

**ENCLOSURE 1**

Reporting period:

1 January 2017

to

30 September 2017

**Quartely Financial Report TFI-POD**

Tax number (MB): 03586243

Registration number (MBS): 08000604

Personal identification  
number (OIB): 27759560625

Issuer: INA - Industrija nafte d.d

Postal code and location: 10 000

ZAGREB

Street and number: Avenija Većeslava Holjevca 10

E-mail: [investitori@ina.hr](mailto:investitori@ina.hr)Internet address: [www.ina.hr](http://www.ina.hr)

Code and city / municipality: 133 ZAGREB

Code and county: 21 GRAD ZAGREB

Number of employees: 4,337  
(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: 64603058187

Top Računovodstvo Servisi d.o.o.; Member of INA Group

Contact person: Goran Pavlović  
(Name and surname of contact person)

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E-mail: [Goran.Pavlovic@trs.ina.hr](mailto:Goran.Pavlovic@trs.ina.hr)Name 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 September 2017

Issuer: INA - Industrija nafte d.d. Zagreb

Item	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED AND NON-PAID CAPITAL</b>	<b>001</b>		
<b>B) LONG-TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	15,682,000,000	14,520,000,000
I. INTANGIBLE ASSETS (004 do 009)	<b>003</b>	399,000,000	398,000,000
1. Assets development	<b>004</b>		
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	157,000,000	153,000,000
3. Goodwill	<b>006</b>		
4. Advances for purchase of intangible assets	<b>007</b>	20,000,000	26,000,000
5. Intangible assets in preparation	<b>008</b>	222,000,000	219,000,000
6. Other intangible assets	<b>009</b>		
II. TANGIBLE ASSETS (011 do 019)	<b>010</b>	11,207,000,000	10,501,000,000
1. Land	<b>011</b>	1,005,000,000	1,010,000,000
2. Buildings	<b>012</b>	5,245,000,000	4,903,000,000
3. Plant and equipment	<b>013</b>	2,607,000,000	2,275,000,000
4. Instruments, plant inventories and transportation assets	<b>014</b>	240,000,000	211,000,000
5. Biological asset	<b>015</b>		
6. Advances for tangible assets	<b>016</b>	37,000,000	11,000,000
7. Tangible assets in preparation	<b>017</b>	2,066,000,000	2,084,000,000
8. Other material assets	<b>018</b>	7,000,000	7,000,000
9. Investment in property	<b>019</b>		
III. LONG-TERM FINANCIAL ASSETS (021 do 028)	<b>020</b>	2,310,000,000	2,079,000,000
1. Investments in subsidiaries	<b>021</b>	805,000,000	1,102,000,000
2. Loans given to related parties	<b>022</b>	795,000,000	267,000,000
3. Participating interests (shares)	<b>023</b>	27,000,000	27,000,000
4. Loans to entrepreneurs in which the entity holds participating interests	<b>024</b>		
5. Investments in securities	<b>025</b>		
6. Loans, deposits and similar assets	<b>026</b>	7,000,000	7,000,000
7. Other long-term financial assets	<b>027</b>	676,000,000	676,000,000
8. Investment accounted by equity method	<b>028</b>		
IV. RECEIVABLES (030 do 032)	<b>029</b>	82,000,000	82,000,000
1. Receivables from subsidiaries	<b>030</b>	11,000,000	11,000,000
2. Receivables based on trade loans	<b>031</b>	71,000,000	63,000,000
3. Other receivables	<b>032</b>		8,000,000
V. DEFERRED TAX ASSETS	<b>033</b>	1,684,000,000	1,460,000,000
<b>C) SHORT-TERM ASSETS (035+043+050+058)</b>	<b>034</b>	4,429,000,000	4,484,000,000
I. INVENTORIES (036 do 042)	<b>035</b>	1,802,000,000	2,294,000,000
1. Raw materials & consumables	<b>036</b>	608,000,000	793,000,000
2. Work in progress	<b>037</b>	564,000,000	907,000,000
3. Finished goods	<b>038</b>	563,000,000	466,000,000
4. Merchandise	<b>039</b>	67,000,000	128,000,000
5. Advances for inventories	<b>040</b>		
6. Long-term assets held for sale	<b>041</b>		
7. Biological asset	<b>042</b>		
II. RECEIVABLES (044 do 049)	<b>043</b>	1,727,000,000	1,485,000,000
1. Receivables from subsidiaries	<b>044</b>	258,000,000	181,000,000
2. Trade receivables	<b>045</b>	1,315,000,000	1,197,000,000
3. Receivables from participating entities	<b>046</b>		
4. Receivables from employees and shareholders	<b>047</b>	3,000,000	3,000,000
5. Receivables from government and other institutions	<b>048</b>	92,000,000	36,000,000
6. Other receivables	<b>049</b>	59,000,000	68,000,000
III. SHORT-TERM FINANCIAL ASSETS (051 do 057)	<b>050</b>	400,000,000	398,000,000
1. Investments in subsidiaries	<b>051</b>		
2. Loans given to related parties	<b>052</b>	330,000,000	360,000,000
3. Participating interests (shares)	<b>053</b>		
4. Loans to entrepreneurs in which the entity holds participating interests	<b>054</b>		
5. Investments in securities	<b>055</b>	0	0
6. Loans, deposits and similar assets	<b>056</b>	14,000,000	2,000,000
7. Other financial assets	<b>057</b>	56,000,000	36,000,000
IV. CASH AT BANK AND IN CASH REGISTER	<b>058</b>	500,000,000	307,000,000
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	34,000,000	85,000,000
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	20,145,000,000	19,089,000,000
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>061</b>		

