

Q1-Q3 2016 AND Q3 2016 – REPORT INA GROUP CONSOLIDATED

INA Group (ZB: INA-R-A; www.ina.hr) announced its Q1-Q3 2016 results today. This report contains unaudited consolidated financial statements for the period ending 30 September 2016 as prepared by the management in accordance with the International Financial Reporting Standards.

INA Group financial results (IFRS)

Q2 2016	Q3 2016	Q3 2015	%	HRK mln	Q1-Q3 2015*	Q1-Q3 2016	%
3,693	4,718	5,640	(16)	Net sales revenues	14,943	11,013	(26)
358	834	661	26	EBITDA ⁽¹⁾	2,147	1,287	(40)
460	845	728	16	EBITDA excl. special items ⁽²⁾	2,320	1,568	(32)
376	803	1,128	(29)	CCS EBITDA excl. special items	2,869	1,559	(46)
193	345	93	271	Profit/(loss) from operations	782	379	(52)
193	478	175	173	Operating profit excl. special items ⁽²⁾	879	512	(42)
97	530	581	(9)	CCS Operating profit excl. special items	1,415	588	(58)
(58)	10	(28)	n.a.	Net financial result	(289)	36	n.a.
89	301	31	869	Net profit/loss attributable to equity holder	359	324	(10)
89	434	113	284	Net profit/loss for the period excl. special items ⁽²⁾	456	457	0
360	741	1,330	(44)	Operating cash flow	1,384	1,104	(20)
Earnings per share							
Basic and diluted/(loss) earnings per share (kunas per share)							
8.9	30.1	3.1	869		35.9	32.4	(10)
3,371	3,096	2,963	4	Net debt	2,963	3,096	4
24.2	22.4	19.5		Net gearing (%)	19.5	22.4	
375	251	424	(41)	CAPEX total	973	968	(0)
340	241	346	(30)	Domestic	799	873	9
35	10	78	(87)	International	174	95	(45)
Q2 2016	Q3 2016	Q3 2015	%	USD mln ⁽³⁾	Q1-Q3 2015*	Q1-Q3 2016	%
556	704	829	(15)	Net sales revenues	2,188	1,631	(25)
54	124	97	28	EBITDA ⁽¹⁾	314	191	(39)
69	126	107	18	EBITDA excl. special items ⁽²⁾	340	232	(32)
57	120	166	(28)	CCS EBITDA excl. special items	420	231	(45)
29	51	14	276	Profit/(loss) from operations	115	56	(51)
29	71	26	177	Operating profit excl. special items ⁽²⁾	129	76	(41)
15	79	85	(8)	CCS Operating profit excl. special items	207	87	(58)
(9)	1	(4)	n.a.	Net financial result	(42)	5	n.a.
13	45	5	883	Net profit/loss attributable to equity holder	53	48	(9)
13	65	17	290	Net profit/loss for the period excl. special items ⁽²⁾	67	68	1
54	110	195	(43)	Operating cash flow	203	164	(19)
Earnings per share							
Basic and diluted/(loss) earnings per share (kunas per share)							
1.3	4.5	0.5	883		5.3	4.8	(9)
496	462	436	6	Net debt	436	462	6
57	37	62	(40)	CAPEX total	142	143	1
51	36	51	(29)	Domestic	117	129	11
5	1	11	(87)	International	25	14	(45)

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

⁽²⁾ The Q1-Q3 2016 EBITDA was negatively influenced by HRK 281 million special items related to severance payments, while Q1-Q3 2016 EBIT was additionally negatively influenced by HRK 133 mn of impairment of Zagreb-1 drilling rig

⁽³⁾ In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q3 2016 – 6.7064 HRK/USD; Q2 2016 – 6.6386 HRK/USD; Q3 2015 – 6.8049 HRK/USD; Q1-Q3 2015 – 6.8285 HRK/USD; Q1-Q3 2016 – 6.7511 HRK/USD; as at September 30, 2016 – 6.6962 HRK/USD; as at June 30, 2016 – 6.7915 HRK/USD; as at September 30, 2015 – 6.7931 HRK/USD

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

INA results continued to improve quarter on quarter during 2016, although they still remain lower compared to the 2015 level. Nevertheless, having in mind that the realized hydrocarbon price decreased by 27% compared to the first nine months 2015, net profit decrease of just 10% is stable result in the current environment.

Upstream production remains the main cash generator, as oil production increased 11%, compensating for the natural decline in gas production, mainly offshore. The general overhaul of Gas Treatment Plant Molve contributed to the temporal onshore decline in Q3, but this will be offset by production start-up on the new Medimurje fields.

Refining and Marketing continues to operate in a somewhat less supportive environment, as average crack spreads almost halved compared to the corresponding period of last year. Nevertheless, CCS based operative result of Refining and Marketing (including Retail) improved significantly, amounting to HRK (37) million. Sales on the regional market increased, with Slovenia leading the way with 14% a increase compared to first nine months of 2015.

The overall result was impacted by special items related to severance payments, which amounted to HRK 281 million on EBITDA level, primarily caused by the new operating model of Retail. Additionally, EBIT was negatively influenced by a HRK 133 million impairment of Zagreb-1 drilling rig. Despite 26% lower revenues, the financial position of the Company remains stable, with net debt and gearing ratio during the Q1-Q3 2016 period reaching HRK 3,096 million and 22.4% respectively. This was achieved through an approximately HRK 1 billion savings initiative across all Segments, which will successfully mitigate the unfavourable external environment impact by the end of the year.

CAPEX reached HRK 968 million and despite the highly challenging external environment, met the Q1-Q3 2015 level. In addition to regular business projects, INA invested in acquisition of Energopetrol, holding now management control in the company and adding value to its Retail operations.

- ▶ **Exploration and Production:** In Q1-Q3 2016, EBITDA excl. special items reached HRK 1,602 million, representing a decrease of HRK 888 million compared to the same period last year. The negative impact was primarily driven by lower Brent and natural gas prices which decreased as a consequence of reduced regulated gas price for households, but also due to intensification of market competition further pushing down prices. A production decrease of 1.5 mboepd was driven by shrinking off-shore contribution as well as scheduled Molve overhaul.
- ▶ **Refining and Marketing (including Retail):** Q1-Q3 2016 CCS EBITDA excl. special items amounted to HRK 184 million while reported EBITDA amounted to HRK (10) million. The result was impacted by external environment trends alongside internal company efforts focused on OPEX saving initiatives, diversification of crude oil portfolio, but partially negatively affected by deteriorated unit sales margins. The result was further supported by positive retail performance including the non-fuel segment.
- ▶ **Corporate and Other¹:** EBITDA excl. special items of the segment amounted to HRK (185) million, a decrease compared to Q1-Q3 2015 level by HRK 152 million. EBITDA was lower mainly due to the negative contribution of Croscos, caused by significantly lower engagement of drilling platforms and the unfavourable external environment for service companies.

