

ENCLOSURE 1

Reporting period:

1 January 2015

to

31 December 2015

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 Holjevcica 10**E-mail: investitori@ina.hrInternet address: www.ina.hrCode and city / municipality: **133** **ZAGREB**Code and county: **21** **GRAD ZAGREB**Number of employees: **7.352**
(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 GroupContact 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 of 31 December 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	16.366.000.000
I. INTANGIBLE ASSETS (004 do 009)	003	505.000.000	426.000.000
1. Assets development	004		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	130.000.000	163.000.000
3. Goodwill	006		
4. Advances for purchase of intangible assets	007	50.000.000	41.000.000
5. Intangible assets in preparation	008	325.000.000	222.000.000
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 do 019)	010	12.587.000.000	11.557.000.000
1. Land	011	1.000.000.000	1.022.000.000
2. Buildings	012	5.043.000.000	5.183.000.000
3. Plant and equipment	013	3.019.000.000	2.538.000.000
4. Instruments, plant inventories and transportation assets	014	301.000.000	267.000.000
5. Biological asset	015		
6. Advances for tangible assets	016	23.000.000	15.000.000
7. Tangible assets in preparation	017	3.193.000.000	2.525.000.000
8. Other material assets	018	3.000.000	3.000.000
9. Investment in property	019	5.000.000	4.000.000
III. LONG-TERM FINANCIAL ASSETS (021 do 028)	020	1.641.000.000	2.295.000.000
1. Investments in subsidiaries	021	1.133.000.000	1.000.000.000
2. Loans given to related parties	022	0	678.000.000
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	581.000.000
8. Investment accounted by equity method	028		
IV. RECEIVABLES (030 do 032)	029	104.000.000	93.000.000
1. Receivables from subsidiaries	030	11000000	11.000.000
2. Receivables based on trade loans	031	93.000.000	82.000.000
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033	1.702.000.000	1.995.000.000
C) SHORT-TERM ASSETS (035+043+050+058)	034	4.505.000.000	3.408.000.000
I. INVENTORIES (036 do 042)	035	1.659.000.000	1.597.000.000
1. Raw materials & consumables	036	359.000.000	531.000.000
2. Work in progress	037	776.000.000	515.000.000
3. Finished goods	038	347.000.000	375.000.000
4. Merchandise	039	177.000.000	176.000.000
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	1.408.000.000
1. Receivables from subsidiaries	044	117.000.000	140.000.000
2. Trade receivables	045	1.399.000.000	1.176.000.000
3. Receivables from participating entities	046		
4. Receivables from employees and shareholders	047	4.000.000	3.000.000
5. Receivables from government and other institutions	048	103.000.000	21.000.000
6. Other receivables	049	107.000.000	68.000.000
III. SHORT-TERM FINANCIAL ASSETS (051 do 057)	050	789.000.000	208.000.000
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	178.000.000
7. Other financial assets	057	80.000.000	30.000.000
IV. CASH AT BANK AND IN CASH REGISTER	058	327.000.000	195.000.000
D) PREPAID EXPENSES AND ACCRUED INCOME	059	149.000.000	42.000.000
E) TOTAL ASSETS (001+002+034+059)	060	21.193.000.000	19.816.000.000
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	10.509.000.000
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	1.603.000.000
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	1.273.000.000
IV. REVALUATION RESERVES	071	121.000.000	216.000.000
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	-1.135.000.000	892.000.000
1. Retained earnings	073		892.000.000
2. Accumulated loss	074	1.135.000.000	
VI. PROFIT/LOSS FOR THE FINANCIAL YEAR (076-077)	075	631.000.000	-1.202.000.000
1. Profit for the financial year	076	631.000.000	
2. Loss for the financial year	077		1.202.000.000
VII. NON-CONTROLLING INTERESTS	078		
B) PROVISIONS (080 do 082)	079	3.408.000.000	3.907.000.000
1. Provisions for redundancy costs, severance pays and similar liabilities	080	136.000.000	70.000.000
2. Provisions for tax obligations	081		
3. Other provisions	082	3.272.000.000	3.837.000.000
C) NON-CURRENT LIABILITIES (084 do 092)	083	682.000.000	465.000.000
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	400.000.000
