

ENCLOSURE 1

Reporting period:

1 January 2015

to

30 June 2015

Quartely Financial Report TFI-POD

Tax number (MB): 03586243

Registration number (MBS): 080000604

Personal identification
number (OIB): 27759560625Issuer: **INA - Industrija nafte d.d.**

Postal code and location: 10 000

ZAGREB

Street and number: **Avenija Većeslava Holjevcica 10**E-mail: investitori@ina.hrInternet address: www.ina.hr

Code and city / municipality: 133 ZAGREB

Code and county: 21 GRAD ZAGREB

Number of employees: 7.918
(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.; Member of INA Group

Contact person: **Ratko Marković**
(Name and surname of contact person)

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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 of 30 June 2015

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	16.539.000.000	17.150.000.000
I. INTANGIBLE ASSETS (004 do 009)	003	505.000.000	545.000.000
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	130.000.000	125.000.000
3. Goodwill	006		
4. Advances for purchase of intangible assets	007	50.000.000	68.000.000
5. Intangible assets in preparation	008	325.000.000	352.000.000
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 do 019)	010	12.587.000.000	12.535.000.000
1. Land	011	1.000.000.000	1.001.000.000
2. Buildings	012	5.043.000.000	4.979.000.000
3. Plant and equipment	013	3.019.000.000	2.979.000.000
4. Instruments, plant inventories and transportation assets	014	301.000.000	280.000.000
5. Biological asset	015		
6. Advances for tangible assets	016	23.000.000	55.000.000
7. Tangible assets in preparation	017	3.193.000.000	3.232.000.000
8. Other material assets	018	3.000.000	4.000.000
9. Investment in property	019	5.000.000	5.000.000
III. LONG-TERM FINANCIAL ASSETS (021 do 028)	020	1.641.000.000	2.378.000.000
1. Investments in subsidiaries	021	1.133.000.000	1.133.000.000
2. Loans given to related parties	022	0	653.000.000
3. Participating interests (shares)	023	28.000.000	29.000.000
4. Loans to entrepreneurs in which the entity holds participating interests	024		
5. Investments in securities	025		
6. Loans, deposits and similar assets	026	18.000.000	7.000.000
7. Other long-term financial assets	027	462.000.000	556.000.000
8. Investment accounted by equity method	028		
IV. RECEIVABLES (030 do 032)	029	104.000.000	99.000.000
1. Receivables from subsidiaries	030	11000000	11.000.000
2. Receivables based on trade loans	031	93.000.000	88.000.000
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033	1.702.000.000	1.593.000.000
C) SHORT-TERM ASSETS (035+043+050+058)	034	4.505.000.000	4.634.000.000
I. INVENTORIES (036 do 042)	035	1.659.000.000	2.204.000.000
1. Raw materials & consumables	036	359.000.000	664.000.000
2. Work in progress	037	776.000.000	731.000.000
3. Finished goods	038	347.000.000	645.000.000
4. Merchandise	039	177.000.000	164.000.000
5. Advances for inventories	040		
6. Long-term assets held for sale	041		
7. Biological asset	042		
II. RECEIVABLES (044 do 049)	043	1.730.000.000	2.057.000.000
1. Receivables from subsidiaries	044	117.000.000	169.000.000
2. Trade receivables	045	1.399.000.000	1.787.000.000
3. Receivables from participating entities	046		
4. Receivables from employees and shareholders	047	4.000.000	4.000.000
5. Receivables from government and other institutions	048	103.000.000	13.000.000
6. Other receivables	049	107.000.000	84.000.000
III. SHORT-TERM FINANCIAL ASSETS (051 do 057)	050	789.000.000	260.000.000
1. Investments in subsidiaries	051	517.000.000	0
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	192.000.000	218.000.000
7. Other financial assets	057	80.000.000	42.000.000
IV. CASH AT BANK AND IN CASH REGISTER	058	327.000.000	113.000.000
D) PREPAID EXPENSES AND ACCRUED INCOME	059	149.000.000	125.000.000
E) TOTAL ASSETS (001+002+034+059)	060	21.193.000.000	21.909.000.000
F) OFF-BALANCE SHEET ITEMS	061		