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

INA delivered strong results in Q3 2016 with EBITDA excluding special items amounting to HRK 845 million, which is a 16% increase over the same period last year despite a still challenging external environment.

In the first nine months of 2016 net profit excluding special items amounted to HRK 457 million, in line with the comparable period last year. Our savings initiative which started in Q1 2016 ensured the company's stable financial position with gearing of 22% and enabled CAPEX delivery of almost HRK 1 billion, in line with 2015.

Domestic crude production keeps growing, by 15% compared to the same period last year. Refined product sales are at last year's level, with even some increase on regional markets. Acquisition of Energopetrol added new value to the company's Retail operations.

In a weak oil and gas environment with modest refinery margins, a cautious approach in regards to new investments and operative costs stays imperative. Although the financial position has significantly improved compared to previous years, it still requires attention from the management. Still, we are continuing with preparations and investments necessary for the Residue Upgrade Program in Rijeka Refinery, INA's largest single domestic investment and one of the largest in Croatia ever.

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

Management discussion

Exploration and Production*

Q2 2016	Q3 2016	Q3 2015	%	Segment IFRS results (HRK mln)	Q1-Q3 2015**	Q1-Q3 2016	%
926	979	1,265	(23)	Net sales revenues	3,887	2,838	(27)
487	555	819	(32)	EBITDA	2,454	1,581	(36)
500	555	828	(33)	EBITDA excl. special items	2,490	1,602	(36)
332	318	420	(24)	Operating profit	1,587	901	(43)
332	318	461	(31)	Operating profit excl. special items	1,628	901	(45)
206	155	225	(31)	CAPEX with one-off	560	526	(6)

* Exploration and Production refers to the Upstream of INA, d.d. and following subsidiaries:., Adriagas S.r.l. Milano, Croplin d.o.o.

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

*** The Q1-Q3 2016 EBITDA was negatively influenced by HRK 21 million special items related to Severance payments

Q2 2016	Q3 2016	Q3 2015	%	Hydrocarbon production	Q1-Q3 2015	Q1-Q3 2016	%
15,449	15,160	13,885	9	Crude oil production (boe/d)	13,720	15,239	11
12,149	12,156	10,574	15	Croatia	10,411	12,019	15
2,212	1,974	2,102	(6)	Egypt	2,084	2,140	3
1,088	1,030	1,209	(15)	Angola	1,224	1,081	(12)
22,005	21,398	24,568	(13)	Natural gas production (boe/d)	25,151	22,171	(12)
8,995	9,055	11,973	(24)	Croatia - offshore	12,303	9,502	(23)
13,011	12,344	12,595	(2)	Croatia - onshore	12,848	12,670	(1)
2,019	1,666	1,858	(10)	Condensate (boe/d)	1,919	1,863	(3)
39,473	38,224	40,311	(5)	Total hydrocarbon production (boe/d)	40,789	39,273	(4)
Q2 2016	Q3 2016	Q3 2015	%	Average realised hydrocarbon price	Q1-Q3 2015	Q1-Q3 2016	%
36	38	50	(24)	Total hydrocarbon price (USD/boe)*	50	37	(27)
Q2 2016	Q3 2016	Q3 2015	%	Natural gas trading - mln cm	Q1-Q3 2015	Q1-Q3 2016	%
267	274	275	(0)	Total natural gas sales - domestic market	856	825	(4)

* Calculated based on total external sales revenue including natural gas selling price as well.

Q1-Q3 2016 vs. Q1-Q3 2015

In Q1-Q3 2016, Exploration and Production EBITDA excl. special items reached HRK 1,602 million, a decrease of 36% compared to Q1-Q3 2015 was mainly a result of lower Brent and natural gas prices. Total hydrocarbon production reached 39.3 mboe per day, a decrease of 1.5 mboe per day compared to Q1-Q3 2015 due to lower production of natural gas, mainly on offshore, as well as Molve plant regular overhaul. The decline was partially mitigated by higher domestic crude oil production following well optimisation and workovers, as well as slightly higher Egyptian production. In addition to lower revenues, operating profit of HRK 901 million was negatively impacted by HRK (66) million of Egyptian receivables' impairment.

Compared to the same period last year, Brent price in Q1-Q3 2016 was 24% lower and had a negative impact on crude oil sales revenues in the amount of HRK (366) million. Lower realised natural gas prices, as a consequence of further reduction in the regulated gas price from April 2016 and adverse market environment caused additional HRK (509) million negative effect compared to the previous year, of which HRK (103) million related to the reduction in the regulated gas price.

Crude oil production in Q1-Q3 2016 increased by 11% compared to the same period last year as a result of:

- Domestic crude oil production increase by 15% on the back of well workovers and optimisations together with production from new wells Selec and Đeletovci Zapad
- Oil production in Egypt was 3% higher as a result of improved performance on the North Bahariya and East Yidma concessions, while lower well performance on Block 3/05 in Angola resulted in a 12% production decline.

Natural gas production in Q1-Q3 2016 was 12% lower than in Q1-Q3 2015 mainly resulting from:

- Offshore natural gas production decrease of 23%, negatively driven by natural decline, water cuts and lower INA share
- 1% lower Onshore production as a result of performed general overhaul on Gas Treatment Plant Molve and Fractionation Facilities Ivanić Grad in September, partially offset with production start-up on field Vučkovec (within Međimurje project) from July 2016.

Lower domestic **condensate** production (3%) was a result of a general overhaul on Gas Treatment Plant Molve and Fractionation Facilities Ivanić Grad in September.

Q3 2016 vs. Q3 2015

In Q3 2016, realised EBITDA excl. special items (HRK 555 million) was 33% lower compared to the corresponding period last year, mostly as a consequence of a 32% decrease in natural gas prices together with lower Brent prices which led to a 24% lower total realised hydrocarbon price. Domestic gas production decreased compared to Q3 2015 due to lower offshore production caused by natural decline and water cut, together with lower onshore natural gas production due to overhaul on Gas Treatment Plant Molve and Fractionation Facilities Ivanić Grad. This negative effect was partially mitigated by higher domestic crude oil production as a result of performed well optimization, workovers, the impact of EOR project and start-up of new wells on Đeletovci Zapad and Selec.

