

Q1-Q4 2016 AND Q4 2016 – REPORT INA GROUP CONSOLIDATED

INA Group (ZB: INA-R-A; www.ina.hr) announced its 2016 results today. This report contains unaudited consolidated financial statements for the period ending 31 December 2016 as prepared by the management in accordance with the International Financial Reporting Standards.

INA Group financial results (IFRS)

Q3 2016	Q4 2016	Q4 2015	%	HRK mln	Q1-Q4 2015*	Q1-Q4 2016	%
4,719	4,561	3,918	16	Net sales revenues	18,861	15,575	(17)
939	705	418	68	EBITDA ⁽¹⁾	2,665	2,112	(21)
950	739	533	39	EBITDA excl. special items ⁽²⁾	2,953	2,428	(18)
908	540	701	(23)	CCS EBITDA excl. special items	3,670	2,219	(40)
345	228	(2,120)	n.a.	Profit/(loss) from operations	(1,338)	607	n.a.
499	262	(741)	n.a.	Operating profit excl. special items ⁽²⁾	138	842	510
463	58	(572)	n.a.	CCS Operating profit excl. special items	843	626	(26)
10	(182)	(123)	48	Net financial result	(411)	(146)	(64)
301	(223)	(1,778)	(87)	Net profit/loss attributable to equity holder	(1,418)	101	n.a.
455	(189)	(399)	(53)	Net profit/loss for the period excl. special items ⁽²⁾	58	336	477
741	1,143	540	112	Operating cash flow	1,954	2,274	16
Earnings per share							
Basic and diluted/(loss) earnings per share (kunas per share)							
30.1	(22.3)	(177.8)	(87)		(141.8)	10.1	n.a.
3,096	2,506	3,032	(17)	Net debt	3,032	2,506	(17)
22.4	19.1	22.3		Net gearing (%)	22.3	19.1	
251	419	677	(38)	CAPEX total	1,650	1,387	(16)
241	344	588	(42)	Domestic	1,387	1,217	(12)
10	75	89	(16)	International	263	170	(35)
Q3 2016	Q4 2016	Q4 2015	%	USD mln ⁽³⁾	Q1-Q4 2015*	Q1-Q4 2016	%
704	655	563	16	Net sales revenues	2,748	2,289	(17)
140	101	60	68	EBITDA ⁽¹⁾	388	310	(20)
142	106	77	39	EBITDA excl. special items ⁽²⁾	430	357	(17)
135	78	101	(23)	CCS EBITDA excl. special items	535	326	(39)
51	33	(305)	n.a.	Profit/(loss) from operations	(195)	89	n.a.
74	38	(106)	n.a.	Operating profit excl. special items ⁽²⁾	20	124	515
69	8	(82)	n.a.	CCS Operating profit excl. special items	123	92	(25)
1	(26)	(18)	48	Net financial result	(60)	(21)	(64)
45	(32)	(255)	(87)	Net profit/loss attributable to equity holder	(207)	15	n.a.
68	(27)	(57)	(53)	Net profit/loss for the period excl. special items ⁽²⁾	8	49	482
110	164	78	112	Operating cash flow	285	334	17
Earnings per share							
Basic and diluted/(loss) earnings per share (kunas per share)							
4.5	(3.2)	(25.5)	(87)		(20.7)	1.5	n.a.
462	351	434	(19)	Net debt	434	351	(19)
37	60	97	(38)	CAPEX total	240	204	(15)
36	49	84	(42)	Domestic	202	179	(11)
1	11	13	(16)	International	38	25	(35)

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

⁽²⁾ The Q1-Q4 2016 EBITDA was negatively influenced by HRK 315 million special items related to severance payments, while Q1-Q4 2016 EBIT was negatively influenced by HRK 139 mn impairment of Zagreb-1 drilling rig and HRK 96 mn of net impact of provisions for incentives and severance payments