EQUITY AND LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	11.476.000.000	12.048.000.000
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	2.859.000.000	1.507.000.000
1. Legal reserves	066	330.000.000	330.000.000
2. Reserves for treasury shares	067		
3. Treasury shares and stakes (deduction)	068		
4. Statutory reserves	069		
5. Other reserves	070	2.529.000.000	1.177.000.000
IV. REVALUATION RESERVES	071	121.000.000	196.000.000
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	-1.135.000.000	986.000.000
1. Retained earnings	073		986.000.000
2. Accumulated loss	074	1.135.000.000	
VI. PROFIT/LOSS FOR THE FINANCIAL YEAR (076-077)	075	631.000.000	359.000.000
1. Profit for the financial year	076	631.000.000	359.000.000
2. Loss for the financial year	077		
VII. NON-CONTROLLING INTERESTS	078		
B) PROVISIONS (080 do 082)	079	3.408.000.000	3.349.000.000
1. Provisions for redundancy costs, severance pays and similar liabilities	080	136.000.000	104.000.000
2. Provisions for tax obligations	081		
3. Other provisions	082	3.272.000.000	3.245.000.000
C) NON-CURRENT LIABILITIES (084 do 092)	083	682.000.000	526.000.000
1. Liabilities to subsidiaries	084		
2. Liabilities for loans, deposits and other	085		
3. Liabilities to banks and other financial institutions	086	619.000.000	457.000.000
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	63.000.000	69.000.000
9. Deferred tax liability	092		
D) CURRENT LIABILITIES (094 do 105)	093	5.539.000.000	5.953.000.000
1. Liabilities to subsidiaries	094	443.000.000	274.000.000
2. Liabilities for loans, deposits and other	095		
3. Liabilities to banks and other financial institutions	096	2.578.000.000	3.211.000.000
4. Liabilities for received advances	097	22.000.000	27.000.000
5. Trade payables	098	1.256.000.000	1.556.000.000
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in which the entity holds participating interests	100		
8. Liabilities to employees	101	81.000.000	76.000.000
9. Liabilities for taxes, contributions and similar fees	102	970.000.000	520.000.000
10. Dividend payables	103		150.000.000
11. Liabilities for long-term assets held for sale	104		
12. Other current liabilities	105	189.000.000	139.000.000
E) ACCRUAL AND DEFERRED INCOME	106	88.000.000	33.000.000
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	21.193.000.000	21.909.000.000
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 2015 to 30 June 2015