<b>EQUITY AND LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	10,767,000,000	11,486,000,000
I. SHARE CAPITAL	<b>063</b>	9,000,000,000	9,000,000,000
II. CAPITAL RESERVES	<b>064</b>		
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	1,308,000,000	1,148,000,000
1. Legal reserves	<b>066</b>	20,000,000	28,000,000
2. Reserves for treasury shares	<b>067</b>		
3. Treasury shares and stakes (deduction)	<b>068</b>		
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>	1,288,000,000	1,120,000,000
IV. REVALUATION RESERVES	<b>071</b>	299,000,000	299,000,000
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	0	0
1. Retained earnings	<b>073</b>		
2. Accumulated loss	<b>074</b>		
VI. PROFIT/LOSS FOR THE FINANCIAL YEAR (076-077)	<b>075</b>	160,000,000	1,039,000,000
1. Profit for the financial year	<b>076</b>	160,000,000	1,039,000,000
2. Loss for the financial year	<b>077</b>		
VII. NON-CONTROLLING INTERESTS	<b>078</b>		
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	3,479,000,000	3,129,000,000
1. Provisions for redundancy costs, severance pays and similar liabilities	<b>080</b>	64,000,000	56,000,000
2. Provisions for tax obligations	<b>081</b>		
3. Other provisions	<b>082</b>	3,415,000,000	3,073,000,000
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	331,000,000	175,000,000
1. Liabilities to subsidiaries	<b>084</b>		
2. Liabilities for loans, deposits and other	<b>085</b>		
3. Liabilities to banks and other financial institutions	<b>086</b>	271,000,000	123,000,000
4. Liabilities for received advances	<b>087</b>		
5. Trade payables	<b>088</b>		
6. Liabilities arising from debt securities	<b>089</b>		
7. Liabilities to entrepreneurs in which the entity holds participating interests	<b>090</b>		
8. Other non-current liabilities	<b>091</b>	60,000,000	52,000,000
9. Deferred tax liability	<b>092</b>		
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	5,463,000,000	4,271,000,000
1. Liabilities to subsidiaries	<b>094</b>	560,000,000	432,000,000
2. Liabilities for loans, deposits and other	<b>095</b>		
3. Liabilities to banks and other financial institutions	<b>096</b>	2,622,000,000	1,255,000,000
4. Liabilities for received advances	<b>097</b>	36,000,000	100,000,000
5. Trade payables	<b>098</b>	1,498,000,000	1,557,000,000
6. Liabilities arising from debt securities	<b>099</b>		
7. Liabilities to entrepreneurs in which the entity holds participating interests	<b>100</b>		
8. Liabilities to employees	<b>101</b>	53,000,000	38,000,000
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	552,000,000	763,000,000
10. Dividend payables	<b>103</b>		
11. Liabilities for long-term assets held for sale	<b>104</b>		
12. Other current liabilities	<b>105</b>	142,000,000	126,000,000
<b>E) ACCRUAL AND DEFERRED INCOME</b>	<b>106</b>	105,000,000	28,000,000
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	20,145,000,000	19,089,000,000
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>108</b>		
<b>ANNEX TO THE BALANCE SHEET (to be filled in by entrepreneur submitting consolidated financial report)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributable to equity holders of the parent company's capital	<b>109</b>		
2. Attributable to non controlling interest	<b>110</b>		