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	65.000.000
9. Deferred tax liability	092		
D) CURRENT LIABILITIES (094 do 105)	093	5.539.000.000	4.918.000.000
1. Liabilities to subsidiaries	094	443.000.000	488.000.000
2. Liabilities for loans, deposits and other	095		
3. Liabilities to banks and other financial institutions	096	2.578.000.000	2.641.000.000
4. Liabilities for received advances	097	22.000.000	23.000.000
5. Trade payables	098	1.256.000.000	967.000.000
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	83.000.000
9. Liabilities for taxes, contributions and similar fees	102	970.000.000	606.000.000
10. Dividend payables	103		
11. Liabilities for long-term assets held for sale	104		
12. Other current liabilities	105	189.000.000	110.000.000
E) ACCRUAL AND DEFERRED INCOME	106	88.000.000	17.000.000
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	21.193.000.000	19.816.000.000
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 31 December 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	21.434.000.000	4.366.000.000	17.472.000.000	3.681.000.000
1. Sales revenue	112	21.079.000.000	4.315.000.000	17.161.000.000	3.599.000.000
2. Other operating income	113	355.000.000	51.000.000	311.000.000	82.000.000
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	21.336.000.000	4.693.000.000	18.638.000.000	5.628.000.000
1. Changes in inventories of finished products and work in progress	115	705.000.000	394.000.000	233.000.000	307.000.000
2. Material costs (117 do 119)	116	16.288.000.000	3.244.000.000	12.686.000.000	2.429.000.000
a) Cost of raw materials & consumables	117	11.624.000.000	1.836.000.000	8.102.000.000	1.446.000.000
b) Cost of goods sold	118	2.704.000.000	846.000.000	2.497.000.000	471.000.000
c) Other costs	119	1.960.000.000	562.000.000	2.087.000.000	512.000.000
3. Staff costs (121 do 123)	120	1.323.000.000	338.000.000	1.354.000.000	325.000.000
a) Net salaries and wages	121	766.000.000	196.000.000	779.000.000	188.000.000
b) Costs for taxes and contributions from salaries	122	367.000.000	92.000.000	372.000.000	89.000.000
c) Contributions on gross salaries	123	190.000.000	50.000.000	203.000.000	48.000.000
4. Depreciation and amortisation	124	1.980.000.000	744.000.000	2.078.000.000	914.000.000
5. Other costs	125	968.000.000	376.000.000	826.000.000	239.000.000
6. Impairment charges (127+128)	126	-7.000.000	-574.000.000	1.213.000.000	1.094.000.000
a) impairment of long-term assets (excluding financial assets)	127	1.882.000.000	1.873.000.000	1.015.000.000	983.000.000
b) impairment of short-term assets (excluding financial assets)	128	-1.889.000.000	-2.447.000.000	198.000.000	111.000.000
7. Provisions	129	79.000.000	171.000.000	248.000.000	320.000.000
8. Other operating expenses	130		0		0
III. FINANCIAL INCOME (132 do 136)	131	780.000.000	622.000.000	306.000.000	122.000.000
1. Interest income, foreign exchange gains, dividends and other financial income from subsidiaries	132	692.000.000	589.000.000	219.000.000	113.000.000
2. Interest income, foreign exchange gains, dividends and other financial income from third parties	133	81.000.000	34.000.000	65.000.000	3.000.000
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	7.000.000	-1.000.000	22.000.000	6.000.000
IV. FINANCIAL COSTS (138 do 141)	137	728.000.000	158.000.000	638.000.000	266.000.000
1. Interest, foreign exchange losses and other expenses from subsidiaries	138	5.000.000	-146.000.000	6.000.000	0
2. Interest, foreign exchange losses and other expenses from third parties	139	520.000.000	224.000.000	300.000.000	56.000.000
3. Unrealized loss (expenses) on financial assets	140		0		0
4. Other financial expenses	141	203.000.000	80.000.000	332.000.000	210.000.000
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTITIES	142				0
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	22.214.000.000	4.988.000.000	17.778.000.000	3.803.000.000
X. TOTAL EXPENSES (114+137+143 + 145)	147	22.064.000.000	4.851.000.000	19.276.000.000	5.894.000.000
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	150.000.000	137.000.000	-1.498.000.000	-2.091.000.000
1. Profit before tax (146-147)	149	150.000.000	137.000.000	0	0