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	10.355.000.000	5.568.000.000	8.515.000.000	5.196.000.000
1. Sales revenue	112	10.146.000.000	5.473.000.000	8.341.000.000	5.148.000.000
2. Other operating income	113	209.000.000	95.000.000	174.000.000	48.000.000
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	10.391.000.000	5.544.000.000	7.858.000.000	4.774.000.000
1. Changes in inventories of finished products and work in progress	115	-129.000.000	-326.000.000	-254.000.000	32.000.000
2. Material costs (117 do 119)	116	8.209.000.000	4.887.000.000	6.333.000.000	3.849.000.000
a) Cost of raw materials & consumables	117	6.289.000.000	3.848.000.000	3.917.000.000	2.753.000.000
b) Cost of goods sold	118	1.068.000.000	561.000.000	1.349.000.000	448.000.000
c) Other costs	119	852.000.000	478.000.000	1.067.000.000	648.000.000
3. Staff costs (121 do 123)	120	629.000.000	318.000.000	689.000.000	357.000.000
a) Net salaries and wages	121	369.000.000	185.000.000	395.000.000	202.000.000
b) Costs for taxes and contributions from salaries	122	172.000.000	86.000.000	190.000.000	100.000.000
c) Contributions on gross salaries	123	88.000.000	47.000.000	104.000.000	55.000.000
4. Depreciation and amortisation	124	827.000.000	408.000.000	768.000.000	388.000.000
5. Other costs	125	401.000.000	169.000.000	380.000.000	191.000.000
6. Impairment charges (127+128)	126	505.000.000	86.000.000	68.000.000	57.000.000
a) impairment of long-term assets (excluding financial assets)	127	9.000.000	1.000.000	30.000.000	26.000.000
b) impairment of short-term assets (excluding financial assets)	128	496.000.000	85.000.000	38.000.000	31.000.000
7. Provisions	129	-51.000.000	2.000.000	-126.000.000	-100.000.000
8. Other operating expenses	130				
III. FINANCIAL INCOME (132 do 136)	131	122.000.000	49.000.000	643.000.000	251.000.000
1. Interest income, foreign exchange gains, dividends and other financial income from subsidiaries	132	47.000.000	22.000.000	91.000.000	11.000.000
2. Interest income, foreign exchange gains, dividends and other financial income from third parties	133	25.000.000	12.000.000	38.000.000	6.000.000
3. Part of income from associates and participating interests	134		0		0
4. Unrealized gains (income) from the financial assets	135		0		0
5. Other financial income	136	50.000.000	15.000.000	514.000.000	234.000.000
IV. FINANCIAL COSTS (138 do 141)	137	346.000.000	90.000.000	849.000.000	272.000.000
1. Interest, foreign exchange losses and other expenses from subsidiaries	138	143.000.000	30.000.000	8.000.000	5.000.000
2. Interest, foreign exchange losses and other expenses from third parties	139	69.000.000	6.000.000	235.000.000	-22.000.000
3. Unrealized loss (expenses) on financial assets	140		0		0
4. Other financial expenses	141	134.000.000	54.000.000	606.000.000	289.000.000
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTITIES	142				
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTITIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142 + 144)	146	10.477.000.000	5.617.000.000	9.158.000.000	5.447.000.000
X. TOTAL EXPENSES (114+137+143 + 145)	147	10.737.000.000	5.634.000.000	8.707.000.000	5.046.000.000
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	-260.000.000	-17.000.000	451.000.000	401.000.000
1. Profit before tax (146-147)	149	0	0	451.000.000	401.000.000
2. Loss before tax (147-146)	150	260.000.000	17.000.000	0	0
XII. CORPORATE INCOME TAX EXPENSE	151	0	-53.000.000	92.000.000	78.000.000
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-260.000.000	36.000.000	359.000.000	323.000.000
1. Profit for the period (149-151)	153	0	36.000.000	359.000.000	323.000.000
2. Loss for the period (151-148)	154	260.000.000	0	0	0
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	0	0	0	0
STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	-260.000.000	36.000.000	359.000.000	323.000.000
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)	158	31.000.000	-35.000.000	363.000.000	-53.000.000
1. Exchange differences on translation of foreign operations	159	13.000.000	-14.000.000	273.000.000	-117.000.000
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	18.000.000	-21.000.000	75.000.000	47.000.000
4. Gains or losses on efficient cash flow hedging	162				0
5. Gains or losses on efficient hedge of a net investments in foreign countries	163				0
6. Share in other comprehensive income/loss of associates companies	164				0
7. Actuarial gain / losses on defined benefit plans	165			15.000.000	17.000.000
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)	167	31.000.000	-35.000.000	363.000.000	-53.000.000
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)	168	-229.000.000	1.000.000	722.000.000	270.000.000
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	0	0	0	0

CASH FLOW STATEMENT - Indirect method
in the period 1 January 2015 to 30 June 2015