Q3 2016 vs. Q2 2016

In Q3 2016, realised EBITDA excl. special items was 11% higher compared to Q2 2016 as a result of slightly higher prices together with lower operating expenditures, partially offset with somewhat lower production due to general overhaul on Gas Treatment Plant Molve and Fractionation Facilities Ivanić Grad.

CAPITAL EXPENDITURES

Exploration and Production CAPEX in period Q1-Q3 2016 amounted to HRK 526 million. Capital investments in Croatia amounted to HRK 452 million whereas international capital investments reached HRK 75 million during the same period. Capital investments were lower in total by HRK 34 million or 6% compared to Q1-Q3 2015. Lowered investment level was the result of lower development in Angola and Egypt and lower offshore activities.

E&P CAPEX Q1-Q3 2016 (HRK million)	Croatia	Egypt	Angola
Exploration	5	-	-
Development	356	53	22
Other	91	-	-
Total	452	53	22

CAPITAL EXPENDITURES DESCRIPTION

Croatia- Exploration

Drava-02 - The PSA signed on June 10th 2016. Preparations for the exploration program in progress.

Bunjani-2 South well – Well testing and finished in H1 2016, the temporary suspension of the well has been made. Proposal for well stimulation is being prepared and upon final decision, a well test is planned to be performed in 2017. Hydrocarbon evaluation studies of **Sava & Mura area** are progressing, as the next onshore tender is expected to be launched during H1 2017.

Croatia – Development

Ivana K revamping activities – Obtaining a use license for the test exploitation of booster compressor

Ika JZ - Test production in progress (extended), concession contract obtained, obtaining a license for the use is in progress

Medimurje project - Vučkovec field production started in July and trial production on Zebanec field in August. Production is paused during the Gas Treatment Plant Molve overhaul. Vukanovec field start-up delayed due to permitting, planned start-up is January 2017.

EOR project - Fields Ivanić and Žutica North - trial injection of CO₂ in progress.

Selec-3 well – Drilling finished in March, production expected during 2018 due to permitting.

Wells General Workovers - 27 well workovers performed Q1-Q3 2016.

Mol-35R well - Re-entry well drilled to accelerate the production dynamics of Molve field; started producing in June.

US Turnaround: The bi-annual overhaul of surface facilities on Gas Treatment Plant Molve and fields located in the Northern Croatia Production Region, as well as the Fracking Facility Ivanić Grad was completed successfully in Q3 2016.

Egypt

North Bahariya – two development wells drilled and four wells converted to water injectors. Two water source wells drilled in August – September 2016. Workover operations were successfully completed on five wells.

Ras Qattara - small Project's activities were performed (upgrading Zarif and Faras process, overhauling facilities and civil works)

West Abu El Gharadig – small Project's activities were performed (upgrading Raml process and civil works)

Sidi Rahman - Work program for 2016 is restricted to minimum activities necessary to maintain production.

Angola

Block 3/05 - Production start-up on well Bufalo-113 and water injector on well Bufalo-110. Bufalo-113 infill well under testing. Decision on way forward pending. Well perforating/acidizing across several fields, Cobo-Pambi reservoir model, ESP (electric submersible pump) pilot project on two Palanca field wells; Facilities maintenance on PAL, PAC and COB fields

Block 3/05A - On the well Gazela-101 ST-1 post-drilling studies in progress. Caco-Gazela Development Area: Final Investment Decision postponed to the following quarter. Punja development area: Waiting for National Concessionaire's reply to Contractor Group's proposal for fiscal enhancement. Final Investment Decision postponed to following quarter.

Refining and Marketing, including Retail*

Q2 2016	Q3 2016	Q3 2015	%	Segment IFRS results (HRK mln)	Q1-Q3 2015**	Q1-Q3 2016	%
3,109	4,111	4,680	(12)	Revenues	11,709	9,124	(22)
6	328	(197)	n.a.	EBITDA	(369)	(10)	(97)
58	331	(149)	n.a.	EBITDA excl. special items	(264)	193	n.a.
(26)	289	251	15	CCS-based DS EBITDA excl. special items	285	184	(36)
4	185	(340)	n.a.	Operating profit/(loss)	(743)	(113)	(85)
4	185	(340)	n.a.	Operating profit/(loss) excl. special items	(743)	(113)	(85)
(92)	237	66	257	CCS-based DS operating loss	(207)	(37)	(82)
161	89	137	(35)	CAPEX and investments (w/o acquisition)	274	422	54

*Refers to Refining & Marketing including Retail INA. d.d. and following subsidiaries: INA-Maziva, Polybit Rijeka (liquidated in Q4 2015), InterINA Ljubljana, INA BH Sarajevo, HoldINA Sarajevo, INA Crna Gora, INA Beograd, INA Kosovo, Osijek Petrol (merged into INA, d.d. in Q4 2015), Petrol Rijeka

