

Annex 1**ISSUER'S GENERAL DATA**

Reporting period: 1.1.2019 to 31.12.2019

Year: 2019

Quarter: 4.

Quarterly financial statements

Registration number (MB): 03586243 Issuer's home Member State code: HR

Entity's registration number (MBS): 080000604

Personal identification number (OIB): 27759560625 LEI: 213800RUSOJPD19H13

Institution code: 2560

Name of the issuer: INA - Industrija nafte d.d.

Postcode and town: 10 020 ZAGREB

Street and house number: Avenija Većeslava Holjevca 10

E-mail address: investitori@ina.hrWeb address: www.ina.hr

Number of employees (end of the reporting): 3677

Consolidated report: KN (KN-not consolidated/KD-consolidated)

Audited: RN (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): Registered office: MB:

Bookkeeping firm: Yes (Yes/No) Top Računovodstvo Servisi d.o.o.; Član INA Grupe
(name of the bookkeeping firm)Contact person: Josip Vargašević
(only name and surname of the contact person)

Telephone: 091 495 7186

E-mail address: Josip.Vargasevic@trs.ina.hr

Audit firm: ERNST & YOUNG d.o.o. Zagreb
(name of the audit firm)Certified auditor: Berislav Horvat
(name and surname)

BALANCE SHEET
balance as at 31.12.2019

in HRK

Submitter:INA - Industrija nafte d.d., Zagreb			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	16.190.000.000	17.380.000.000
I INTANGIBLE ASSETS (ADP 004 to 009)	003	456.000.000	433.000.000
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	206.000.000	159.000.000
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	25.000.000	13.000.000
5 Intangible assets in preparation	008	225.000.000	261.000.000
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	10.766.000.000	11.849.000.000
1 Land	011	1.008.000.000	1.005.000.000
2 Buildings	012	4.697.000.000	4.639.000.000
3 Plant and equipment	013	2.244.000.000	2.832.000.000
4 Tools, working inventory and transportation assets	014	243.000.000	265.000.000
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	180.000.000	360.000.000
7 Tangible assets in preparation	017	2.388.000.000	2.214.000.000
8 Other tangible assets	018	6.000.000	534.000.000
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	3.341.000.000	3.640.000.000
1 Investments in holdings (shares) of undertakings within the group	021	1.960.000.000	2.089.000.000
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	738.000.000	730.000.000
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	157.000.000	168.000.000
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	39.000.000
8 Loans, deposits, etc. given	028	7.000.000	7.000.000
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	479.000.000	607.000.000
IV RECEIVABLES (ADP 032 to 035)	031	538.000.000	529.000.000
1 Receivables from undertakings within the group	032	12.000.000	9.000.000
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	50.000.000	38.000.000
4 Other receivables	035	476.000.000	482.000.000
V DEFERRED TAX ASSETS	036	1.089.000.000	929.000.000
C) CURRENT ASSETS (ADP 038+046+053+063)	037	4.663.000.000	4.663.000.000
I INVENTORIES (ADP 039 to 045)	038	2.351.000.000	2.025.000.000
1 Raw materials and consumables	039	445.000.000	324.000.000
2 Work in progress	040	874.000.000	668.000.000
3 Finished goods	041	860.000.000	844.000.000
4 Merchandise	042	172.000.000	189.000.000
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	1.819.000.000	2.047.000.000
1 Receivables from undertakings within the group	047	256.000.000	298.000.000