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 2017 to 30 September 2017

Issuer: INA - Industrija nafte d.d. Zagreb

Item	AOP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112+113)</b>	<b>111</b>	10,389,000,000	4,436,000,000	12,864,000,000	4,782,000,000
1. Sales revenue	112	10,256,000,000	4,404,000,000	12,722,000,000	4,784,000,000
2. Other operating income	113	133,000,000	32,000,000	142,000,000	-2,000,000
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	9,884,000,000	3,987,000,000	11,713,000,000	4,473,000,000
1. Changes in inventories of finished products and work in progress	115	-158,000,000	169,000,000	-260,000,000	14,000,000
2. Material costs (117 do 119)	116	7,721,000,000	3,070,000,000	9,875,000,000	3,570,000,000
a) Cost of raw materials & consumables	117	4,747,000,000	2,155,000,000	6,306,000,000	2,210,000,000
b) Cost of goods sold	118	1,618,000,000	431,000,000	2,231,000,000	894,000,000
c) Other costs	119	1,356,000,000	484,000,000	1,338,000,000	466,000,000
3. Staff costs (121 do 123)	120	777,000,000	214,000,000	617,000,000	185,000,000
a) Net salaries and wages	121	429,000,000	120,000,000	361,000,000	111,000,000
b) Costs for taxes and contributions from salaries	122	233,000,000	62,000,000	165,000,000	47,000,000
c) Contributions on gross salaries	123	115,000,000	32,000,000	91,000,000	27,000,000
4. Depreciation and amortisation	124	1,176,000,000	400,000,000	1,283,000,000	439,000,000
5. Other costs	125	640,000,000	120,000,000	496,000,000	179,000,000
6. Impairment charges (127+128)	126	56,000,000	-6,000,000	3,000,000	79,000,000
a) impairment of long-term assets (excluding financial assets)	127	23,000,000	5,000,000	51,000,000	48,000,000
b) impairment of short-term assets (excluding financial assets)	128	33,000,000	-11,000,000	-48,000,000	31,000,000
7. Provisions	129	-328,000,000	20,000,000	-301,000,000	7,000,000
8. Other operating expenses	130		0		0
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	199,000,000	49,000,000	388,000,000	73,000,000
1. Interest income, foreign exchange gains, dividends and other financial income from subsidiaries	132	47,000,000	20,000,000	68,000,000	12,000,000
2. Interest income, foreign exchange gains, dividends and other financial income from third parties	133	134,000,000	13,000,000	299,000,000	41,000,000
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	18,000,000	16,000,000	21,000,000	20,000,000
<b>IV. FINANCIAL COSTS (138 do 141)</b>	<b>137</b>	351,000,000	178,000,000	276,000,000	46,000,000
1. Interest, foreign exchange losses and other expenses from subsidiaries	138	34,000,000	12,000,000	135,000,000	6,000,000
2. Interest, foreign exchange losses and other expenses from third parties	139	47,000,000	-4,000,000	86,000,000	27,000,000
3. Unrealized loss (expenses) on financial assets	140		0		0
4. Other financial expenses	141	270,000,000	170,000,000	55,000,000	13,000,000
<b>V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTITIES</b>	<b>142</b>				
<b>VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTITIES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	10,588,000,000	4,485,000,000	13,252,000,000	4,855,000,000
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	10,235,000,000	4,165,000,000	11,989,000,000	4,519,000,000
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	353,000,000	320,000,000	1,263,000,000	336,000,000
1. Profit before tax (146-147)	149	353,000,000	320,000,000	1,263,000,000	336,000,000
2. Loss before tax (147-146)	150	0	0	0	0
<b>XII. CORPORATE INCOME TAX EXPENSE</b>	<b>151</b>	105,000,000	65,000,000	224,000,000	56,000,000
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	248,000,000	255,000,000	1,039,000,000	280,000,000
1. Profit for the period (149-151)	153	248,000,000	255,000,000	1,039,000,000	280,000,000
2. Loss for the period (151-148)	154	0	0	0	0
<b>ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to equity holders of the parent company	155				
2. Attributable to non-controlling interests	156				
<b>STATEMENTS OF COMPREHENSIVE INCOME (to be filled in by entities who work in compliance with IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	248,000,000	255,000,000	1,039,000,000	280,000,000
<b>II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	-31,000,000	15,000,000	-168,000,000	-61,000,000
1. Exchange differences on translation of foreign operations	159	-78,000,000	-22,000,000	-168,000,000	-22,000,000
2. Movements in revaluation reserves of long-term tangible and intangible assets	160				
3. Gains or loss from revaluation of financial assets available for sale	161	48,000,000	39,000,000		-39,000,000
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	-1,000,000	-2,000,000		
<b>III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)</b>	<b>167</b>	-31,000,000	15,000,000	-168,000,000	-61,000,000
<b>V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	217,000,000	270,000,000	871,000,000	219,000,000
<b>APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements)</b>					
<b>VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD</b>					
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 2017 to 30 September 2017