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

*** The Q1-Q3 2016 EBITDA was negatively influenced by HRK 203 million special items related to Severance payments

Q2 2016	Q3 2016	Q3 2015	%	Refinery processing (kt)	Q1-Q3 2015	Q1-Q3 2016	%
61	189	159	19	Domestic crude oil	408	372	(9)
758	764	799	(4)	Imported crude oil	1,758	1,702	(3)
15	22	28	(22)	Condensate	64	58	(9)
172	237	218	9	Other feedstock	557	433	(22)
1,006	1,213	1,205	1	Total refinery throughput	2,786	2,564	(8)
Q2 2016	Q3 2016	Q3 2015	%	Refinery production (kt)	Q1-Q3 2015	Q1-Q3 2016	%
56	69	66	4	LPG	168	140	(17)
258	297	307	(3)	Motor gasoline	737	644	(13)
340	433	422	3	Diesel	914	870	(5)
25	32	41	(22)	Heating oil	109	87	(20)
35	45	41	11	Kerosene	88	88	0
25	19	20	(9)	Naphtha	45	49	10
129	151	129	17	Fuel oil	284	318	12
29	39	37	6	Other products*	103	79	(23)
898	1,085	1,064	2	Total	2,447	2,274	(7)
11	16	9	68	Refinery loss	25	31	21
97	112	132	(15)	Own consumption	313	260	(17)
1,006	1,213	1,205	1	Total refinery production	2,786	2,564	(8)
Q2 2016	Q3 2016	Q3 2015	%	Refined product sales by country (kt)	Q1-Q3 2015	Q1-Q3 2016	%
429	570	546	4	Croatia	1,325	1,361	3
127	156	145	7	B&H	388	397	2
74	109	100	9	Slovenia	169	193	14
320	358	357	0	Other markets	844	770	(9)
950	1,193	1,149	4	Total	2,726	2,721	(0)
Q2 2016	Q3 2016	Q3 2015	%	Refined product sales by product (kt)	Q1-Q3 2015	Q1-Q3 2016	%
70	79	71	11	LPG	190	187	(2)
209	299	309	(3)	Motor gasoline	749	638	(15)
380	460	471	(2)	Diesel	1,114	1,122	1
29	33	40	(18)	Heating oil	116	121	5
39	63	58	9	Kerosene	108	116	7
27	19	21	(9)	Naphtha	45	51	15
127	148	109	36	Fuel oil	252	289	15
13	11	10	13	Bitumen	25	29	14
58	82	60	36	Other products*	128	168	32
950	1,193	1,149	4	Total	2,726	2,721	(0)
243	334	317	5	o/w Retail segment sales	760	767	1

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

Q1-Q3 2016 vs. Q1-Q3 2015

In Q1-Q3 2016, Refining and Marketing (including Retail) CCS-based EBITDA excl. special items amounted to HRK 184 million, a HRK 101 million decrease compared to Q1-Q3 2015 while reported EBITDA result amounted to HRK (10) million, an increase of HRK 359 million compared to the same period of last year.

Refining & Marketing operations

The difference in reported result was mainly driven by 1) lower DTD Brent price (decrease from USD 55 USD/bbl to USD 42/bbl), 2) slightly less favourable refining margin environment and 3) higher sales on captive market. The trend was additionally supported by 4) lower fixed OPEX as a result of on-going efficiency efforts, also visible on lower energy costs. Additionally, the result was negatively affected by lower export sales volumes with a decrease in sales margins.

Total wholesale volumes were 2.694 kt, aligned with the same period in 2015 (-18 kt), also keeping strong position on motor fuel domestic market sales volumes, with stable gasoline volumes (-0.6 kt) and 7% increase in diesel sales volumes (+19 kt). Strong supply competition on B&H market continued from last year, resulting with -1.6% (-5 kt) decrease on total motor fuel volumes, primarily gasoline (-4 kt). Total sales were further supported by higher total heating oil (+6 kt) and fuel oil (+37 kt) sales, mainly focusing on other export markets.

Retail operations

Total retail sales volumes (included 19 kt of Energopetrol) in Q1-Q3 2016 were 767 kt, a 1% increase vs. Q1-Q3 2015. Starting from 1st of July 2016, Energopetrol was integrated to INA Group Retail segment. The increase was mainly driven by higher sales of diesel and heating oil by 2% (11kt) in correlation with market demand increase, while sales of motor gasoline is in a continuous decline by 1% (3kt).

Throughput per site in Q1-Q3 2016 was 2% lower compared to the same period of the previous year. Non-fuel margin revenue increased on the back of continuous expansion in goods along with the development of new non-fuel related services.

On 30 September 2016, INA Group operated a network of 495 Retail sites (387 in Croatia, 101 in Bosnia and Herzegovina (45 in Holdina and 56 in Energopetrol), 6 in Slovenia and 1 in Montenegro), of which 60 Retail sites in Croatia were included in the Entrepreneurship model.

Q3 2016 vs. Q3 2015

In Q3 2016, Refining and Marketing (including Retail) realised a higher CCS-based EBITDA by HRK 38 million compared to the same period last year.

The result was positively impacted by 1) lower Brent price together with higher processing level, 2) increased overall market demand, 3) higher sales volumes on captive and export markets, and 4) lower fixed OPEX level. The results were partially negatively impacted by lower level of products crack spreads together with lower unit sales margins.

Q3 2016 vs. Q2 2016

In Q3 2016 Refining and Marketing (including Retail) realised higher CCS-based EBITDA result by HRK 315 million compared to the previous quarter.

The result was mainly impacted by 1) a continued favourable external environment, additionally supported with 2) stable refinery operations with higher processing levels together with 3) higher motor fuel sales volume in line with seasonal market patterns and 4) lower fixed OPEX. The result was negatively offset by 5) lower level of products crack spreads.

CAPITAL EXPENDITURES

Total capital expenditures were HRK 422 million in Q1-Q3 2016, HRK 148 million higher compared to same period last year. Refining and Marketing capital expenditures reached HRK 335 million, primarily driven by maintenance, compliance and investment type projects implemented until Q3 2016 during Rijeka Refinery turnaround, together with continued investment activities in logistics development projects and equipment purchasing. Retail capital expenditures reached HRK 87 million, HRK 22 million increase compared to Q1-Q3 2015. Retail in Croatia and Bosnia and Herzegovina completed two highway Greenfield constructions, seven reconstructions, 14 modernizations, and multiple projects on expanding non-fuel offer in line with "Fresh corner" concept.

Condensed Consolidated Statement of Financial Position – INA-GROUP
At 30 September 2016
(in HRK millions)