2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	1.490.000.000	1.663.000.000
4 Receivables from employees and members of the undertaking	050	1.000.000	0
5 Receivables from government and other institutions	051	2.000.000	-1.000.000
6 Other receivables	052	70.000.000	87.000.000
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	158.000.000	89.000.000
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	15.000.000	36.000.000
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	27.000.000	0
8 Loans, deposits, etc. given	061	3.000.000	1.000.000
9 Other financial assets	062	113.000.000	52.000.000
IV CASH AT BANK AND IN HAND	063	335.000.000	502.000.000
D) PREPAID EXPENSES AND ACCRUED INCOME	064	34.000.000	43.000.000
E) TOTAL ASSETS (ADP 001+002+037+064)	065	20.887.000.000	22.086.000.000
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	12.352.000.000	11.894.000.000
I INITIAL (SUBSCRIBED) CAPITAL	068	9.000.000.000	9.000.000.000
II CAPITAL RESERVES	069	0	0
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	1.283.000.000	1.380.000.000
1 Legal reserves	071	99.000.000	166.000.000
2 Reserves for treasury shares	072	0	0
3 Treasury shares and holdings (deductible item)	073	0	0
4 Statutory reserves	074	0	0
5 Other reserves	075	1.184.000.000	1.214.000.000
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	135.000.000	241.000.000
1 Fair value of financial assets available for sale	078	135.000.000	241.000.000
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	600.000.000	617.000.000
1 Retained profit	082	600.000.000	617.000.000
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	1.334.000.000	656.000.000
1 Profit for the business year	085	1.334.000.000	656.000.000
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	3.632.000.000	3.893.000.000
1 Provisions for pensions, termination benefits and similar obligations	089	33.000.000	19.000.000
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	27.000.000	4.000.000
4 Provisions for renewal of natural resources	092	3.028.000.000	3.299.000.000
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	544.000.000	571.000.000
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	44.000.000	480.000.000
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	0	441.000.000

6 Liabilities to banks and other financial institutions	101	0	0
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	44.000.000	39.000.000
11 Deferred tax liability	106	0	0
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	4.749.000.000	5.705.000.000
1 Liabilities to undertakings within the group	108	390.000.000	363.000.000
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	194.000.000	282.000.000
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	0	90.000.000
6 Liabilities to banks and other financial institutions	113	1.892.000.000	2.935.000.000
7 Liabilities for advance payments	114	38.000.000	38.000.000
8 Liabilities to suppliers	115	1.242.000.000	1.089.000.000
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	58.000.000	44.000.000
11 Taxes, contributions and similar liabilities	118	514.000.000	554.000.000
12 Liabilities arising from the share in the result	119	0	0
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	421.000.000	310.000.000
E) ACCRUALS AND DEFERRED INCOME	122	110.000.000	114.000.000
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	20.887.000.000	22.086.000.000
G) OFF-BALANCE SHEET ITEMS	124	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2019 to 31.12.2019