Issuer: INA - Industrija nafte d.d. Zagreb			
Item	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	353,000,000	1,263,000,000
2. Depreciation and amortisation	002	1,176,000,000	1,283,000,000
3. Increase in short-term liabilities	003	206,000,000	745,000,000
4. Decrease in short-term receivables	004		
5. Decrease in inventories	005		
6. Other cash flow increases	006	287,000,000	65,000,000
<b>I. Total increase of cash flow from operating activities (001 do 006)</b>	<b>007</b>	<b>2,022,000,000</b>	<b>3,356,000,000</b>
1. Decrease in short-term liabilities	008		
2. Increase in short-term receivables	009	454,000,000	97,000,000
3. Increase in inventories	010	270,000,000	527,000,000
4. Other cash flow decreases	011	553,000,000	499,000,000
<b>II. Total decrease of cash flow from operating activities (008 do 011)</b>	<b>012</b>	<b>1,277,000,000</b>	<b>1,123,000,000</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>745,000,000</b>	<b>2,233,000,000</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1. Cash inflows from sale of long-term tangible and intangible assets	015		12,000,000
2. Cash inflows from sale of equity and debt instruments	016		
3. Interest receipts	017	42,000,000	56,000,000
4. Dividends receipts	018		
5. Other cash inflows from investment activities	019	32,000,000	21,000,000
<b>III. Total cash inflows from investment activities (015 do 019)</b>	<b>020</b>	<b>74,000,000</b>	<b>89,000,000</b>
1. Cash outflows for purchase of long-term tangible and intangible assets	021	911,000,000	780,000,000
2. Cash outflows for purchase of equity and debt financial instruments	022		
3. Other cash outflows from investment activities	023	98,000,000	181,000,000
<b>IV. Total cash outflows from investment activities (021 do 023)</b>	<b>024</b>	<b>1,009,000,000</b>	<b>961,000,000</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>026</b>	<b>935,000,000</b>	<b>872,000,000</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Cash receipts from issuance from equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	9,045,000,000	7,508,000,000
3. Other cash inflows from financial activities	029		
<b>V. Total cash inflows from financial activities (027 do 029)</b>	<b>030</b>	<b>9,045,000,000</b>	<b>7,508,000,000</b>
1. Cash outflows for repayment of loans and bonds	031	8,913,000,000	8,824,000,000
2. Dividends paid	032		152,000,000
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034		
5. Other cash outflows from financial activities	035	39,000,000	86,000,000
<b>VI. Total cash outflows from financial activities (031 do 035)</b>	<b>036</b>	<b>8,952,000,000</b>	<b>9,062,000,000</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>037</b>	<b>93,000,000</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>038</b>	<b>0</b>	<b>1,554,000,000</b>
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	<b>0</b>	<b>0</b>
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	<b>97,000,000</b>	<b>193,000,000</b>
Cash and cash equivalents at the beginning of the period	<b>041</b>	<b>195,000,000</b>	<b>500,000,000</b>
Increase of cash and cash equivalents	<b>042</b>	<b>0</b>	<b>0</b>
Decrease of cash and cash equivalents	<b>043</b>	<b>97,000,000</b>	<b>193,000,000</b>
Cash and cash equivalents at the end of the period	<b>044</b>	<b>98,000,000</b>	<b>307,000,000</b>

## STATEMENT OF CHANGES IN EQUITY

for the period 1/1/2017 to 9/30/2017

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	20,000,000	28,000,000
4. Retained earnings or accumulated loss	004		
5. Profit / loss for the current year	005	248,000,000	1,039,000,000
6. Revaluation of long-term tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008	264,000,000	299,000,000
9. Other revaluation	009	1,194,000,000	1,120,000,000
<b>10. Total capital and reserves (AOP 001 do 009)</b>	<b>010</b>	<b>10,726,000,000</b>	<b>11,486,000,000</b>
11. Currency gains and losses arising from net investments in foreign operations	011	-1,000,000	0
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	218,000,000	719,000,000
<b>17. Total increase or decrease in capital (AOP 011 do 016)</b>	<b>017</b>	<b>217,000,000</b>	<b>719,000,000</b>
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