⁽³⁾ In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q4 2016 – 6.9614 HRK/USD; Q3 2016 – 6.7064 HRK/USD; Q4 2015 – 6.9608 HRK/USD; Q1-Q4 2015 – 6.8623 HRK/USD; Q1-Q4 2016 – 6.8037 HRK/USD; as at September 30, 2016 – 6.6962 HRK/USD; as at December 31, 2016 – 7.1365 HRK/USD; as at December 31, 2015 – 6.9918 HRK/USD

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

INA Group made positive results in 2016, with profit from operations reaching HRK 607 million for the period, compared to a HRK 1,338 million loss for 2015. Despite the challenging environment in the form of Brent and crack spreads decrease, affecting both the Exploration and production as well as Refining segment, Company achieved the positive development in results. This was achieved primarily with the ongoing program of operational adjustment to lower commodity prices. Exploration and production remained the main cash generator during 2016. Despite a 32% decrease in EBITDA, operating profit of the segment remained relatively strong, reaching HRK 1,172 million for the period.

Downstream operations achieved a positive result. The introduction of a more competitive operating model in Retail has already resulted in a decrease in fixed OPEX, which supported by an increase in non-fuel revenues has led to an improvement in underlying profitability.

CAPEX amounted to HRK 1,387 million, decrease of 16% compared to 2015. Additionally, INA Group increased its share in Energopetrol from 33% to 67%, further strengthening the regional position. On the back of a disciplined approach to CAPEX spending, the financial position of the Company remained stable during 2016. Net gearing decreased to 19.1%, whilst net debt reached HRK 2,506 million, a 17% decrease compared to 2015.

- ▶ **Exploration and Production:** In 2016, EBITDA excl. special items reached HRK 2,166 million, representing a 32% decrease (HRK 1,037 million) compared to the same period last year. The negative impact was primarily driven by lower Brent and natural gas prices, the latter a result of a reduction in regulated gas prices for households and an intensification in market competition. Hydrocarbon production decreased by 1.5 mboepd, mainly as a result of a decline in off-shore production and a scheduled overhaul at Molve.
- ▶ **Refining and Marketing (including Retail):** 2016 CCS EBITDA excl. special items amounted to HRK 350 million while EBITDA excl. special items amounted to HRK 558 million. The result was positively impacted by a number of factors, internal efficiency efforts focused on reducing OPEX, the diversification of crude oil portfolio, and an improvement in retail, including the positive results from the non-fuel segment. However, the result was negatively affected by a deterioration of unit sales margins and crack spreads.
- ▶ **Corporate and Other¹:** EBITDA excl. special items amounted to HRK (161) million, a decrease compared to the 2015 period by HRK 190 million. EBITDA was lower mainly due to the negative contribution of Croscoc.

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

2016 was a successful year for INA. After a long period of negative price environment and political turmoil in Syria, in second half of 2016 the situation relatively stabilized, which was reflected on INA financial results: for the first time after several years no significant impairments were booked. The first half of 2016 though was marked with historically low oil and gas prices that pushed us to optimize our spending. This was executed through cost optimisation program which, combined with business expansion, ensured the strongest balance sheet in the last decade, making INA eligible for strategic investments in the future.

Despite the unfavourable environment and the necessary cost optimisation, almost all business segment indicators were improved. Exploration and Production segment continues successfully increasing domestic oil production which, after several year of increase, has reached the 2009 level. Compared to 2015, domestic oil production has grown by 12%. Oil production increase helped partially compensate the decrease in mature gas production, especially offshore.

Refining and marketing operations register growth for the third year in a row, in Croatian and regional sales and refinery processing as well, but also through regional expansion of Retail. Energopetrol is fully consolidated in INA results, and the number of retail sites almost reaches 500.

Still, there is room for further improvement, especially in the Refining segment, which is addressed through the preparation of detailed design for the Residue Upgrade Project. Also, Deloitte consultants have been engaged to implement the project of identifying options for a sustainable business operation at Sisak site.

CAPEX and investments levels in 2016 stayed strong, having in mind the environment, reaching almost HRK 1.6 billion. Comparing INA's CAPEX performance and trends after the start of oil price collapse in 2014 with global and regional oil and gas companies, it is evident that INA is among the few which maintained robust investments with a reinvestment ratio well above 60%.