in HRK

Submitter: INA - Industrija nafte d.d., Zagreb

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	21.419.000.000	5.929.000.000	21.430.000.000	5.779.000.000
1 Income from sales with undertakings within the group	126	2.977.000.000	947.000.000	3.246.000.000	815.000.000
2 Income from sales (outside group)	127	18.093.000.000	4.805.000.000	17.850.000.000	4.838.000.000
3 Income from the use of own products, goods and services	128	14.000.000	2.000.000	14.000.000	5.000.000
4 Other operating income with undertakings within the group	129	21.000.000	4.000.000	128.000.000	109.000.000
5 Other operating income (outside the group)	130	314.000.000	171.000.000	192.000.000	12.000.000
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	20.066.000.000	5.861.000.000	20.656.000.000	5.786.000.000
1 Changes in inventories of work in progress and finished goods	132	-364.000.000	158.000.000	179.000.000	9.000.000
2 Material costs (ADP 134 to 136)	133	17.150.000.000	4.628.000.000	16.852.000.000	4.466.000.000
a) Costs of raw materials and consumables	134	11.819.000.000	3.655.000.000	8.348.000.000	3.213.000.000
b) Costs of goods sold	135	3.169.000.000	532.000.000	6.577.000.000	770.000.000
c) Other external costs	136	2.162.000.000	441.000.000	1.927.000.000	483.000.000
3 Staff costs (ADP 138 to 140)	137	834.000.000	203.000.000	803.000.000	181.000.000
a) Net salaries and wages	138	486.000.000	122.000.000	478.000.000	109.000.000
b) Tax and contributions from salary costs	139	226.000.000	52.000.000	215.000.000	47.000.000
c) Contributions on salaries	140	122.000.000	29.000.000	110.000.000	25.000.000
4 Depreciation	141	1.579.000.000	406.000.000	1.634.000.000	471.000.000
5 Other costs	142	903.000.000	384.000.000	974.000.000	303.000.000
6 Value adjustments (ADP 144+145)	143	-53.000.000	49.000.000	270.000.000	198.000.000
a) fixed assets other than financial assets	144	109.000.000	112.000.000	191.000.000	187.000.000
b) current assets other than financial assets	145	-162.000.000	-63.000.000	79.000.000	11.000.000
7 Provisions (ADP 147 to 152)	146	17.000.000	33.000.000	-56.000.000	158.000.000
a) Provisions for pensions, termination benefits and similar	147	-4.000.000	0	9.000.000	-2.000.000
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	-7.000.000	4.000.000	-24.000.000	-1.000.000
d) Provisions for renewal of natural resources	150	43.000.000	115.000.000	-45.000.000	145.000.000
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	-15.000.000	-86.000.000	4.000.000	16.000.000
8 Other operating expenses	153	0	0	0	0
III FINANCIAL INCOME (ADP 155 to 164)	154	505.000.000	25.000.000	173.000.000	0
1 Income from investments in holdings (shares) of undertakings within the group	155	242.000.000	28.000.000	63.000.000	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	4.000.000	1.000.000	3.000.000	2.000.000
4 Other interest income from operations with undertakings within the group	158	25.000.000	6.000.000	23.000.000	5.000.000
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	224.000.000	0	2.000.000	1.000.000
6 Income from other long-term financial investments and loans	160	0	0	10.000.000	0
7 Other interest income	161	2.000.000	0	4.000.000	1.000.000
8 Exchange rate differences and other financial income	162	19.000.000	2.000.000	43.000.000	-16.000.000
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	-11.000.000	-12.000.000	25.000.000	7.000.000
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	201.000.000	68.000.000	155.000.000	-28.000.000
1 Interest expenses and similar expenses with undertakings within the group	166	2.000.000	0	6.000.000	2.000.000
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	16.000.000	1.000.000	0	-1.000.000
3 Interest expenses and similar expenses	168	124.000.000	59.000.000	84.000.000	-19.000.000
4 Exchange rate differences and other expenses	169	58.000.000	9.000.000	63.000.000	-11.000.000
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	1.000.000	-1.000.000	2.000.000	1.000.000
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	10.000.000	26.000.000
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	21.924.000.000	5.954.000.000	21.613.000.000	5.805.000.000
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	20.267.000.000	5.929.000.000	20.811.000.000	5.758.000.000
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	1.657.000.000	25.000.000	802.000.000	47.000.000
1 Pre-tax profit (ADP 177-178)	180	1.657.000.000	25.000.000	802.000.000	47.000.000
2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
XII INCOME TAX	182	323.000.000	47.000.000	146.000.000	21.000.000
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	1.334.000.000	-22.000.000	656.000.000	26.000.000
1 Profit for the period (ADP 179-182)	184	1.334.000.000	0	656.000.000	26.000.000
2 Loss for the period (ADP 182-179)	185	0	-22.000.000	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					

XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190				
2 Discontinued operations loss for the period (ADP 189-186)	191				
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192				
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196				
1 Profit for the period (ADP 192-195)	197				
2 Loss for the period (ADP 195-192)	198				
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0	0	0
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	202	1.334.000.000	-22.000.000	656.000.000	26.000.000
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	-108.000.000	-20.000.000	136.000.000	22.000.000
1 Exchange rate differences from translation of foreign operations	204	47.000.000	8.000.000	18.000.000	-14.000.000
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	-154.000.000	-27.000.000	106.000.000	24.000.000
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	-1.000.000	-1.000.000	12.000.000	12.000.000
8 Other changes in equity unrelated to owners	211	0	0	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	-108.000.000	-20.000.000	136.000.000	22.000.000
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	1.226.000.000	-42.000.000	792.000.000	48.000.000
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	0	0	0	0
1 Attributable to owners of the parent	216	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2019. to 31.12.2019.