## INA, d.d. financial results (IFRS)

Q3 2016	Q3 2017	%	HRK mln	Q1-Q3 2016	Q1-Q3 2017	%
4,404	4,784	9	Net sales revenues	10,256	12,722	24
863	833	(3)	EBITDA <sup>(1)</sup>	1,409	2,135	52
<b>868</b>	<b>833</b>	<b>(4)</b>	<b>EBITDA excl. special items <sup>(2)</sup></b>	<b>1,640</b>	<b>2,117</b>	<b>29</b>
449	309	(31)	Operating profit/(loss)	505	1,151	128
<b>502</b>	<b>309</b>	<b>(38)</b>	<b>Operating profit/(loss) excl. special items <sup>(2)</sup></b>	<b>558</b>	<b>898</b>	<b>61</b>
(129)	27	n.a.	Net financial result	(152)	112	n.a.
255	280	10	Net profit/loss attributable to equity holder	248	1,039	319
<b>308</b>	<b>280</b>	<b>(9)</b>	<b>Net profit/(loss) excl. special items <sup>(2)</sup></b>	<b>301</b>	<b>786</b>	<b>161</b>
315	1,058	236	Operating cash flow	745	2,233	200
<b>Earnings per share</b>						
25.5	28.0	10	Basic and diluted earnings/(loss) per share (kunas per share)	24.8	103.9	319
2,987	1,071	(64)	Net debt	2,987	1,071	(64)
21.78	8.53		Net gearing	21.78	8.53	
<b>244</b>	<b>289</b>	<b>18</b>	<b>CAPEX</b>	<b>936</b>	<b>795</b>	<b>(15)</b>
Q3 2016	Q3 2017	%	USD mln <sup>(3)</sup>	Q1-Q3 2016	Q1-Q3 2017	%
657	757	15	Net sales revenues	1,519	1,900	25
129	132	2	EBITDA <sup>(1)</sup>	209	319	53
<b>129</b>	<b>132</b>	<b>2</b>	<b>EBITDA excl. special items <sup>(2)</sup></b>	<b>243</b>	<b>316</b>	<b>30</b>
67	49	(27)	Operating profit/(loss)	75	172	130
<b>75</b>	<b>49</b>	<b>(35)</b>	<b>Operating profit/(loss) excl. special items <sup>(2)</sup></b>	<b>83</b>	<b>134</b>	<b>62</b>
(19)	4	n.a.	Net financial result	(23)	17	n.a.
38	44	17	Net profit/loss attributable to equity holder	37	155	322
<b>46</b>	<b>44</b>	<b>(4)</b>	<b>Net profit/(loss) excl. special items <sup>(2)</sup></b>	<b>45</b>	<b>117</b>	<b>163</b>
47	167	256	Operating cash flow	110	333	202
<b>Earnings per share</b>						
3.8	4.4	17	Basic and diluted earnings/(loss) per share (USD per share)	3.7	15.5	322
446	169	(62)	Net debt	446	169	(62)
<b>36</b>	<b>46</b>	<b>25</b>	<b>CAPEX</b>	<b>139</b>	<b>119</b>	<b>(14)</b>

<sup>(1)</sup> EBITDA = EBIT + Depreciation + Impairment + Provisions

<sup>(2)</sup> In Q1-Q3 2017, EBITDA was positively impacted by HRK 18 mn of retranslation related to Angola, while EBIT was positively influenced by HRK 253 million special items related to both retranslation and reversal of provision in Angola

<sup>(3)</sup> In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q3 2016 – 6.7064 HRK/USD; Q3 2017 – 6.3192 HRK/USD; Q1-Q3 2016 – 6.7511 HRK/USD; Q1-Q3 2017 – 6.6967 HRK/USD; as at Dec 31, 2016 – 7.1685 HRK/USD; as at Sep 30, 2016 – 6.6962 HRK/USD; as at Sep 30, 2017 – 6.3540 HRK/USD

### Q1-Q3 2017 RESULTS

INA d.d. achieved strong results in Q1-Q3 2017, with EBITDA reaching HRK 2,135 million, a significant increase compared to the same period last year. The external environment, mainly in the form of recovering Brent prices, was the main driver behind the positive change in earnings together with constant efficiency efforts and continuous adjustments to operations given the market dynamics. Consequently, Exploration & Production remained the main cash generator in Q1-Q3 2017 with improving performance despite a hydrocarbon production decrease of 3%. Furthermore, Refining & Marketing incl. Retail realized significant improvements in its performance for the first nine months of the year. The Refinery & Marketing business benefited from continuing period of positive external environment, mainly in the form of stable DTD Brent prices, higher diesel and motor gasoline crack spreads coupled with higher processing level in refineries and increased sales volumes on domestic and export markets. Retail sales also increased compared to the first nine months in 2016 supported mainly by market expansion activities, active sales of Class PLUS fuel, as well as non-fuel sales increase.

