative cash flow position. INA Group may use cross currency swaps to adjust the currency mix of the debt portfolio. As of 30 June 2015, there were no open cross currency swap transactions.

Interest rate risk management

INA Group companies use borrowed funds at both fixed and floating interest rates and consequently INA Group is exposed to the interest rate risk. INA Group does not speculate on interest rate developments and primarily chooses floating rates. INA Group may use interest rate swap to manage interest rate risk. As of 30 June 2015, 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

Sales of goods and services with deferred payment create credit risk, a risk of non-payment and risk that the counterparty will default on its contractual obligations. According to existing "Customer Credit Management Procedure" creditworthiness and risk in dealing with customers is estimated based on internal credit assessment model as well as on the services provided by credit rating agencies. There is no significant credit risk exposure of INA Group that is not covered with payment security instruments, 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 minimize credit risk, INA is using credit risk insurance services. INA to a limited extent is also using services of agencies for "out-of-court" collection of receivables.

c) Liquidity risk

INA 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 30 June 2015, INA Group had contracted short-term bank lines amounting to HRK 2.18 bn excluding overdrafts and trade financing credit lines established with the purpose to finance the purchase of crude oil and oil products, and long-term credit lines amounting to HRK 6.16 bn.

INDUSTRIJA NAFTE, d.d.

Related party transactions

INA Group 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 INA Group 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 INA, d.d. and its subsidiaries, which are related parties of the Company, have been eliminated on Group level consolidation.
During the 2015 and 2014, INA Group entered into the following trading transactions with the following related parties:

INA-Group	Sales of goods	Purchase of goods
HRK mln	30 June 2015	30 June 2015
Companies available for sale		
JANAF d.d. Zagreb	2	23
Strategic partner		
MOL Nyrt.	316	398
Companies controlled by strategic partner		
Tifon d.o.o.	263	13
Energopetrol d.d.	122	-
MOL SLOVENIJA d.o.o.	46	33
Kalegran Ltd.	45	2
TVK Ingatlankezelo Ktt.	17	-
Slovnaft, a.s.	4	165
Mol Commodity Trading Kft.	-	25

During the period, INA Group entered into the following outstanding balances with the following related parties:

INA-Group	Amounts owed from related parties	Amounts owed to related parties
HRK mln	30 June 2015	30 June 2015
Companies available for sale		
JANAF d.d. Zagreb	1	3
Strategic partner		
MOL Nyrt.	108	21
Companies controlled by strategic partner		
Tifon d.o.o.	64	1
Energopetrol d.d.	42	-
MOL SLOVENIJA d.o.o.	18	8
Kalegran Ltd.	14	1
Slovnaft, a.s.	2	72

INDUSTRIJA NAFTE, d.d.

Segmental Information

30 June 2015 Assets and liabilities	Exploration and production	Refining and marketing including Retail	Corporate and other	Intersegment transfers	Total
Property, plant and equipment	349	18	111	-	478
Intangible assets	7,337	4,913	1,828	(124)	13,954
Investments in associates and joint ventures	22	-	-	-	22
Inventories	147	2,400	277	(330)	2,494
Trade receivables, net	650	1,353	391	-	2,394
Not allocated assets					3,404
Total assets					**22,746**
Trade payables	417	1,336	296	(160)	1,889
Not allocated liabilities					8,659
Total liabilities					**10,548**
Other segment information					
Capital expenditure:	**327**	**137**	**90**	**(13)**	**541**
Property, plant and equipment	313	135	85	(13)	520
Intangible assets	14	2	5	-	21
Depreciation and amortisation	**461**	**268**	**99**	**-**	**828**
Impairment losses/(income) PP&E, net recognized in profit and loss	-	-	-	-	-
Other impairment losses/(income), net recognized in profit and loss	47	14	30	26	117
Total impairment losses/(income), net	**47**	**14**	**30**	**26**	**117**