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	-260.000.000	451.000.000
2. Depreciation and amortisation	002	827.000.000	768.000.000
3. Increase in short-term liabilities	003	237.000.000	
4. Decrease in short-term receivables	004		
5. Decrease in inventories	005		
6. Other cash flow increases	006	2.608.000.000	373.000.000
I. Total increase of cash flow from operating activities (001 do 006)	007	3.412.000.000	1.592.000.000
1. Decrease in short-term liabilities	008		406.000.000
2. Increase in short-term receivables	009	34.000.000	297.000.000
3. Increase in inventories	010	919.000.000	582.000.000
4. Other cash flow decreases	011	1.957.000.000	363.000.000
II. Total decrease of cash flow from operating activities (008 do 011)	012	2.910.000.000	1.648.000.000
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	502.000.000	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	56.000.000
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Cash inflows from sale of long-term tangible and intangible assets	015	3.000.000	2.000.000
2. Cash inflows from sale of equity and debt instruments	016		
3. Interest receipts	017	46.000.000	27.000.000
4. Dividends receipts	018		
5. Other cash inflows from investment activities	019	644.000.000	15.000.000
III. Total cash inflows from investment activities (015 do 019)	020	693.000.000	44.000.000
1. Cash outflows for purchase of long-term tangible and intangible assets	021	665.000.000	520.000.000
2. Cash outflows for purchase of equity and debt financial instruments	022		
3. Other cash outflows from investment activities	023		70.000.000
IV. Total cash outflows from investment activities (021 do 023)	024	665.000.000	590.000.000
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	025	28.000.000	0
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	026	0	546.000.000
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	10.034.000.000	7.828.000.000
3. Other cash inflows from financial activities	029		
V. Total cash inflows from financial activities (027 do 029)	030	10.034.000.000	7.828.000.000
1. Cash outflows for repayment of loans and bonds	031	10.631.000.000	7.418.000.000
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034		
5. Other cash outflows from financial activities	035	70.000.000	22.000.000
VI. Total cash outflows from financial activities (031 do 035)	036	10.701.000.000	7.440.000.000
C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	037	0	388.000.000
C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	038	667.000.000	0
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	137.000.000	214.000.000
Cash and cash equivalents at the beginning of the period	041	252.000.000	327.000.000
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043	137.000.000	214.000.000
Cash and cash equivalents at the end of the period	044	115.000.000	113.000.000

STATEMENT OF CHANGES IN EQUITY

for the period 1.1.2015 to 30.6.2015

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	2.277.000.000	1.507.000.000
4. Retained earnings or accumulated loss	004	2.059.000.000	986.000.000
5. Profit / loss for the current year	005	-260.000.000	359.000.000
6. Revaluation of long-term tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008	24.000.000	196.000.000
9. Other revaluation	009		
10. Total capital and reserves (AOP 001 do 009)	010	13.100.000.000	12.048.000.000
11. Currency gains and losses arising from net investments in foreign operations	011	13.000.000	273.000.000
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	-242.000.000	449.000.000
17. Total increase or decrease in capital (AOP 011 do 016)	017	-229.000.000	722.000.000
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, statement of profit and loss, cash flow statement and statement of changes in equity in accordance with the regulations of the relevant international financial reporting standards.

Q2 AND H1 2015 – REPORT INA, D.D. NON-CONSOLIDATED

INA, d.d. financial results (IFRS)

Q1 2015	Q2 2015	Q2 2014	%	HRK mln.	H1 2014	H1 2015	%
3,193	5,148	5,473	(6)	Net sales revenues	10,146	8,341	(18)
600	767	520	48	EBITDA ⁽¹⁾	1,245	1,367	10
235	422	24	1,658	Operating profit/(loss)	(36)	657	n.a.
(185)	(21)	(41)	(49)	Net financial expenses	(224)	(206)	(8)
36	323	36	797	Net profit/loss attributable to equity holder	(260)	359	n.a.
(749)	693	576	20	Operating cash flow	503	(56)	n.a.
				Earnings per share			
				Basic and diluted earnings/(loss) per share (kunas per share)	(26.0)	35.9	
3.6	32.3	3.6		Net debt	4,140	3,555	(14)
4,128	3,555	4,140	(14)	Net gearing	24.01	22.78	
25.71	22.78	24.01		CAPEX	676	469	(31)
190	279	394					
Q1 2015	Q2 2015	Q2 2014	%	USD mln ⁽²⁾	H1 2014	H1 2015	%
468	750	988	(24)	Net sales revenues	1,825	1,219	(33)
88	112	94	19	EBITDA ⁽¹⁾	224	200	(11)
34	61	4	1,319	Operating profit/(loss)	(6)	96	n.a.
(27)	(3)	(7)	(59)	Net financial expenses	(40)	(30)	(25)
5	47	6	624	Net profit/loss attributable to equity holder	(47)	52	n.a.
(110)	101	104	(3)	Operating cash flow	90	(8)	n.a.
				Earnings per share			
				Basic and diluted earnings/(loss) per share (USD per share)	(4.7)	5.2	n.a.
0.5	4.7	0.6	624	Net debt	744	521	(30)
586	521	744	(30)	CAPEX	122	69	(44)
28	41	71	(43)				

⁽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

*A change has been made in 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“.