in HRK

Submitter: INA - Industrija nafte d.d., Zagreb			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	1.657.000.000	802.000.000
2 Adjustments (ADP 003 to 010):	002	1.292.000.000	1.702.000.000
a) Depreciation	003	1.579.000.000	1.634.000.000
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-60.000.000	262.000.000
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	0	0
e) Interest expenses	007	62.000.000	51.000.000
f) Provisions	008	-20.000.000	-64.000.000
g) Exchange rate differences (unrealised)	009	49.000.000	17.000.000
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-318.000.000	-198.000.000
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	2.949.000.000	2.504.000.000
3 Changes in the working capital (ADP 013 to 016)	012	57.000.000	176.000.000
a) Increase or decrease in short-term liabilities	013	1.022.000.000	240.000.000
b) Increase or decrease in short-term receivables	014	-320.000.000	-294.000.000
c) Increase or decrease in inventories	015	-645.000.000	230.000.000
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	3.006.000.000	2.680.000.000
4 Interest paid	018	0	0
5 Income tax paid	019	-35.000.000	-12.000.000
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	2.971.000.000	2.668.000.000
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	8.000.000	12.000.000
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	51.000.000	29.000.000
4 Dividends received	024	1.000.000	10.000.000
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	1.000.000	1.000.000
III Total cash receipts from investment activities (ADP 021 to 026)	027	61.000.000	52.000.000
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-1.846.000.000	-1.950.000.000
2 Cash payments for the acquisition of financial instruments	029	0	-39.000.000
3 Cash payments for loans and deposits for the period	030	-250.000.000	-193.000.000
4 Acquisition of a subsidiary, net of cash acquired	031	-265.000.000	-10.000.000
5 Other cash payments from investment activities	032	-150.000.000	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-2.511.000.000	-2.192.000.000
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-2.450.000.000	-2.140.000.000
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	416.000.000	1.092.000.000
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	416.000.000	1.092.000.000

1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-127.000.000	0
2 Cash payments for dividends	041	-812.000.000	-1.250.000.000
3 Cash payments for finance lease	042	0	-83.000.000
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	0
5 Other cash payments from financing activities	044	-50.000.000	-123.000.000
VI Total cash payments from financing activities (ADP 040 to 044)	045	-989.000.000	-1.456.000.000
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-573.000.000	-364.000.000
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	23.000.000	3.000.000
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-29.000.000	167.000.000
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	364.000.000	335.000.000
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	335.000.000	502.000.000

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: INA INDUSTRIJA NAFTE, d.d. Zagreb

Personal identification number (OIB): 27759560625

Reporting period: 1 January 2019 - 31 December 2019

Separated, nonconsolidated financial statements are prepared on the consistent presentation and classification basis. When the presentation or classification of items in the nonconsolidated financial statements is amended, comparative amounts are reclassified unless the reclassification is impracticable.

The principal accounting policies applied in the preparation of nonconsolidated (separated) financial statements (INA, d.d. 2019 Financial Report) are IAS 34 and INA Group Accounting Policies and Procedures. These policies have been consistently applied to all the years presented, unless otherwise stated.

Last version of INA Group Accounting Policies and Procedures was approved by Management Board in December 2019 (effective at 31 December 2019).

In 2019 accounting policies and procedures were updated taking into consideration of new IFRS 16 Leasing. Therefore, a new accounting policy for treatment of right-of-use asset and lease agreement is implemented.

INA, d.d. Q4 2019 Financial Report in details presents significant business events as of 31 December 2019.

A difference among TFI_POD and Flash Report as a follows:

PL Report:

Line of amortisation in FR is equal of sum of two lines amortisation and value adjustments - fixed assets other than financial assets in sheet PL.

BS Report:

Line of Property, plant and equipment – ROU in FR is presented in lines of tangible assets in accordance with particular class of asset in sheet BS.

Annual financial statement for year end 2018 and INA, d.d. 2019 Financial Report at 31 December are available on www.ina.hr.