31 December 2014 Assets and liabilities	Exploration and production	Refining and marketing including Retail	Corporate and other	Intersegment transfers	Total
Property, plant and equipment	7,270	5,107	1,774	(113)	14,038
Intangible assets	318	19	120	-	457
Investments in associates and joint ventures	22	-	-	-	22
Inventories	152	1,844	262	(334)	1,924
Trade receivables, net	630	983	701	(316)	1,998
Not allocated assets					3,776
Total assets					**22,215**
Trade payables	479	1,123	427	(316)	1,713
Not allocated liabilities					8,842
Total liabilities					**10,555**
Other segment information					
Capital expenditure:	**1,100**	**474**	**172**	**(57)**	**1,689**
Property, plant and equipment	1,092	471	143	(57)	1,649
Intangible assets	8	3	29	-	40
Depreciation and amortisation	**1,344**	**570**	**218**	**-**	**2,132**
Impairment losses/(income) PP&E,net recognized in profit and loss	1,214	387	17	-	1,618
Other impairment losses/(income),net recognized in profit and loss	265	180	10	(21)	434
Total impairment losses/(income), net	**1,479**	**567**	**27**	**(21)**	**2,052**

INDUSTRIJA NAFTE, d.d.

Main external parameters

Q1 2015	Q2 2015	Q2 2014	%		H1 2014	H1 2015	%
53.9	61.9	109.7	(43.6)	Brent dtd (USD/bbl)	108.9	57.8	(46.9)
0.68	(0.37)	1.61	n.a.	Brent-Ural spread	1.50	0.16	(89.3)
544.7	661.0	1,008.4	(34.5)	Premium unleaded gasoline 10 ppm (USD/t)*	984.5	601.9	(38.9)
498.9	561.0	917.0	(38.8)	Gas oil – ULSD 10 ppm (USD/t)*	918.2	529.4	(42.3)
274.6	322.9	575.3	(43.9)	Fuel oil 3,5% (USD/t)*	573.4	298.4	(48.0)
516.1	434.6	824.3	(47.3)	LPG (USD/t)*	857.6	476.0	(44.5)
91.1	82.1	51.1	60.5	Average crack spread	47.3	84.6	78.9
136.7	192.9	178.8	7.9	Crack spread – premium unleaded (USD/t)*	160.4	164.4	2.4
90.8	92.9	87.4	6.3	Crack spread – gas oil (USD/t)*	94.2	91.8	(2.5)
(133.4)	(145.2)	(254.3)	(42.9)	Crack spread - fuel oil 3,5% (USD/t)*	(250.6)	(139.2)	(44.5)
108.1	(33.5)	(5.3)	533.3	Crack spread - LPG (USD/t)*	33.6	38.5	14.4
6.82	6.87	5.54	24.0	HRK/USD average	5.56	6.84	23.0
7.05	6.83	5.56	22.8	HRK/USD closing	5.56	6.83	22.8
7.68	7.57	7.60	(0.4)	HRK/EUR average	7.62	7.63	0.1
7.64	7.58	7.57	0.1	HRK/EUR closing	7.57	7.58	0.1
0.26	0.28	0.23	21.5	3m USD LIBOR (%)	0.23	0.27	17.3
0.12	(0.01)	0.30	n.a.	3m EURIBOR (%)	0.30	0.02	(93.4)

** FOB Mediterranean*

INDUSTRIJA NAFTE, d.d.

Announcements in H1 2015

20 July 2015	Contract signed with Petrokemija
12 June 2015	General Assembly Decisions
06 May 2015	Invitation to the General Assembly
31 March 2015	Supervisory Board meeting held
31 March 2015	Code of Corporate Governance Questionnaire for 2014
13 March 2015	Regulated gas price decrease
24 February 2015	Revocation of exploration license
06 February 2015	Ruling from the Tax Administration
03 February 2015	Letter by MOL
21 January 2015	Verdict by the High Administrative Court
15 January 2015	Notice regarding inquiry of the Zagreb Stock Exchange

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

	31 Dec 2006	31 Dec 2007	31 Dec 2008 31 Dec 2009 31 Dec 2010	31 Dec 2011	31 Dec 2012 31 Dec 2013 31 Dec 2014	30 June 2015
MOL Plc.	2,500,001	2,500,001	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
Private and institutional investors	2,319,632	3,015,081	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**

Source: Central Clearing Depositary Company

Changes in organization, Management Board or Supervisory Board

Supervisory Board
During the second quarter there was no change in the Supervisory Board.

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

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

Management representation

INA Group's consolidated financial statements for Q2 / H1 2015 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
Niko Dalić	Member
Gábor Horváth	Member
Ivan Krešić	Member
Davor Mayer	Member
Péter Ratatics	Member