H1 2015 RESULTS

In H1 2015, INA d.d. achieved EBITDA in the amount of HRK 1,367 million and operating profit of HRK 657 million. Increase of EBITDA in the amount of HRK 122 million, compared to H1 2014 came mostly from improved performance of Refining and Marketing segment which result was 77% better compared to H1 last year. Falling Brent negatively influenced Exploration and Production segment as primary cash generator of the Company.

Income statement

Total sales revenues in H1 2015 amounted HRK 8,341 million, 18% lower compared to 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

Costs of raw materials and consumables were 38% lower and amounted to HRK 3,917 million, resulting from lower prices.

Costs of goods sold recorded increase of 26%, and amounted HRK 1,349 million, resulting from different sales structure.

Within the **other operating costs** realized in H1 2015:

- Other material costs were higher by 25% and amounted to HRK 1,067 million mostly related to higher royalty costs due to increase in royalty rate from 5% in Q1 2014 to 10% in whole H1 2015.
- Service costs in the amount of HRK 268 million recorded an decrease of 18% mainly due to ENI tax posted in 2014 (cost related to 2013 for which provision was released in same amount) which did not occur in 2015 in such high amount.
- Depreciation was 7% lower and amounted to HRK 768 million mainly due to lower Syrian depreciation.
- Adjustments and provisions had a positive effect of HRK 58 million and were lower for HRK 512 million compared to H1 2014 due to lower impairment of receivables, which is related to PP merger into INA d.d. in Q4 2014, which was largest debtor to INA d.d. in H1 2014.

Staff costs in the amount HRK 801 million were 14% higher than H1 2014.

Net financial expense in the amount of HRK 206 million were recorded in H1 2015, compared to the HRK 224 million in H1 2014.

Balance sheet

Total assets of INA, d.d., as at 30 June 2015 amounted to HRK 21,909 million and were 3% higher compared to 31 December 2014.

Property, plant and equipment amounted to HRK 12,479 million and were lower 1% than at as 31 December 2014.

Trade receivables outside INA-Group amounted to HRK 1,787 million and were 28% higher compared to 31 December 2014.

Total liabilities amounted to HRK 9,861 million and were 1% higher compared to 31 December 2014.

Net indebtedness of INA, d.d., amounted to HRK 3,555 million as at 30 June 2015 what is 24% higher compared to 31 December 2014. **Gearing ratio**¹ increased from 20.0% as at 31 December 2014 to 22.8% as at 30 June 2015.

As at 30 June 2015 **trade payables** amounted HRK 1,556 million, which is an increase of 24% compared to the 31 December 2014 level.

Cash flow

The operating cash-flow before changes in working capital amounted to HRK 1,349 million in H1 2015, increased of 11% compared to the same period last year, mainly as result of higher EBITDA.

Changes in working capital affected the operating cash flow negatively by HRK 1,285 million, primarily due to:

- Increase value of inventories by HRK 582 million
- Increase in receivables by HRK 297 million,
- Payables decreased by HRK 406 million.

Taxes paid influenced the operating cash flow in the amount of HRK 120 million. All the above factors resulted in HRK 56 million net outflows from operating activities generated by INA d.d. in H1 2015.