INA, D.D.
Q4 & Q1-Q4 2019
FINANCIAL REPORT

Zagreb, February, 2020

INA, d.d. financial results (IFRS)

Q4 2018	Q4 2019	HRK mln	2018	2019	%
5,752	5,653	Net sales revenues*	21,070	21,096	0
586	651	EBITDA (1)	3,041	2,599	(15)
367	651	EBITDA excl. special items (2)	2,822	2,599	(8)
68	(7)	Profit/loss from operations	1,353	774	(43)
(151)	134	Profit/(loss) from operations excl. special items (2)	1,134	915	(19)
(43)	28	Net (loss)/income from financial activities	304	18	(94)
(22)	26	Profit/(loss) for the period attributable to owners of the company	1,334	656	(51)
(241)	167	Profit/(loss) for the period excl. special items (2)	1,115	797	(28)
881	1,151	Net operating cash flow	2,971	2,668	(10)
Earnings per share					
(2.2)	2.6	Basic and diluted earnings/(loss) per share (kunas per share)	133.4	65.6	(51)
1,557	2,433	Net debt	1,557	2,433	56
11.2	17.0	Net gearing (%)	11.2	17.0	
814	542	CAPEX	1,675	1,950	16
Q4 2018	Q4 2019	USD mln (3)	2018	2019	%
885	841	Net sales revenues*	3,356	3,187	(5)
90	97	EBITDA (1)	484	393	(19)
56	97	EBITDA excl. special items (2)	449	393	(13)
10	(1)	Profit/loss from operations	216	117	(46)
(23)	20	Profit/(loss) from operations excl. special items (2)	181	138	(24)
(7)	4	Net (loss)/income from financial activities	48	3	(94)
(3)	4	Profit/(loss) for the period attributable to owners of the company	212	99	(53)
(37)	25	Profit/(loss) for the period excl. special items (2)	178	120	(33)
136	171	Net operating cash flow	473	403	(15)
Earnings per share					
(0.3)	0.0	Basic and diluted earnings/(loss) per share (USD per share)	21.2	9.9	(53)
241	366	Net debt	241	366	52
125	81	CAPEX	267	294	10

* Related to Revenue from contracts with customers

(1) EBITDA = EBIT + Depreciation, amortization and impairment (net)

(2) 2018 result negatively impacted by HRK (72) mln of net impact of severance payments and related provisions together with positive impact of HRK 291 mln of gain on INAgip acquisition; 2019 result was negatively impacted by HRK (141) mln impairment of assets - Croatian gas fields

(3) In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q4 2018 – 6.50 HRK/USD; Q4 2019 – 6.72 HRK/USD; for Q1-Q4 2018 – 6.28 HRK/USD; for Q1-Q4 2019 – 6.63 HRK/USD; as at 31 December 2018 – 6.47 HRK/USD; as at 31 December 2019 – 6.65 HRK/USD

INA, d.d. sales revenues remained stable in 2019 compared to 2018, despite more challenging external environment. EBITDA excluding special items decreased by 8% to HRK 2,599 million while profit from operations excluding special items decreased to HRK 915 million, falling below previous year realisation.

Exploration and Production EBITDA excluding special items decreased by 21% to HRK 2,215 million mainly caused by lower realized hydrocarbon price 9% and a 3% decline in hydrocarbon production. Overall production volumes were supported by higher crude oil production in Egypt, which was more than offset by the natural decline on Croatian fields, especially on gas fields.

Refining and Marketing including Consumer Services and Retail EBITDA excluding special items was higher by 4% and amounted to HRK 390 million. Main events of the year for Refining included a large scale turnaround completed in May and also the final investment decision on Rijeka Refinery Upgrade Project, the largest investment in the recent history of INA. At the same time sales were stable, utilizing market conditions. Retail performance supported by network expansion and further implementation of Fresh Corner.

CAPEX increased by 16% compared to the same period last year and amounted HRK 1,950 million, mainly driven by increased investments in Refining and Marketing. Net gearing further increased to 17% with net debt at HRK 2,433 million at the end of 2019.