2. Loss before tax (147-146)	150	0	0	1.498.000.000	2.091.000.000
XII. CORPORATE INCOME TAX EXPENSE	151	-481.000.000	-545.000.000	-296.000.000	-431.000.000
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	631.000.000	682.000.000	-1.202.000.000	-1.660.000.000
1. Profit for the period (149-151)	153	631.000.000	682.000.000	0	0
2. Loss for the period (151-148)	154	0	0	1.202.000.000	1.660.000.000
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	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	631.000.000	682.000.000	-1.202.000.000	-1.660.000.000
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)	158	711.000.000	163.000.000	479.000.000	129.000.000
1. Exchange differences on translation of foreign operations	159	596.000.000	201.000.000	355.000.000	98.000.000
2. Movements in revaluation reserves of long-term tangible and intangible assets	160				
3. Gains or loss from reevaluation of financial assets available for sale	161	115.000.000	-38.000.000	95.000.000	24.000.000
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	0	0	29.000.000	7.000.000
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)	167	711.000.000	163.000.000	479.000.000	129.000.000
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)	168	1.342.000.000	845.000.000	-723.000.000	-1.531.000.000
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 2015 to 31 December 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	150.000.000	-1.498.000.000
2. Depreciation and amortisation	002	1.980.000.000	2.078.000.000
3. Increase in short-term liabilities	003		
4. Decrease in short-term receivables	004	1.090.000.000	266.000.000
5. Decrease in inventories	005	766.000.000	
6. Other cash flow increases	006	746.000.000	1.771.000.000
I. Total increase of cash flow from operating activities (001 do 006)	007	4.732.000.000	2.617.000.000
1. Decrease in short-term liabilities	008	996.000.000	969.000.000
2. Increase in short-term receivables	009		
3. Increase in inventories	010		39.000.000
4. Other cash flow decreases	011	112.000.000	23.000.000
II. Total decrease of cash flow from operating activities (008 do 011)	012	1.108.000.000	1.031.000.000
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	3.624.000.000	1.586.000.000
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		10.000.000
2. Cash inflows from sale of equity and debt instruments	016		
3. Interest receipts	017	82.000.000	53.000.000
4. Dividends receipts	018		
5. Other cash inflows from investment activities	019	65.000.000	27.000.000
III. Total cash inflows from investment activities (015 do 019)	020	147.000.000	90.000.000
1. Cash outflows for purchase of long-term tangible and intangible assets	021	1.570.000.000	1.455.000.000
2. Cash outflows for purchase of equity and debt financial instruments	022		
3. Other cash outflows from investment activities	023		101.000.000
IV. Total cash outflows from investment activities (021 do 023)	024	1.570.000.000	1.556.000.000
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	026	1.423.000.000	1.466.000.000
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	16.969.000.000	14.029.000.000
3. Other cash inflows from financial activities	029		64.000.000
V. Total cash inflows from financial activities (027 do 029)	030	16.969.000.000	14.093.000.000
1. Cash outflows for repayment of loans and bonds	031	18.932.000.000	14.181.000.000
2. Dividends paid	032		150.000.000
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034		
5. Other cash outflows from financial activities	035	164.000.000	15.000.000
VI. Total cash outflows from financial activities (031 do 035)	036	19.096.000.000	14.346.000.000
C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	038	2.127.000.000	253.000.000
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	74.000.000	0
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	133.000.000
Cash and cash equivalents at the beginning of the period	041	252.000.000	327.000.000
Increase of cash and cash equivalents	042	75.000.000	1.000.000
Decrease of cash and cash equivalents	043		133.000.000
Cash and cash equivalents at the end of the period	044	327.000.000	195.000.000