	Note	31 Dec 2015	30 Sept 2016	%
Assets				
Non-current assets				
Intangible assets	9	388	368	(5)
Property, plant and equipment	10	12,730	12,537	(2)
Goodwill		152	152	0
Investments in associates and joint ventures		22	22	0
Other investments		14	13	(7)
Long-term receivables		144	156	8
Derivative financial instruments		-	-	n.a.
Deferred tax		2,094	2,032	(3)
Available for sale assets		581	642	10
Total non-current assets		16,125	15,922	(1)
Current assets				
Inventories	12	1,820	2,101	15
Trade receivables net	13	1,724	1,661	(4)
Other receivables		136	169	24
Corporative income tax receivables		23	19	(17)
Derivative financial instruments		-	-	n.a.
Other current assets		224	53	(76)
Prepaid expenses and accrued income		54	95	76
Cash and cash equivalents		275	217	(21)
Current assets		4,256	4,315	1
Assets classified as held for sale		1	26	2,500
Total current assets		4,257	4,341	2
Total assets	8	20,382	20,263	(1)
Equity and liabilities				
Capital and reserves				
Share capital	11	9,000	9,000	0
Legal reserves		330	20	(94)
Revaluation reserve		216	264	22
Other reserves		1,641	1,565	(5)
Retained earnings / (Deficit)		(602)	(10)	(98)
Equity attributable to equity holder of the parent		10,585	10,839	2
Non-controlling interests		-	(133)	n.a.
Total equity		10,585	10,706	1
Non-current liabilities				
Long-term loans		400	256	(36)
Other non-current liabilities		66	60	(9)
Employee benefits obligation		101	84	(17)
Provisions		3,266	3,159	(3)
Deferred tax liability		22	15	(32)
Total non-current liabilities		3,855	3,574	(7)
Current liabilities				
Bank loans and overdrafts		2,768	2,929	6
Current portion of long-term debt		139	128	(8)
Trade payables	15	1,400	1,524	9
Taxes and contributions		665	675	2
Other current liabilities		271	319	18
Accruals and deferred income		64	60	(6)
Employee benefits obligation		8	5	(38)
Provisions		627	343	(45)
Current liabilities		5,942	5,983	1
Liabilities directly associated with assets classified held for sale		-	-	n.a.
Total current liabilities		5,942	5,983	1
Total liabilities	14	9,797	9,557	(2)
Total equity and liabilities		20,382	20,263	(1)

Condensed Consolidated Cash Flow Statement - INA GROUP
For the period ended 30 September 2015 and 2016
 (in HRK millions)

Q2 2016	Q3 2016	Q3 2015	%		Note	Q1-Q3 2015	Q1-Q3 2016	%
89	299	31	865	Profit for the year		359	322	(10)
				Adjustments for:				
419	419	421	(0)	Depreciation and amortisation		1,249	1,232	(1)
46	56	34	65	Tax expense recognised in income statement		134	93	(31)
(11)	129	107	21	Impairment charges (net)		224	203	(9)
(2)	(1)	(4)	(75)	Gain on sale of property, plant and equipment		(17)	(8)	(53)
2	-	-	n.a.	Gain on sale investments and shares		(32)	2	n.a.
39	(27)	3	n.a.	Foreign exchange loss/(gain)		154	(93)	n.a.
-	14	7	100	Interest expense (net)		35	24	(31)
6	(9)	(1)	800	Other finance expense/(income) recognised in profit		47	(5)	n.a.
(242)	(61)	42	n.a.	(Decrease)/increase in provisions		(108)	(534)	394
13	12	18	(33)	Decommissioning interests and other provision		52	38	(27)
9	7	(30)	n.a.	Net (gain)/loss on derivative financial instruments and hedge transactions		(5)	25	n.a.
39	1	1	0	Other non-cash items		13	37	185
407	839	629	33	Operating cash flow before working capital changes	16	2,105	1,336	(37)
				Movements in working capital	17			
(399)	43	359	(88)	Decrease/(increase) in inventories		(277)	(276)	(0)
(59)	7	233	(97)	(Increase)/decrease in receivables and prepayments		(183)	(85)	(54)
438	(140)	124	n.a.	(Decrease)/increase in trade and other payables		(116)	169	n.a.
387	749	1,345	(44)	Cash generated from operations		1,529	1,144	(25)
(27)	(8)	(15)	(47)	Taxes paid		(145)	(40)	(72)
360	741	1,330	(44)	Net cash inflow from operating activities		1,384	1,104	(20)
				Cash flows used in investing activities				
(398)	(228)	(437)	(48)	Capital expenditures, exploration and development costs		(963)	(979)	2
(29)	9	10	(10)	Payment for intangible assets		(29)	(40)	38
5	2	9	(78)	Proceeds from sale of non-current assets		31	12	(61)
1	-	-	n.a.	Payments related to sale of subsidiary		(3)	1	n.a.
1	16	1	1,500	Dividends received from companies classified as available for sale and from other companies		1	17	1,600
3	17	9	89	Interest received and other financial income		18	20	11
10	(4)	-	n.a.	Investments and loans to third parties, net		10	(3)	n.a.
(407)	(188)	(408)	(54)	Net cash used for investing activities	18	(935)	(972)	4
				Cash flows from financing activities				
1,102	90	-	n.a.	Additional long-term borrowings		1,602	1,192	(26)
(811)	(464)	(70)	563	Repayment of long-term borrowings		(1,920)	(1,341)	(30)
1,547	3,260	3,996	(18)	Additional short-term borrowings		10,121	7,783	(23)
(1,727)	(3,182)	(4,747)	(33)	Repayment of short term borrowings		(10,269)	(7,544)	(27)
-	-	(150)	n.a.	Dividends paid		(150)	-	n.a.
(3)	(3)	(4)	(25)	Interest paid on long-term loans		(13)	(9)	(31)
(2)	(40)	(46)	(13)	Interest paid on short-term loans and other interest charges		(104)	(85)	(18)
-	(240)	-	n.a.	Changes in shareholders equity due to acquisition of subsidiaries		-	(240)	n.a.
106	(579)	(1,021)	(43)	Net cash used in financing activities		(733)	(244)	(67)
59	(26)	(99)	(74)	Net (decrease)/increase in cash and cash equivalents		(284)	(112)	(61)
146	262	224	17	At 1 January		467	275	(41)
57	(19)	9	n.a.	Effect of foreign exchange rate changes		(49)	54	n.a.
262	217	134	62	At the end of period		134	217	62

Condensed Consolidated Statement of Changes in Equity – INA-GROUP
For the period ended 30 September 2015 and 2016
(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 2015	9,000	330	2,851	121	(641)	11,661	(1)	11,660
Profit for the period	-	-	-	-	359	359	-	359
Purchase of non-controlling interest	-	-	-	-	-	-	-	-
Other comprehensive profit net	-	-	293	71	-	364	-	364
Total comprehensive profit, net	-	-	293	71	359	723	-	723
Transfer other reserves to retained earnings	-	-	(1,640)	-	1,640	-	-	-
Reclassification of exchange differences arising from foreign operations to retained earnings	-	-	18	-	(18)	-	-	-
Dividends payable	-	-	-	-	(150)	(150)	-	(150)
Balance as at 30 Sept 2015	9,000	330	1,522	192	1,190	12,234	(1)	12,233
Balance as at 1 January 2016	9,000	330	1,641	216	(602)	10,585	-	10,585
Loss for the period	-	-	-	-	324	324	(2)	322
Other comprehensive loss net	-	-	(76)	48	-	(28)	-	(28)
Total comprehensive loss, net	-	-	(76)	48	324	296	(2)	294
Transfer other reserves to retained earnings	-	(310)	-	-	310	-	-	-
Reclassification of exchange differences arising from foreign operations to retained earnings	-	-	-	-	(42)	(42)	(131)	(173)
Dividends paid	-	-	-	-	-	-	-	-
Balance as at 30 Sept 2016	9,000	20	1,565	264	(10)	10,839	(133)	10,706