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 30 June 2014 and 2015
(HRK millions)

Q1 2015	Q2 2015	Q2 2014	%		H1 2014	H1 2015	%
				Sales revenue			
2,354	2,862	3,319	(14)	a) domestic	6,417	5,216	(19)
839	2,286	2,154	6	b) exports	3,729	3,125	(16)
3,193	5,148	5,473	(6)	Total sales revenue	10,146	8,341	(18)
1	2	1	100	Capitalised value of own performance	2	3	50
125	46	94	(51)	Other operating income	207	171	(17)
3,319	5,196	5,568	(7)	Total operating income	10,355	8,515	(18)
				Changes in inventories of finished products and work in progress	129	254	97
286	(32)	326	n.a.	Cost of raw materials and consumables	(6,289)	(3,917)	(38)
(1,164)	(2,753)	(3,848)	(28)	Depreciation and amortization	(827)	(768)	(7)
(380)	(388)	(408)	(5)	Other material costs	(852)	(1,067)	25
(419)	(648)	(478)	36	Service costs	(327)	(268)	(18)
(141)	(127)	(126)	1	Staff costs	(703)	(801)	14
(380)	(421)	(361)	17	Cost of other goods sold	(1,068)	(1,349)	26
(901)	(448)	(561)	(20)	Impairment and charges (net)	(505)	(68)	(87)
(11)	(57)	(86)	(34)	Provisions for charges and risks (net)	51	126	147
26	100	(2)	n.a.	Operating expenses	(10,391)	(7,858)	(24)
(3,084)	(4,774)	(5,544)	(14)	Profit/(loss) from operations	(36)	657	n.a.
235	422	24	1,658	Share in the profit of associated companies			
				Finance income	122	643	427
392	251	49	412	Finance costs	(346)	(849)	145
(577)	(272)	(90)	202	Net loss from financial activities	(224)	(206)	(8)
(185)	(21)	(41)	(49)	Profit/(loss) before tax	(260)	451	n.a.
50	401	(17)	n.a.	Income tax expense	-	(92)	n.a.
(14)	(78)	53	n.a.	Profit/(loss) for the year	(260)	359	n.a.
36	323	36	797	Attributable to			
				Owners of the Company	(260)	359	n.a.
36	323	36	797	Non-controlling interests	-	-	n.a.
-	-	-	n.a.	Earnings per share			
36	323	36	797	Basic and diluted earnings per share (kunas per share)	(26.0)	35.9	n.a.

INA-INDUSTRIJA NAFTE, d.d.
INA, d.d. Unconsolidated Statement of Financial Position
At 30 June 2015
(HRK millions)

	31 Dec 2014	30 June 2015	%
Assets			
Non-current assets			
Intangible assets	455	476	5
Property, plant and equipment	12,564	12,479	(1)
Investments in subsidiaries	1,133	1,133	0
Investments in associates and joint ventures	22	22	0
Other investments	23	669	2,809
Long-term receivables	178	222	25
Deferred tax	1,702	1,593	(6)
Available for sale assets	462	556	20
Total non-current assets	16,539	17,150	4
Current assets			
Inventories	1,659	2,204	33
Trade receivables net	1,399	1,787	28
Intercompany receivables	117	169	44
Other receivables	122	93	(24)
Corporative Income tax receivables	92	7	(92)
Other current assets	789	261	(67)
Prepaid expenses and accrued income	149	125	(16)
Cash and cash equivalents	327	113	(65)
Total current assets	4,654	4,759	2
Total assets	21,193	21,909	3
Equity and liabilities			
Capital and reserves			
Share capital	9,000	9,000	0
Legal reserves	330	330	0
Revaluation reserve	121	196	62
Other reserves	2,529	1,177	(53)
Retained earnings / (Deficit)	(504)	1,345	n.a.
Total equity	11,476	12,048	5
Non-current liabilities			
Long-term loans	619	457	(26)
Other non-current liabilities	63	69	10
Employee benefits obligation	128	100	(22)
Provisions	2,849	3,091	8
Total non-current liabilities	3,659	3,717	2
Current liabilities			
Bank loans and overdrafts	2,391	3,078	29
Current portion of long-term loans	187	133	(29)
Intercompany payables	443	274	(38)
Trade payables	1,256	1,556	24
Taxes and contributions	970	520	(46)
Other current liabilities	293	393	34
Accruals and deferred income	88	33	(63)
Employee benefits obligation	8	4	(50)
Provisions	422	153	(64)
Total current liabilities	6,058	6,144	1
Total liabilities	9,717	9,861	1
Total equity and liabilities	21,193	21,909	3