STATEMENT OF CHANGES IN EQUITY

for the period 1.1.2015 to 31.12.2015

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	2.529.000.000	1.273.000.000
4. Retained earnings or accumulated loss	004	-805.000.000	1.222.000.000
5. Profit / loss for the current year	005	631.000.000	-1.202.000.000
6. Revaluation of long-term tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008	121.000.000	216.000.000
9. Other revaluation	009		
10. Total capital and reserves (AOP 001 do 009)	010	11.476.000.000	10.509.000.000
11. Currency gains and losses arising from net investments in foreign operations	011	596.000.000	355.000.000
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	746.000.000	-1.078.000.000
17. Total increase or decrease in capital (AOP 011 do 016)	017	1.342.000.000	-723.000.000
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.

Q4 AND Q1-Q4 2015 – REPORT INA, D.D. NON-CONSOLIDATED

INA, d.d. financial results (IFRS)

Q3 2015	Q4 2015	Q4 2014	%	HRK mln	2014	2015	%
5,221	3,599	4,315	(17)	Net sales revenues	21,079	17,161	(19)
649	381	14	2,621	EBITDA ⁽¹⁾	2,150	2,373	10
657	618	133	365	EBITDA excl. special items ⁽²⁾	2,269	2,631	16
148	(1,947)	(327)	495	Operating profit/(loss)	98	(1,166)	n.a.
187	(760)	1,861	n.a.	Operating profit/(loss) excl. special items ⁽²⁾	2,286	74	(97)
(6)	(144)	464	n.a.	Net financial expenses	52	(332)	n.a.
99	(1,660)	682	n.a.	Net profit/loss attributable to equity holder	631	(1,202)	n.a.
139	(340)	2,876	n.a.	Net profit/(loss) excl. special items ⁽²⁾	2,825	171	(94)
1,172	470	2,181	(78)	Operating cash flow	3,624	1,586	(56)
				Earnings per share			
9.9	(166.0)	68.2		Basic and diluted earnings/(loss) per share (kunas per share)	63.1	(120.2)	
2,764	2,846	2,870	(1)	Net debt	2,870	2,846	(1)
18.55	21.31	20.01		Net gearing	20.01	21.31	
377	612	538		CAPEX	1,619	1,458	(10)

Q3 2015	Q4 2015	Q4 2014	%	USD mln ⁽³⁾	2014	2015	%
767	517	704	(27)	Net sales revenues	3,666	2,501	(32)
95	55	2	2,296	EBITDA ⁽¹⁾	374	346	(8)
97	89	22	309	EBITDA excl. special items ⁽²⁾	395	383	(3)
22	(280)	(53)	424	Operating profit/(loss)	17	(170)	n.a.
28	(109)	304	n.a.	Operating profit/(loss) excl. special items ⁽²⁾	398	11	(97)
(1)	(21)	76	n.a.	Net financial expenses	9	(48)	n.a.
15	(238)	111	n.a.	Net profit/loss attributable to equity holder	110	(175)	n.a.
20	(49)	469	n.a.	Net profit/(loss) excl. special items ⁽²⁾	491	25	(95)
172	68	356	(81)	Operating cash flow	630	231	(63)
				Earnings per share			
1.5	(23.8)	11.1	n.a.	Basic and diluted earnings/(loss) per share (USD per share)	11.0	(17.5)	n.a.
407	407	455	(11)	Net debt	455	407	(11)
55	88	88	0	CAPEX	282	212	(25)

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

⁽²⁾ The 2015 EBIT was negatively influenced by HRK 1,240 million special items

⁽³⁾ In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q3 2015 – 6.8049 HRK/USD; Q4 2014 – 6.1287 HRK/USD; Q4 2015 – 6.9608 HRK/USD; Q1-Q4 2014 – 5.7493 HRK/USD; Q1-Q4 2015 – 6.8623 HRK/USD; as at Sept 30, 2015 – 6.7931 HRK/USD; as at Dec 31, 2015 – 6.9918 HRK/USD

* 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“; „Realized and unrealized gain and loss of non hedge commodity price transactions“ from „Financial income and expenses“ are now recorded in „Other Income“.

2015 RESULTS

In 2015, INA d.d. achieved EBITDA in the amount of HRK 2,373 million which represents an increase of HRK 223 million compared to 2014. Favorable Refining and Marketing result is driven by more favorable refining margins, higher sales volumes on captive wholesale and retail markets, further supported by the continued implementation of improved retail operating model. Exploration and Production segment has negative impact derived primarily from Brent price drop and lower natural gas prices as a consequence of reduced households gas price and general intensification of the competition. Operating loss of the company in the amount of HRK 1,166 million is affected by special items, most significant being the impairments of the assets.

Income statement

Total sales revenues in 2015 amounted HRK 17,161 million, 19% lower compared to 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.

Costs of raw materials and consumables were 30% lower and amounted to HRK 8,102 million, resulting from lower prices.

Costs of goods sold recorded decrease of 8%, and amounted HRK 2,497 million, resulting from different sales structure.