CAPEX amounted to HRK 795 million, a decrease of 15% compared to Q1-Q3 2016. Revenue growth supported the stable financial position of the Company, with Net gearing decreasing to 8.53%, while net debt reached HRK 1,071million, a 45% decrease compared to 2016 closing.

### **Income statement**

**Total sales revenues in Q1-Q3 2017** amounted HRK 12,722 million, 24% higher compared to Q1-Q3 2016 level, primarily triggered by the improved price environment, higher processing level and introduction of new fuels in 2017.

**Costs of raw materials and consumables** were 33% higher and amounted to HRK 6,306 million, resulting mainly from higher prices and higher processing in both refineries.

**Costs of goods sold** recorded an increase of 38%, and amounted HRK 2,231 million, resulting from different sales structure.

Within the **other operating costs** realized in Q1-Q3 2017:

- Other material costs amounted to HRK 1,339 million, slightly below the same period last year.
- Service costs in the amount of HRK 507 million recorded a decrease of 8% mainly due absence of additional profit oil tax in Angola paid in Q1-Q3 2016.
- Depreciation was 9% higher compared to Q1-Q3 2016 and amounted to HRK 1,283 million.
- Adjustments and provisions had a positive effect of HRK 299 million and were higher by HRK 27 million compared to Q1-Q3 2016 mainly due to positive impact of reversal of provisions related to Angola, partly offset by released employee related provisions related to establishment of INA Maloprodajni servisi.

**Staff costs** in the amount HRK 606 million were 30% lower than Q1-Q3 2016, mainly due to lower severance payments.

**Net financial profit** in the amount of HRK 112 million was recorded in Q1-Q3 2017, compared HRK 152 million of net financial loss in Q1-Q3 2016.

### **Balance sheet**

**Total assets** of INA, d.d., as at 30 September 2017 amounted to HRK 19,089 million and was 5% lower than 31 December 2016.

**Property, plant and equipment** amounted to HRK 10,490 million and were lower 6% than as 31 December 2016.

**Trade receivables** outside of INA-Group amounted to HRK 1,197 million and were 9% lower compared to 31 December 2016.

**Total liabilities** amounted to HRK 7,603 million and were 19% lower compared to 31 December 2016.

**Net indebtedness** of INA, d.d., amounted to HRK 1,071 million as at 30 September 2017 which is 45% lower compared to 31 December 2016. **Gearing ratio**<sup>1</sup> decreased from 18.2% as at 31 December 2016 to 8.53% as at 30 September 2017.

As at 30 September 2017 **trade payables** outside of INA-Group amounted HRK 1,557 million, which is a 4% increase compared to 31 December 2016.

### **Cash flow**

**The operating cash-flow before changes in working capital** amounted to HRK 2,112 million in Q1-Q3 2017, which is an increase of 67% compared to the same period last year.

**Changes in working capital affected the operating cash flow** positively by HRK 127 million, primarily due to:

- Increased value of inventories by HRK 527 million
- Increase in receivables by HRK 97 million,
- Payables increase by HRK 751 million.

In Q1-Q3 2017, taxes paid influenced the operating cash flow in the amount of HRK 6 million, while in Q1-Q3 2016 taxes paid influenced the operating cash flow in the amount of HRK 38 million. All the above factors resulted in HRK 2,233 million net inflows from operating activities generated by INA d.d. in Q1-Q3 2017.

<sup>1</sup> 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 September 2017  
(HRK millions)