Non-consolidated Statement of Profit or Loss

For the period ended 31 December 2018 and 2019 (in HRK millions)

Q4 2018	Q4 2019		2018	2019	%
5,752	5,653	Revenue from contracts with customers	21,070	21,096	0
2	5	Capitalised value of own performance	14	14	(0)
175	121	Other operating income	335	320	(4)
5,929	5,779	Total operating income	21,419	21,430	0
(158)	(9)	Changes in inventories of finished products and work in progress	364	(179)	n.a.
(3,655)	(3,213)	Cost of raw materials and consumables	(11,819)	(8,348)	(29)
(518)	(658)	Depreciation, amortisation and impairment (net)	(1,688)	(1,825)	8
(441)	(483)	Other material costs	(2,162)	(1,927)	(11)
(267)	(195)	Service costs	(787)	(859)	9
(320)	(289)	Staff costs	(950)	(918)	(3)
(532)	(770)	Cost of other goods sold	(3,169)	(6,577)	108
63	(11)	Impairment charges (net)	162	(79)	n.a.
(33)	(158)	Provision for charges and risks (net)	(17)	56	n.a.
(5,861)	(5,786)	Operating expenses	(20,066)	(20,656)	3
68	(7)	Profit/(loss) from operations	1,353	774	(43)
25	-	Finance income	505	173	(66)
(68)	28	Finance costs	(201)	(155)	(23)
(43)	28	Net income/(loss) from financial activities	304	18	(94)
-	26	Share of net profit of joint ventures accounted for using the equity method	-	10	n.a.
25	47	Profit/(loss) before tax	1,657	802	(52)
(47)	(21)	Income tax expense	(323)	(146)	(55)
(22)	26	Profit/(loss) for the period	1,334	656	(51)
Earnings per share					
(2.2)	2.6	Basic and diluted earnings/(loss) per share (kunas per share)	133.4	65.6	(51)

Non-consolidated Statement of Financial Position

At 31 December 2018 and 2019 (in HRK millions)

	31 December 2018	31 December 2019	%
Assets			
Non-current assets			
Intangible assets	431	420	(3)
Property, plant and equipment	10,586	10,960	4
Property, plant and equipment - ROU	-	529	n.a.
Investment in subsidiaries	1,960	2,089	7
Investments in associates and joint ventures	150	160	7
Other investments	752	745	(1)
Long-term receivables and other assets	743	902	21
Deferred tax	1,089	929	(15)
Long-term marketable securities	-	39	n.a.
Non-current financial assets	479	607	27
Total non-current assets	16,190	17,380	7
Current assets			
Inventories	2,351	2,025	(14)
Intercompany receivables	256	298	16
Trade receivables, net	1,490	1,663	12
Other receivables	73	86	18
Other current assets	165	132	(20)
Marketable securities	27	-	n.a.
Cash and cash equivalents	335	502	50
Total current assets	4,697	4,706	0
Total assets	20,887	22,086	6
Equity and liabilities			
Capital and reserves			
Share capital	9,000	9,000	0
Legal reserves	99	166	68
Fair value reserves	135	241	79
Other reserves	1,184	1,214	3
Retained earnings / (Deficit)	1,934	1,273	(34)
Total equity	12,352	11,894	(4)
Non-current liabilities			
Long-term lease liabilities	-	441	n.a.
Other non-current liabilities	44	39	(11)
Employee benefits obligation	33	19	(42)
Provisions	3,599	3,874	8
Total non-current liabilities	3,676	4,373	19
Current liabilities			
Bank loans	1,767	2,600	47
Current portion of long-term loans	125	335	168
Current portion of long-term lease liabilities	-	90	n.a.
Intercompany payables	584	645	10
Trade payables	1,242	1,089	(12)
Taxes and contributions	514	554	8
Other current liabilities	395	387	(2)
Employee benefits obligation	3	3	0
Provisions	229	116	(49)
Total current liabilities	4,859	5,819	20
Total liabilities	8,535	10,192	19
Total equity and liabilities	20,887	22,086	6

Non-consolidated Cash Flow Statement (Indirect method)

For the period ended 31 December 2018 and 2019 (in HRK millions)