INA—INDUSTRIJA NAFTE d.d. ZAGREB
INA, d.d. Unconsolidated Statement of Cash Flow
For the period ended 30 June 2014 and 2015
(HRK millions)

Q1 2015	Q2 2015	Q2 2014	%		H1 2014	H1 2015	%
36	323	36	797	Profit/(loss) for the year	(260)	359	n.a.
				Adjustments for:			
380	388	408	(5)	Depreciation and amortisation	827	768	(7)
14	78	(53)	n.a.	Income tax (benefit)/expenses recognized in (loss)/profit	-	92	n.a.
11	57	85	(33)	Impairment charges (net)	505	68	(87)
-	(2)	(1)	100	Gain on sale of property, plant and equipment	(3)	(2)	(33)
158	(75)	(24)	213	Foreign exchange loss/(gain)	(8)	83	n.a.
(1)	-	(26)	n.a.	Interest income, net	(76)	(1)	(99)
(19)	35	59	(41)	Other financial expense recognised in profit	195	16	(92)
3	(131)	41	n.a.	(Decrease)/increase in provisions	(6)	(128)	2,033
17	74	21	252	Decommissioning interests	42	91	117
4	(1)	(12)	(92)	Other non-cash items	2	3	50
603	746	534	40	Operating cash flow before working capital changes	1,218	1,349	11
				Movements in working capital			
(542)	(40)	(1,125)	(96)	(Increase)/decrease in inventories	(919)	(582)	(37)
(214)	(83)	(198)	(58)	(Increase)/decrease in receivables and prepayments	(34)	(297)	774
(589)	183	1,372	(87)	(Decrease)/increase in trade and other payables	305	(406)	n.a.
(742)	806	583	38	Cash generated from operations	570	64	(89)
(7)	(113)	(7)	1,514	Taxes paid	(67)	(120)	79
(749)	693	576	20	Net cash inflow from operating activities	503	(56)	n.a.
				Cash flows used in investing activities			
(193)	(289)	(361)	(20)	Payments for property, plant and equipment	(658)	(482)	(27)
(89)	51	39	31	Payment for intangible assets	(7)	(38)	443
-	2	1	100	Proceeds from sale of non-current assets	3	2	(33)
-	15	4	275	Proceeds from profit of companies	4	15	275
14	13	23	(43)	Interest received and other financial income	46	27	(41)
(59)	(11)	126	n.a.	Investments and loans to third parties	640	(70)	n.a.
(327)	(219)	(168)	30	Net cash (outflow) used for investing activities	28	(546)	n.a.
				Cash flows from financing activities			
1,366	236	731	(68)	Additional long-term borrowings	1,974	1,602	(19)
(551)	(1,294)	(584)	122	Repayment of long-term borrowings	(2,894)	(1,845)	(36)
3,039	3,187	4,241	(25)	Additional short-term borrowings	8,060	6,226	(23)
(2,986)	(2,587)	(4,825)	(46)	Repayment of short term borrowings	(7,738)	(5,573)	(28)
(5)	(4)	(8)	(50)	Interest paid on long-term loans	(23)	(9)	(61)
(7)	13	(2)	n.a.	Other long-term liabilities	(3)	6	n.a.
(35)	15	(13)	n.a.	Interest paid on short term loans and other financing charges	(41)	(20)	(51)
821	(434)	(460)	(6)	Net cash from financing activities	(665)	387	n.a.
(255)	40	(52)	n.a.	Net (decrease)/increase in cash and cash equivalents	(134)	(215)	60
327	79	168	(53)	At 1 January	252	327	30
7	(6)	(1)	500	Effect of foreign exchange rate changes	(3)	1	n.a.
79	113	115	(2)	At the end of period	115	113	(2)

Announcements in H1 2015

29 July 2015	Agreement on new retail operating model
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 Depository 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