INA Group Summary Segmental Results of Operations

Q2 2016	Q3 2016	Q3 2015	%	(HRK mln)	Q1-Q3 2015	Q1-Q3 2016	%
				Sales			
926	979	1,265	(23)	Exploration & Production	3,887	2,838	(27)
3,109	4,111	4,680	(12)	Refining & Marketing including Retail	11,709	9,124	(22)
411	376	571	(34)	Corporate and Other	1,742	1,192	(32)
(753)	(748)	(876)	(15)	Inter-segment revenue	(2,395)	(2,141)	(11)
3,693	4,718	5,640	(16)	Sales	14,943	11,013	(26)
				Operating expenses, net other income from operating activities			
(594)	(661)	(845)	(22)	Exploration & Production	(2,300)	(1,937)	(16)
(3,105)	(3,926)	(5,020)	(22)	Refining & Marketing including Retail	(12,452)	(9,237)	(26)
(487)	(583)	(672)	(13)	Corporate and Other	(1,909)	(1,555)	(19)
686	797	990	(19)	Inter-segment eliminations	2,500	2,095	(16)
(3,500)	(4,373)	(5,547)	(21)	Expenses	(14,161)	(10,634)	(25)
				Profit/(loss) from operations			
332	318	420	(24)	Exploration & Production	1,587	901	(43)
4	185	(340)	n.a.	Refining & Marketing including Retail	(743)	(113)	(85)
(76)	(207)	(101)	105	Corporate and Other	(167)	(363)	117
(67)	49	114	(57)	Inter-segment eliminations	105	(46)	n.a.
193	345	93	271	Profit/(loss) from operations	782	379	(52)
				Share in the profit of associate companies			
(58)	10	(28)	n.a.	Profit/(loss) from financial activities	(289)	36	n.a.
135	355	65	446	Profit/(loss) before taxation	493	415	(16)
(46)	(56)	(34)	65	Income tax expense	(134)	(93)	(31)
89	299	31	865	Profit/(loss) for the year	359	322	(10)

Q2 2016	Q3 2016	Q3 2015	%	Depreciation	Q1-Q3 2015	Q1-Q3 2016	%
248	247	246	0	Exploration & Production	707	718	2
129	132	131	1	Refining & Marketing including Retail	399	390	(2)
42	40	44	(9)	Corporate and Other	143	124	(13)
419	419	421	(0)	Total	1,249	1,232	(1)

Q2 2016	Q3 2016	Q3 2015	%	EBITDA*	Q1-Q3 2015	Q1-Q3 2016	%
487	555	819	(32)	Exploration & Production	2,454	1,581	(36)
6	328	(197)	n.a.	Refining & Marketing including Retail	(369)	(10)	(97)
(83)	(91)	(71)	28	Corporate and Other	(65)	(241)	271
(52)	42	110	(62)	Inter-segment eliminations	127	(43)	n.a.
358	834	661	26	Total	2,147	1,287	(40)

Q2 2016	Q3 2016	Q3 2015	%	Operating Profit Excluding Special Items	Q1-Q3 2015	Q1-Q3 2016	%
332	318	461	(31)	Exploration & Production	1,628	901	(45)
4	185	(340)	n.a.	Refining & Marketing including Retail	(743)	(113)	(85)
(76)	(74)	(60)	23	Corporate and Other	(111)	(230)	107
(67)	49	114	(57)	Inter-segment eliminations	105	(46)	n.a.
193	478	175	173	Total	879	512	(42)

* 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.

Financial overview and notes

INCOME STATEMENT

Notes Q1-Q3 2016 RESULTS

- 1 **Total sales revenues** in Q1-Q3 2016 amounted to HRK 11,013 million and were 26% below Q1-Q3 2015 level, primarily triggered by lower Brent and less favourable refining margin environment together with lower hydrocarbon production, in both Exploration and Production and Refining and Marketing Segments.
- 2 **Costs of raw materials and consumables** were 28% below Q1-Q3 2015 level at HRK 4,913 million, resulting from lower prices and lower processing.
- 3 **Costs of goods sold** in Q1-Q3 2016 recorded a decrease of 24% compared to Q1-Q3 2015, and amounted to HRK 1,741 million resulting mainly from different sales structure.
- 4 Other **operating costs** realized in Q1-Q3 2016 include:
 - Other material costs amounted to HRK 1,510 million and were lower by 24% resulting from lower Brent impacting E&P royalty, production cost and transportation costs, lower engagement in Croscos and lower subcontractors costs related to STSI project in Belarus.
 - Service costs in the amount of HRK 482 million recorded a 6% decrease mainly due to lower Croscos engagement and ENI tax not charged in Q1-Q3 2016 as a result of agreement with Ministry of Finance, both partly offset by additional profit oil tax in Angola.
 - Depreciation in the amount of HRK 1,232 million was 1% lower compared to Q1-Q3 2015.
 - Adjustments and provisions had a positive effect in the amount of HRK 324 million and were HRK 440 million higher compared to Q1-Q3 2015 resulting from released employee related provisions connected to establishment of INA Maloprodajni servisi and released litigation provisions in Holdina together with release of provision related to additional profit oil tax in Angola.
- 5 **Staff costs** in the amount HRK 1,657 million were 9% lower compared to Q1-Q3 2015. Staff cost represents cost of net salaries in the amount of HRK 778 million, cost of tax and contributions for pension and health insurance in the amount of HRK 562 million, non-taxable severance payments for employees whose employment contracts are terminated due to business reasons in net amount of HRK 194 million and other payroll related costs in the amount of HRK 124 million for the period ended 30 September 2016. For the period ended 30 September 2015 staff cost includes cost of net salaries in the amount of HRK 908 million, cost of tax and contributions for pension and health insurance in the amount HRK 631 million, non-taxable severance payments for employees whose employment contracts are terminated due to business reasons in net amount of HRK 107 million and other payroll related costs in the amount HRK 167 million.
- 6 **Income tax expense** in Q1-Q3 2016 amounted to HRK 93 million compared to HRK 134 in Q1-Q3 2015. 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 30 September 2016 and 30 September 2015.
- 7 **Net financial result** is positive in Q1-Q3 2016 compared to loss recorded in Q1-Q3 2015 mainly as a result of forex differences.
 - Net foreign exchange profit reached HRK 99 million in Q1-Q3 2016, while in Q1-Q3 2015 net foreign exchange loss amounted to HRK 106 million.
 - Interest payable amounted to HRK 58 million and interests received to HRK 15 million in Q1-Q3 2016, while in Q1-Q3 2015 interest payables amounted to HRK 117 million and interests received to HRK 22 million.
 - Other financial net expenses amounted to HRK 20 million, and are lower compared to HRK 88 million in Q1-Q3 2015.