Q4 2018	Q4 2019		2018	2019	%
(22)	26	Profit/(loss) for the period	1,334	656	(51)
		Adjustments for:			
518	658	Depreciation, amortisation and impairment (net)	1,688	1,825	8
47	21	Tax expense recognized in income statement	323	146	(55)
(63)	11	Impairment charges (net)	(162)	79	n.a.
(4)	(1)	Loss/(gain) on sale of property, plant and equipment	(7)	(8)	14
9	8	Loss/(gain) on sale of investments and shares	-	-	n.a.
-	(112)	Income from capital increase of subsidiary	-	(112)	n.a.
3	(8)	Foreign exchange loss/(gain)	49	17	(65)
3	3	Interest expense /(gain) (net)	6	1	(83)
(222)	-	Income from reversal of impaired loans	(222)	-	n.a.
(111)	(15)	Income from reversal of impaired investment in subsidiaries	(111)	-	n.a.
-	(10)	Share of gain of an associate and a joint venture	-	(10)	n.a.
343	(6)	Other finance costs recognised in profit and loss	(85)	(84)	(1)
7	150	(Decrease)/increase in provisions	(20)	(64)	220
25	(14)	Decommissioning interests	56	50	(11)
(100)	40	Net (gain)/loss on derivative financial instruments and hedge transactions	96	8	(92)
(11)	-	Other non-cash items	4	-	n.a.
422	751	Operating cash flow before working capital changes	2,949	2,504	(15)
		Movements in working capital			
455	539	(Increase)/decrease in inventories	(645)	230	n.a.
505	339	(Increase) /decrease in receivables and prepayments	(320)	(294)	(8)
(473)	(470)	(Decrease)/increase in trade and other payables	1,022	240	(77)
909	1,159	Cash generated from operations	3,006	2,680	(11)
(28)	(8)	Taxes paid	(35)	(12)	(66)
881	1,151	Net cash inflow from/ (used in) operating activities	2,971	2,668	(10)
		Cash flows used in investing activities			
(867)	(488)	Capital expenditures, exploration and development costs	(1,726)	(1,822)	6
(39)	(64)	Payment for intangible assets	(120)	(128)	7
4	2	Proceeds from sale of non-current assets	8	12	50
(265)	(10)	Acquisition of subsidiary	(265)	(10)	(96)
(150)	-	Investment in joint venture	(150)	-	n.a.
-	(21)	Investment in securities	-	(39)	n.a.
-	-	Dividends received from companies classified as non-current financial assets and from other companies	1	10	900
1	(27)	Payments received from subsidiaries	1	1	0
26	(22)	Interest received and other financial income	51	29	(43)
(144)	(24)	Loans and other investments (net)	(250)	(193)	(23)
(1,434)	(654)	Net cash (used in)/generated from investing activities	(2,450)	(2,140)	(13)
		Cash flows from financing activities			
-	(83)	Repayment of lease liabilities	-	(83)	n.a.
-	334	Change in long term borrowings (net)	(122)	208	n.a.
391	(708)	Change in short term borrowings (net)	416	885	113
-	-	Dividends paid	(812)	(1,250)	54
-	61	Finance lease repayments	-	-	n.a.
-	116	Interest paid on long-term loans	(5)	(1)	(80)
(53)	-	Other long-term liabilities, net	-	-	n.a.
(34)	(112)	Interest paid on short term loans and other interest charges	(50)	(123)	146
304	(392)	Net cash from financing activities	(573)	(364)	(36)
(249)	105	Net (decrease)/increase in cash and cash equivalents	(52)	164	n.a.
586	397	At the beginning of the period	364	335	(8)
(2)	-	Effect of foreign exchange rate changes	23	3	(87)
335	502	At the end of period	335	502	50

Financial overview

Statement of Profit or Loss

Revenues from contract with customers in 2019 amounted to HRK 21,096 million and were in line with 2018 level, triggered mainly by higher wholesale, lack of supply from Bosanski Brod Refinery and sales growth on captive market

Costs of raw materials and consumables were 29% lower than 2018 level at HRK (8,348) million, resulting mainly from lower processing triggered by Rijeka Refinery turnaround from January until May.