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

- Other material costs were higher by 6% and amounted to HRK 2,086 million mostly related to higher royalty costs because of regulation changes and maintenance costs.
- Service costs in the amount of HRK 563 million recorded an decrease of 30% mainly due to ENI tax posted in 2014 (cost related to 2013 for which provision was released in the same amount).
- Depreciation was 5% higher and amounted to HRK 2,078 million mainly due to higher Exploration&Production depreciation.
- Adjustments and provisions had a negative effect of HRK 1,461 million and were higher for HRK 1,389 million compared to 2014 due to reversal of receivables value adjustments, which is related to Prirodni plin merger into INA d.d. in Q4 2014.

Staff costs in the amount HRK 1,618 million were 9% higher than 2014.

Net financial expense in the amount of HRK 332 million were recorded in 2015, compared to the financial profit of HRK 52 million in 2014.

Balance sheet

Total assets of INA, d.d., as at 31 December 2015 amounted to HRK 19,816 million and were 6% lower compared to 31 December 2014.

Property, plant and equipment amounted to HRK 11,542 million and were lower 8% than at as 31 December 2014.

Trade receivables outside of INA-Group amounted to HRK 1,176 million and were 16% lower compared to 31 December 2014.

Total liabilities amounted to HRK 9,307 million and were 4% lower compared to 31 December 2014.

Net indebtedness of INA, d.d., amounted to HRK 2,846 million as at 31 December 2015 what is 1% lower compared to 31 December 2014. **Gearing ratio**¹ increased from 20.0% as at 31 December 2014 to 21.3% as at 31 December 2015.

As at 31 December 2015 **trade payables** outside of INA-Group amounted HRK 967 million, which is an decrease of 23% compared to the 31 December 2014 level.

Cash flow

The operating cash-flow before changes in working capital amounted to HRK 2,328 million in 2015, which is a decrease of 16% compared to the same period last year.

Changes in working capital affected the operating cash flow negatively by HRK 628 million, primarily due to:

- Increase value of inventories by HRK 39 million
- Decrease in receivables by HRK 266 million,
- Payables decreased by HRK 855 million.

Taxes paid influenced the operating cash flow in the amount of HRK 114 million. All the above factors resulted in HRK 1,586 million net outflows from operating activities generated by INA d.d. in 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 31 December 2014 and 2015
(HRK millions)

Q3 2015	Q4 2015	Q4 2014	%		2014	2015	%
				Sales revenue			
3,223	2,431	3,078	(21)	a) domestic	13,394	10,870	(19)
1,998	1,168	1,237	(6)	b) exports	7,685	6,291	(18)
5,221	3,599	4,315	(17)	Total sales revenue	21,079	17,161	(19)
4	2	1	100	Capitalised value of own performance	4	9	125
76	80	50	60	Other operating income	351	302	(14)
5,301	3,681	4,366	(16)	Total operating income	21,434	17,472	(18)
(180)	(307)	(395)	(22)	Changes in inventories of finished products and work in progress	(705)	(233)	(67)
(2,739)	(1,446)	(1,836)	(21)	Cost of raw materials and consumables	(11,624)	(8,102)	(30)
(396)	(914)	(744)	23	Depreciation and amortization	(1,980)	(2,078)	5
(508)	(511)	(562)	(9)	Other material costs	(1,960)	(2,086)	6
(146)	(149)	(321)	(54)	Service costs	(803)	(563)	(30)
(401)	(416)	(392)	6	Staff costs	(1,488)	(1,618)	9
(677)	(471)	(846)	(44)	Cost of other goods sold	(2,704)	(2,497)	(8)
(51)	(1,094)	574	n.a.	Impairment and charges (net)	7	(1,213)	n.a.
(54)	(320)	(171)	87	Provisions for charges and risks (net)	(79)	(248)	214
(5,152)	(5,628)	(4,693)	20	Operating expenses	(21,336)	(18,638)	(13)
148	(1,947)	(327)	495	Profit/(loss) from operations	98	(1,166)	n.a.
(439)	122	622	(80)	Share in the profit of associated companies	780	306	(61)
433	(266)	(158)	68	Finance income	(728)	(638)	(12)
(6)	(144)	464	n.a.	Net loss from financial activities	52	(332)	n.a.
142	(2,091)	137	n.a.	Profit/(loss) before tax	150	(1,498)	n.a.
(43)	431	545	(21)	Income tax expense	481	296	(38)
99	(1,660)	682	n.a.	Profit/(loss) for the year	631	(1,202)	n.a.
				Attributable to			
99	(1,660)	682	n.a.	Owners of the Company	631	(1,202)	n.a.
-	-	-	n.a.	Non-controlling interests	-	-	n.a.
99	(1,660)	682	n.a.		631	(1,202)	n.a.
				Earnings per share			
9.9	(166.0)	68.2	n.a.	Basic and diluted earnings per share (kunas per share)	63.1	(120.2)	n.a.