Restatement

*A change has been made in the recording of "Financial income and expenses": "Realized and unrealized loss of fair value hedge transactions"; "Negative unrealized FV of hedged items"; "Realized and unrealized gain of fair value hedge transactions"; "Positive unrealized FV of hedged items" are now recorded in "Other Income".

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. INA has adopted the materiality level for the special items in the amount of USD 10 million or above. If special items reaches materiality level on cumulative basis, previous quarters are restated. 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 fulfil 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 results in Q1-Q3 2016 is HRK -42 million which is lower compared to HRK 127 million in Q1-Q3 2015 due to different operational mode of Sisak refinery.

BALANCE SHEET

Notes

- 8 As at 30 September 2016 INA Group **total assets** amounted to HRK 20,263 million and were 1% lower compared to 31 December 2015.
- 9 In the period ended 30 September 2016, INA Group invested HRK 28 million in intangible assets. The effect of depreciation equals HRK 29 million. Foreign exchange revaluation of oil and gas fields decreased net book value in amount of HRK 6 million. Transfer to tangible assets decreased intangible assets in amount of 2 million Emission quotas decreased NBV in amount of HRK 11 million.
- 10 In the period ended 30 September 2016, INA Group invested HRK 940 million in property, plant and equipment. Capitalized decommissioning costs increased the value of assets by HRK 7 million. Foreign exchange revaluation decreased net book value in amount of HRK 79 million. The effect of depreciation reduced net book value of property, plant and equipment in amount of HRK 1,203 million. Write-off of negative wells reduced net book value in amount of HRK 2 million. Disposal of tangible assets equals HRK 27 million. Transfer to merchandizing goods decreased net book value in amount of HRK 1 million. Transfer to tangible assets increased net book value in amount HRK 2 million. By acquiring additional shares of Energopetrol INA, d.d. has gained control over Energopetrol and started fully consolidating it which resulted in increase of INA Group assets by HRK 316 million. Other movements, out of which most significant is transfer of platform Zagreb I to assets held for sale which subsequently resulted with impairment in amount of HRK 128 million, in total decreased property, plant and equipment in amount of HRK 146 million.
- 11 **Issued capital** as at 30 September 2016 amounted to HRK 9,000 million. There was no movements in the issued capital of the Company in either the current or the prior financial reporting.
- 12 **Inventories** amounted to HRK 2,101 million, and have increased by 15% compared to 31 December 2015 as a result of higher crude oil inventories.
- 13 **Trade receivables** decreased to HRK 1,661 million and are 4% lower compared to the opening balance on 31 December 2015 resulting from lower sales revenue.
- 14 As at 30 September 2016 **total liabilities** amounted to HRK 9,557 which is 2% or HRK 240 million lower compared to 31 December 2015. INA Group **net debt** increased by 2% and amounted to HRK 3,096 million compared to 31 December 2015. **Gearing ratio**² kept stable and increased from 22.3% as at 31 December 2015, to 22.4% as at 30 September 2016.
- 15 **Trade payables** increased by 9% to HRK 1,524 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 1,336 million in Q1-Q3 2016 representing a decrease of HRK 769 million, or 37%, compared to Q1-Q3 2015, which is in line with change in EBITDA performance compared to the previous year.
- 17 **Changes in working capital** affected the operating cash flow negatively by HRK 192 million, due to:
- Increase value of inventories by HRK 276 million due to higher volumes of crude inventories.
 - Increase in receivables by HRK 85 million as a result of higher VAT receivables in Q1-Q3 2016 compared to Q1-Q3 2015.
 - Increase in trade and other payables by HRK 169 million as result of higher liabilities for imported crude oil.
- 18 **Net outflows in investing activities** amounted to HRK 972 million, in comparison with HRK 935 million outflows in Q1-Q3 2015.

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 credit risk and liquidity risk.

a) Market risk

Commodity price risk management (price risk)

INA purchases crude oil and oil products 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 September 2016, INA had opened short-term forward commodity swap transactions to hedge its exposure to changes in pricing periods, inventory levels 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 September 2016, there were no open cross currency swap transactions.

Interest rate risk management

INA Group companies use borrowed funds with floating interest rates and consequently INA Group is exposed to the interest rate risk. INA Group does not speculate on interest rate developments and generally chooses floating rates. INA Group may use interest rate swap to manage interest rate risk. As of 30 September 2016, 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 "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 and attorneys-at-law offices 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 and by continuous monitoring of projected and actual cash flow and due dates for account receivables and payables.

As of 30 September 2016, INA Group had contracted and available short-term credit lines amounting to HRK 2.61 bn excluding overdrafts and trade financing credit lines established with the purpose to finance the purchase of crude oil and oil products, and contracted and available long-term credit lines amounting to HRK 3.07 bn.