Q3 2016	Q3 2017	%		Q1-Q3 2016	Q1-Q3 2017	%
<b>4,404</b>	<b>4,784</b>	<b>9</b>	<b>Total sales revenue</b>	<b>10,256</b>	<b>12,722</b>	<b>24</b>
1	2	100	Capitalised value of own performance	5	6	20
31	(4)	n.a.	Other operating income	128	136	6
<b>4,436</b>	<b>4,782</b>	<b>8</b>	<b>Total operating income</b>	<b>10,389</b>	<b>12,864</b>	<b>24</b>
(169)	(14)	(92)	Changes in inventories of finished products and work in progress	158	260	65
(2,155)	(2,210)	3	Cost of raw materials and consumables	(4,747)	(6,306)	33
(400)	(439)	10	Depreciation and amortization	(1,176)	(1,283)	9
(485)	(467)	(4)	Other material costs	(1,357)	(1,339)	(1)
(161)	(173)	7	Service costs	(551)	(507)	(8)
(172)	(191)	11	Staff costs	(865)	(606)	(30)
(431)	(894)	107	Cost of other goods sold	(1,618)	(2,231)	38
6	(78)	n.a.	Impairment and charges (net)	(56)	(2)	(96)
(20)	(7)	(65)	Provisions for charges and risks (net)	328	301	(8)
<b>(3,987)</b>	<b>(4,473)</b>	<b>12</b>	<b>Operating expenses</b>	<b>(9,884)</b>	<b>(11,713)</b>	<b>19</b>
<b>449</b>	<b>309</b>	<b>(31)</b>	<b>Profit/(loss) from operations</b>	<b>505</b>	<b>1,151</b>	<b>128</b>
			Share in the profit of associated companies			
49	73	49	Finance income	199	388	95
(178)	(46)	(74)	Finance costs	(351)	(276)	(21)
<b>(129)</b>	<b>27</b>	<b>n.a.</b>	<b>Net profit/(loss) from financial activities</b>	<b>(152)</b>	<b>112</b>	<b>n.a.</b>
<b>320</b>	<b>336</b>	<b>5</b>	<b>Profit/(loss) before tax</b>	<b>353</b>	<b>1,263</b>	<b>258</b>
(65)	(56)	(14)	Income tax expense	(105)	(224)	113
<b>255</b>	<b>280</b>	<b>10</b>	<b>Profit/(loss) for the year</b>	<b>248</b>	<b>1,039</b>	<b>319</b>
			Attributable to			
255	280	10	Owners of the Company	248	1,039	319
-	-	n.a.	Non-controlling interests	-	-	n.a.
<b>255</b>	<b>280</b>	<b>10</b>		<b>248</b>	<b>1,039</b>	<b>319</b>
			<b>Earnings per share</b>			
25.5	28.0	10	Basic and diluted earnings per share (kunas per share)	24.8	103.9	319

INA-INDUSTRIJA NAFTE, d.d.  
INA, d.d. Unconsolidated Statement of Financial Position  
At 30 September 2017  
(HRK millions)

	31 December 2016	30 September 2017	%
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	380	371	(2)
Property, plant and equipment	11,169	10,490	(6)
Investments in subsidiaries	805	1,102	37
Investments in associates and joint ventures	22	22	0
Other investments	809	280	(65)
Long-term receivables	137	119	(13)
Deferred tax	1,684	1,460	(13)
Available for sale assets	676	676	0
<b>Total non-current assets</b>	<b>15,682</b>	<b>14,520</b>	<b>(7)</b>
<b>Current assets</b>			
Inventories	1,802	2,294	27
Trade receivables net	1,315	1,197	(9)
Intercompany receivables	258	181	(30)
Other receivables	153	106	(31)
Corporative Income tax receivables	1	1	0
Other current assets	434	483	11
Cash and cash equivalents	500	307	(39)
<b>Total current assets</b>	<b>4,463</b>	<b>4,569</b>	<b>2</b>
<b>Total assets</b>	<b>20,145</b>	<b>19,089</b>	<b>(5)</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	9,000	9,000	0
Legal reserves	20	28	40
Revaluation reserve	299	299	(0)
Other reserves	1,288	1,120	(13)
Retained earnings / (Deficit)	160	1,039	549
<b>Total equity</b>	<b>10,767</b>	<b>11,486</b>	<b>7</b>
<b>Non-current liabilities</b>			
Long-term loans	271	123	(55)
Other non-current liabilities	60	52	(13)
Employee benefits obligation	46	46	0
Provisions	3,314	2,898	(13)
<b>Total non-current liabilities</b>	<b>3,691</b>	<b>3,119</b>	<b>(15)</b>
<b>Current liabilities</b>			
Bank loans and overdrafts	2,487	1,132	(54)
Current portion of long-term loans	135	123	(9)
Intercompany payables	560	432	(23)
Trade payables	1,498	1,557	4
Taxes and contributions	552	763	38
Other current liabilities	336	292	(13)
Employee benefits obligation	2	2	0
Provisions	117	183	56
<b>Total current liabilities</b>	<b>5,687</b>	<b>4,484</b>	<b>(21)</b>
<b>Total liabilities</b>	<b>9,378</b>	<b>7,603</b>	<b>(19)</b>
<b>Total equity and liabilities</b>	<b>20,145</b>	<b>19,089</b>	<b>(5)</b>

INA—INDUSTRIJA NAFTE d.d. ZAGREB  
INA, d.d. Unconsolidated Statement of Cash Flow  
For the period ended 30 September 2017  
(HRK millions)