INA-INDUSTRIJA NAFTE, d.d.
INA, d.d. Unconsolidated Statement of Financial Position
At 31 December 2015
(HRK millions)

	31 Dec 2014	31 Dec 2015	%
Assets			
Non-current assets			
Intangible assets	455	385	(15)
Property, plant and equipment	12,564	11,542	(8)
Investments in subsidiaries	1,133	1,000	(12)
Investments in associates and joint ventures	22	22	0
Other investments	23	692	2,909
Long-term receivables	178	149	(16)
Deferred tax	1,702	1,995	17
Available for sale assets	462	581	26
Total non-current assets	16,539	16,366	(1)
Current assets			
Inventories	1,659	1,597	(4)
Trade receivables net	1,399	1,176	(16)
Intercompany receivables	117	140	20
Other receivables	122	84	(31)
Corporative Income tax receivables	92	8	(91)
Other current assets	789	208	(74)
Prepaid expenses and accrued income	149	42	(72)
Cash and cash equivalents	327	195	(40)
Total current assets	4,654	3,450	(26)
Total assets	21,193	19,816	(6)
Equity and liabilities			
Capital and reserves			
Share capital	9,000	9,000	0
Legal reserves	330	330	0
Revaluation reserve	121	216	79
Other reserves	2,529	1,273	(50)
Retained earnings / (Deficit)	(504)	(310)	(38)
Total equity	11,476	10,509	(8)
Non-current liabilities			
Long-term loans	619	400	(35)
Other non-current liabilities	63	65	3
Employee benefits obligation	128	66	(48)
Provisions	2,849	3,374	18
Total non-current liabilities	3,659	3,905	7
Current liabilities			
Bank loans and overdrafts	2,391	2,508	5
Current portion of long-term loans	187	133	(29)
Intercompany payables	443	488	10
Trade payables	1,256	967	(23)
Taxes and contributions	970	606	(38)
Other current liabilities	293	216	(26)
Accruals and deferred income	88	17	(81)
Employee benefits obligation	8	4	(50)
Provisions	422	463	10
Total current liabilities	6,058	5,402	(11)
Total liabilities	9,717	9,307	(4)
Total equity and liabilities	21,193	19,816	(6)

INA—INDUSTRIJA NAFTE d.d. ZAGREB
INA, d.d. Unconsolidated Statement of Cash Flow
For the period ended 31 December 2014 and 2015
(HRK millions)