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 2016, INA Group entered into the following trading transactions with the following related parties:

INA-Group	Sales of goods	Purchase of goods
HRK mln	30 Sept 2016	30 Sept 2016
Companies available for sale		
JANAF d.d. Zagreb	-	34
Strategic partner		
MOL Nyrt.	108	473
Companies controlled by strategic partner		
Tifon d.o.o.	308	5
MOL SLOVENIJA d.o.o.	68	45
MOL Petrochemical Co. Ltd.	25	2
Slovnaft, a.s.	7	61
MOL Srbia	15	-
Kalegran Ltd.	3	3

INA-Group	Amounts owed from related parties	Amounts owed to related parties
HRK mln	30 Sept 2016	30 Sept 2016
Companies available for sale		
JANAF d.d. Zagreb	1	4
Strategic partner		
MOL Nyrt.	28	30
Companies controlled by strategic partner		
Tifon d.o.o.	68	1
MOL Petrochemical Co. Ltd.	-	2
MOL SLOVENIJA d.o.o.	10	6
Slovnaft, a.s.	-	15

Segmental Information

30 September 2016					
Assets and liabilities	Exploration and production	Refining and marketing including Retail	Corporate and other	Intersegment transfers	Total
Property, plant and equipment	5,796	5,422	1,493	(174)	12,537
Intangible assets	221	32	115	-	368
Investments in associates and joint ventures	22	-	-	-	22
Inventories	182	1,876	238	(195)	2,101
Trade receivables, net	483	1,017	362	(201)	1,661
Not allocated assets					3,574
Total assets					20,263
Trade payables	385	1,060	281	(202)	1,524
Not allocated liabilities					8,033
Total liabilities					9,557
Other segment information					
Capital expenditure:	526	422	46	(26)	968
Property, plant and equipment	513	420	33	(26)	940
Intangible assets	13	2	13	-	28
Depreciation and amortisation	718	390	124	-	1,232
Total impairment losses/(income), net	24	29	147	3	203
31 December 2015					
Assets and liabilities	Exploration and production	Refining and marketing including Retail	Corporate and other	Intersegment transfers	Total
Property, plant and equipment	6,056	5,130	1,692	(148)	12,730
Intangible assets	224	45	119	-	388
Investments in associates and joint ventures	22	-	-	-	22
Inventories	164	1,604	227	(175)	1,820
Trade receivables, net	582	790	611	(259)	1,724
Not allocated assets					3,698
Total assets					20,382
Trade payables	371	837	451	(259)	1,400
Not allocated liabilities					8,397
Total liabilities					9,797
Other segment information					
Capital expenditure:	830	613	234	(37)	1,640
Property, plant and equipment	814	608	208	(37)	1,593
Intangible assets	16	5	26	-	47
Depreciation and amortisation	1,468	533	190	-	2,191
Total impairment losses/(income), net	1,218	8	301	19	1,546

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

HRK mn	Q1-Q3 2016
INA GROUP	
Total impact of special items on operating profit/(loss)	133
Total impact of special items on EBITDA	281
Exploration & Production	
Total impact of special items on operating profit/(loss)	-
Total impact of special items on EBITDA	21
Severance payment	21
Refining & Marketing including Retail	
Total impact of special items on operating profit/(loss)	-
Total impact of special items on EBITDA	203
Severance payment	203
Corporate functions	
Total impact of special items on operating profit/(loss)	133
Total impact of special items on EBITDA	57
Impairment of assets - Zagreb 1	133
Severance payment	57

Main external parameters

Q2 2016	Q3 2016	Q3 2015	%		Q1-Q3 2015	Q1-Q3 2016	%
45.6	45.9	50.5	(9.1)	Brent dtd (USD/bbl)	55.3	41.9	(24.3)
1.29	1.50	0.55	174.6	Brent-Ural spread	0.29	1.34	355.8
486.6	461.3	563.5	(18.1)	Premium unleaded gasoline 10 ppm (USD/t)*	588.7	448.6	(23.8)
408.5	408.2	481.9	(15.3)	Diesel – ULSD 10 ppm (USD/t)*	523.5	376.7	(28.0)
198.7	228.5	242.2	(5.6)	Fuel oil 3,5% (USD/t)*	279.1	187.9	(32.7)
377.0	385.3	402.4	(4.3)	LPG (USD/t)*	450.7	379.6	(15.8)
45.1	39.1	82.6	(52.7)	Average crack spread	83.9	43.0	(48.8)
141.8	114.4	181.7	(37.0)	Crack spread – premium unleaded (USD/t)*	170.3	131.7	(22.7)
63.6	61.2	100.1	(38.8)	Crack spread – diesel (USD/t)*	105.1	59.8	(43.1)
(146.2)	(118.4)	(139.6)	(15.2)	Crack spread - fuel oil 3,5% (USD/t)*	(139.3)	(128.9)	(7.5)
32.2	38.4	20.6	86.3	Crack spread - LPG (USD/t)*	32.3	62.8	94.5
6.64	6.71	6.80	(1.4)	HRK/USD average	6.83	6.75	(1.2)
6.79	6.70	6.79	(1.4)	HRK/USD closing	6.79	6.70	(1.4)
7.50	7.49	7.57	(1.1)	HRK/EUR average	7.61	7.53	(1.0)
7.51	7.51	7.63	(1.6)	HRK/EUR closing	7.63	7.51	(1.6)
0.64	0.79	0.31	150.9	3m USD LIBOR (%)	0.28	0.69	140.9
(0.26)	(0.30)	(0.03)	977.2	3m EURIBOR (%)	0.00	(0.25)	n.a.

* FOB Mediterranean

Announcements in 2016

18 October 2016	Report on takeover of Energopetrol d.d. Sarajevo
09 September 2016	Bid on takeover of Energopetrol d.d. Sarajevo
06 September 2016	Decision on approval of Takeover Offer for Energopetrol d.d.
26 August 2016	Disposal of shares
28 July 2016	INA starts production at new gas fields in Medimurje
25 July 2016	Management board meeting announcement
12 July 2016	INA acquired 33.5% share in Energopetrol d.d. Sarajevo
29 June 2016	Supervisory Board meeting held
10 June 2016	Signing of onshore exploration and production sharing agreement
09 June 2016	General Assembly Decisions
25 May 2016	Amendment of the Invitation to the General Assembly
28 April 2016	General Assembly INA Industrija nafte d.d.
27 April 2016	Management board meeting announcement
12 April 2016	Supervisory Board Employee representative
30 March 2016	Code of Corporate Governance Questionnaire for 2015
30 March 2016	Supervisory Board meeting held
25 March 2016	Supervisory Board meeting announcement
23 March 2016	Decrease of regulated gas price for households
25 February 2016	Notification of Home Member State
19 February 2016	Management Board meeting announcement

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	30 September 2016
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 third quarter there was no change in the Supervisory Board.

Management Board

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

Board of Executive Directors

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

Management representation

INA Group's consolidated financial statements for Q3/Q1-Q3 2016 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 Rátatics	Member