Q3 2016	Q3 2017	%		Q1-Q3 2016	Q1-Q3 2017	%
255	280	10	<b>Profit/(loss) for the year</b>	248	1,039	319
		n.a.	<b>Adjustments for:</b>			n.a.
400	439	10	Depreciation and amortisation	1,176	1,283	9
65	56	(14)	Income tax (benefit)/expenses recognized in (loss)/profit	105	224	113
(6)	78	n.a.	Impairment charges (net)	56	2	(96)
4	(1)	n.a.	Gain on sale of property, plant and equipment	6	(7)	n.a.
(19)	(35)	84	Foreign exchange loss/(gain)	(78)	(136)	74
(12)	(2)	(83)	Interest expense /(income) (net)	(32)	45	n.a.
128	14	(89)	Other finance income/(expense) recognised in income statement	158	(29)	n.a.
(38)	1	n.a.	(Decrease)/increase in provisions	(439)	(308)	(30)
14	6	(57)	Decommissioning interests	43	18	(58)
6	63	950	Net gain/loss on derivative financial instruments and hedge transactions	24	(19)	n.a.
15	(4)	n.a.	Other non-cash items	(4)	-	n.a.
<b>812</b>	<b>895</b>	<b>10</b>	<b>Operating cash flow before working capital changes</b>	<b>1,263</b>	<b>2,112</b>	<b>67</b>
			<b>Movements in working capital</b>			
25	(85)	n.a.	(Increase)/decrease in inventories	(270)	(527)	95
(319)	(139)	(56)	(Increase)/decrease in receivables and prepayments	(454)	(97)	(79)
(172)	387	n.a.	(Decrease)/increase in trade and other payables	244	751	208
<b>346</b>	<b>1,058</b>	<b>206</b>	<b>Cash generated from operations</b>	<b>783</b>	<b>2,239</b>	<b>186</b>
(31)	-	n.a.	Taxes paid	(38)	(6)	(84)
<b>315</b>	<b>1,058</b>	<b>236</b>	<b>Net cash inflow from operating activities</b>	<b>745</b>	<b>2,233</b>	<b>200</b>
			<b>Cash flows used in investing activities</b>			
(235)	(281)	20	Capital expenditures, exploration and development costs	(907)	(734)	(19)
1	(23)	n.a.	Payment for intangible assets	(4)	(46)	1,050
(4)	1	n.a.	Proceeds from sale of non-current assets	(6)	12	n.a.
			Dividends received from companies classified under available for sale and other companies	16	-	n.a.
16	20	25	Proceeds from profit of companies	16	21	31
18	5	(72)	Interest received and other financial income	42	56	33
95	14	(85)	Investments and loans to third parties	(92)	(181)	97
<b>(108)</b>	<b>(264)</b>	<b>144</b>	<b>Net cash (outflow) used for investing activities</b>	<b>(935)</b>	<b>(872)</b>	<b>(7)</b>
			<b>Cash flows from financing activities</b>			
90	-	n.a.	Additional long-term borrowings	1,192	-	n.a.
(433)	(62)	(86)	Repayment of long-term borrowings	(1,310)	(129)	(90)
3,341	2,976	(11)	Additional short-term borrowings	7,853	7,508	(4)
(3,241)	(3,622)	12	Repayment of short term borrowings	(7,603)	(8,695)	14
(3)	(1)	(67)	Interest paid on long-term loans	(9)	(6)	(33)
(2)	(44)	2,100	Other long-term liabilities	(6)	(6)	0
(9)	(4)	(56)	Interest paid on short term loans and other financing charges	(22)	(38)	73
<b>(257)</b>	<b>(757)</b>	<b>195</b>	<b>Net cash from financing activities</b>	<b>95</b>	<b>(1,518)</b>	<b>n.a.</b>
(50)	37	n.a.	Net (decrease)/increase in cash and cash equivalents	(95)	(157)	65
151	272	80	At 1 January	195	500	156
(3)	(2)	(33)	Effect of foreign exchange rate changes	(2)	(36)	1,700
98	307	213	At the end of period	98	307	213

## Management representation

INA Group's consolidated financial statements for the period ended 30 September 2017 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:

<b>Zoltán Áldott</b>	<b>President</b>
<b>Niko Dalić</b>	<b>Member</b>
<b>Gábor Horváth</b>	<b>Member</b>
<b>Ivan Krešić</b>	<b>Member</b>
<b>Davor Mayer</b>	<b>Member</b>
<b>Péter Ratatics</b>	<b>Member</b>