Q3 2015	Q4 2015	Q4 2014	%		2014	2015	%
99	(1,660)	682	n.a.	Profit/(loss) for the year	631	(1,202)	n.a.
				Adjustments for:			
396	914	744	23	Depreciation and amortisation	1,980	2,078	5
43	(431)	(545)	(21)	Income tax (benefit)/expenses recognized in (loss)/profit	(481)	(296)	(38)
51	1,093	(574)	n.a.	Impairment charges (net)	(7)	1,212	n.a.
(1)	(7)	7	n.a.	Gain on sale of property, plant and equipment	-	(10)	n.a.
30	26	53	(51)	Foreign exchange loss/(gain)	192	139	(28)
(4)	(7)	(1)	600	Interest income, net	(105)	(12)	(89)
(61)	101	(62)	n.a.	Other financial expense recognised in profit	152	56	(63)
106	284	328	(13)	(Decrease)/increase in provisions	252	262	4
(36)	20	23	(13)	Decommissioning interests	87	75	(14)
(2)	25	51	(51)	Other non-cash items	63	26	(59)
621	358	706	(49)	Operating cash flow before working capital changes	2,764	2,328	(16)
				Movements in working capital			
285	258	956	(73)	(Increase)/decrease in inventories	766	(39)	n.a.
121	442	625	(29)	(Increase)/decrease in receivables and prepayments	1,090	266	(76)
138	(587)	(98)	499	(Decrease)/increase in trade and other payables	(910)	(855)	(6)
1,165	471	2,189	(78)	Cash generated from operations	3,710	1,700	(54)
7	(1)	(8)	(88)	Taxes paid	(86)	(114)	33
1,172	470	2,181	(78)	Net cash inflow from operating activities	3,624	1,586	(56)
				Cash flows used in investing activities			
(369)	(543)	(504)	8	Capital expenditures, exploration and development costs	(1,542)	(1,394)	(10)
1	(24)	(29)	(17)	Payment for intangible assets	(28)	(61)	118
1	7	(7)	n.a.	Proceeds from sale of non-current assets	-	10	n.a.
-	2	-	n.a.	Payments related to sale of subsidiary	-	2	n.a.
-	9	7	29	Dividends received from companies classified under available for sale and other companies	7	9	29
9	(8)	(7)	14	Proceeds from profit of companies	4	16	300
15	11	15	(27)	Interest received and other financial income	82	53	(35)
(34)	3	(458)	n.a.	Investments and loans to third parties	54	(101)	n.a.
(377)	(543)	(983)	(45)	Net cash (outflow) used for investing activities	(1,423)	(1,466)	3
				Cash flows from financing activities			
-	-	-	n.a.	Additional long-term borrowings	2,202	1,602	(27)
(68)	-	(41)	n.a.	Repayment of long-term borrowings	(3,564)	(1,913)	(46)
4,014	2,187	2,066	6	Additional short-term borrowings	14,767	12,427	(16)
(4,711)	(1,984)	(2,929)	(32)	Repayment of short term borrowings	(15,368)	(12,268)	(20)
(150)	-	-	n.a.	Payment dividends	-	(150)	n.a.
(3)	(3)	(9)	(67)	Interest paid on long-term loans	(41)	(15)	(63)
(2)	(1)	3	n.a.	Other long-term liabilities	(2)	3	n.a.
77	4	(81)	n.a.	Interest paid on short term loans and other financing charges	(121)	61	n.a.
(843)	203	(991)	n.a.	Net cash from financing activities	(2,127)	(253)	(88)
(48)	130	207	(37)	Net (decrease)/increase in cash and cash equivalents	74	(133)	n.a.
113	61	117	(48)	At 1 January	252	327	30
(4)	4	3	33	Effect of foreign exchange rate changes	1	1	0
61	195	327	(40)	At the end of period	327	195	(40)

Special items in operating profit and EBITDA (in HRK mln)

	2014	2015
INA, d.d.		
Total impact of special items on net profit/(loss)	(2,394)	(1,373)
Total impact of special items on operating profit/(loss)	(2,188)	(1,240)
Total impact of special items on EBITDA	(119)	(258)
Exploration & Production		
Total impact of special items on operating profit/(loss)	(1,604)	(1,004)
Total impact of special items on EBITDA	-	(62)
Impairment of assets - Syria, Cro Offshore, Angola, Egypt	(1,562)	(987)
Severance payment	0	(62)
Provisions for incentives	(42)	(17)
Refining & Marketing		
Total impact of special items on operating profit/(loss)	(564)	(224)
Total impact of special items on EBITDA	(119)	(164)
Impairment of assets	(395)	0
Refinery - tax case*	(119)	0
Severance payment	0	(164)
Provisions for incentives	(50)	(224)
Corporate functions		
Total impact of special items on operating profit/(loss)	(20)	(12)
Total impact of special items on EBITDA	-	(32)
Severance payment	-	(32)
Provisions for incentives	(20)	(12)
Impacts on financial result and income tax		
Finance expenses*	(106)	(133)
Income tax*	(100)	0

*Total impact of refinery tax case amounts to HRK 325 mln in 2014
IAS 36 Platforma Zagreb share correction

Announcements in 2015

28 December 2015	Personnel changes in the Finance Business Function
2 December 2015	USD 300 million revolving credit facility agreement signed
30 November 2015	Announcement on Plavi Tim
23 November 2015	New retail operating model
28 August 2015	Merger agreement between Ina d.d. and INA-Osijek Petrol d.d.
30 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	31 Dec 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 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. Nevertheless on 28 December 2015 it was announced that effective from 1 February 2016, Dr. Ákos Székely will be replacing Mr. András Huszár as Executive Director for Finance.

Management representation

INA Group's consolidated financial statements for Q4 / Q1-Q4 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 Rataics	Member