Costs of other goods sold in 2019 recorded an increase of 108% compared to 2018, and amounted to HRK (6,577) million resulting from higher sales of imported goods to meet market demand.

Other **operating costs** realized in 2019 include:

- Other material costs amounted to HRK (1,927) million, a 11% decrease compared to 2018 mainly related to royalty and transportation costs due to lower production and lower Brent price
- Service costs in the amount of HRK (859) million increased 9% above the last year's level mostly due to higher intellectual services, insurance premium cost and other service costs
- Depreciation, amortisation and impairment (net) in the amount of HRK (1,825) million was 8% higher compared to previous period
- Impairment and provisions had a negative effect in the amount of HRK 23 million

Staff costs in the amount HRK (918) million were slightly lower compared to 2018.

Net result from financial activities in 2019 is positive in the amount of HRK 18 million, compared to HRK 304 million of net financial profit in 2018.

Statement of Financial Position

Total assets of INA, d.d., as at 31 December 2019 amounted to HRK 22,086 million, 6% higher compared to 31 December 2018.

Property, plant and equipment amounted to HRK 10,960 million and were 4% higher than 31 December 2018 related to higher investment level.

Trade receivables outside of INA Group amounted to HRK 1,663 million and were 12% higher compared to 31 December 2018.

Total liabilities amounted to HRK 10,192 million and were 19% higher compared to 31 December 2018.

Net indebtedness of INA, d.d., amounted to HRK 2,433 million as at 31 December 2019 which is 56% higher compared to 31 December 2018. Gearing ratio increased from 11.2% as at 31 December 2018 to 17.0% as at 31 December 2019.

As at 31 December 2019 **trade payables** outside of INA Group amounted HRK 1,089 million, which is a decrease of 12% compared to the 31 December 2018.

Cash flow Statement

The operating cash-flow before changes in working capital amounted to HRK 2,504 million in 2019, which is a decrease of 15% compared to the same period last year.

Changes in working capital affected the operating cash flow positively by HRK 176 million, primarily due to:

- Decreased value of inventories in the amount of HRK 230 million mainly related to imported crude and semifinished products
- Increase in receivables and prepayments in the amount of HRK (294) million related to crude oil sales
- Increase in trade and other payables in the amount of HRK 240 million

In 2019 **taxes paid** influenced the operating cash flow negatively by HRK (12) million, while in 2018 taxes paid influenced the operating cash flow by HRK (35) million. All the factors above resulted in HRK 2,668 million net inflows from operating activities generated by INA, d.d. in 2019.

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

In addition to international account standards, international reporting standards and regulatory requests that 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. In 2019, the result was negatively impacted by HRK (141) millions of special items related to impairment of assets – Croatian gas fields.

HRK mln	2018	2019
INA, d.d.		
Total impact of special items on operating profit/(loss)	219	141
Total impact of special items on EBITDA	219	-
Exploration & production	-	-
Total impact of special items on operating profit/(loss)	273	141
Total impact of special items on EBITDA	273	-
Severance payment and net provisions	(18)	-
Gain on INAgip acquisition	291	-
Impairment of assets - Croatian gas fields	-	141
Refining & Marketing including Consumer Services and Retail	-	-
Total impact of special items on operating profit/(loss)	(45)	-
Total impact of special items on EBITDA	(45)	-
Severance payment and net provisions	(45)	-
Corporate functions	-	-
Total impact of special items on operating profit/(loss)	(9)	-
Total impact of special items on EBITDA	(9)	-
Severance payment and net provisions	(9)	-

Management representation

INA, d.d. non-consolidated financial statements for Q4 and Q1-Q4 2019 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:

- Sándor Fasimon – President of the Management Board
- Niko Dalić – Member of the Management Board
- Ivan Krešić – Member of the Management Board
- Davor Mayer – Member of the Management Board
- Zsolt Pethő – Member of the Management Board
- Ákos Székely – Member of the Management Board