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

Management discussion

Exploration and Production*

Q3 2016	Q4 2016	Q4 2015	%	Segment IFRS results (HRK mln)	Q1-Q4 2015**	Q1-Q4 2016	%
980	1,051	1,082	(3)	Net sales revenues	4,970	3,890	(22)
565	550	680	(19)	EBITDA	3,141	2,141	(32)
565	554	706	(21)	EBITDA excl. special items***	3,203	2,166	(32)
318	271	(1,216)	n.a.	Operating profit	371	1,172	216
324	272	(253)	n.a.	Operating profit excl. special items***	1,375	1,186	(14)
155	191	280	(32)	CAPEX with one-off	840	717	(15)

* 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-Q4 2016 EBITDA was negatively influenced by HRK 25 million special items related to Severance payments, while Q1-Q4 2016 EBIT was negatively influenced by HRK 13 mn of net impact of provisions for incentives and severance payments.

Q3 2016	Q4 2016	Q4 2015	%	Hydrocarbon production	Q1-Q4 2015	Q1-Q4 2016	%
15,160	14,461	14,730	(2)	Crude oil production (boe/d)	13,974	15,044	8
12,156	11,663	11,452	2	Croatia	10,674	11,929	12
1,974	1,812	2,121	(15)	Egypt	2,093	2,057	(2)
1,030	986	1,157	(15)	Angola	1,207	1,057	(12)
21,398	23,263	24,422	(5)	Natural gas production (boe/d)	24,967	22,446	(10)
9,055	8,794	11,903	(26)	Croatia - offshore	12,202	9,324	(24)
12,344	14,469	12,519	16	Croatia - onshore	12,765	13,122	3
1,666	1,960	1,907	3	Condensate (boe/d)	1,916	1,887	(1)
38,224	39,684	41,058	(3)	Total hydrocarbon production (boe/d)	40,857	39,377	(4)

Q3 2016	Q4 2016	Q4 2015	%	Average realised hydrocarbon price	Q1-Q4 2015	Q1-Q4 2016	%
38	37	41	(10)	Total hydrocarbon price (USD/boe)*	48	37	(23)

Q3 2016	Q4 2016	Q4 2015	%	Natural gas trading - mln cm	Q1-Q4 2015**	Q1-Q4 2016	%
274	290	286	1	Total natural gas sales - domestic market	1,142	1,115	(2)

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

Q1-Q4 2016 vs. Q1-Q4 2015

In 2016, Exploration and Production EBITDA excl. special items reached HRK 2,166 million, a decrease of 32% compared to 2015 mainly as a result of lower Brent and natural gas prices. Total hydrocarbon production reached 39.4 mboe per day, a decrease of 1.5 mboe per day compared to 2015 resulting from lower production of natural gas. In addition to lower revenues, operating profit of HRK 1,172 million was negatively impacted by HRK (82) million of Egyptian receivables' impairment due to an inability to regularly collect receivables. The decline was partially mitigated by higher domestic crude oil production following a campaign of well optimisation and workovers.

Compared to 2015, Brent price was 17% lower in 2016 and had a negative impact on crude oil and condensate revenues in the amount of HRK (370) million. Lower realised natural gas prices as a consequence of further reduction in the regulated gas price from April 2016 and an adverse market environment caused additional HRK (660) million negative effect compared to the previous year, of which HRK (157) million related to the reduction in the regulated gas price.

Crude oil production in 2016 increased by 8% compared to last year as a result of:

- Domestic crude oil production increased by 12% on the back of well workovers and optimisations together with production from new wells Selec and Đeletovci Zapad.
- Oil production in Angola was 12% lower as a result of technical issues and natural production decline on Block 3/05, while Egypt was 2% lower as a result of low production rate on Ras Qattara and West Abu Gharadig, although partially offset by improved performance on the North Bahariya and East Yidma concessions.

Natural gas production in 2016 was 10% lower than in 2015 mainly coming from:

- Offshore natural gas production decrease of 24% driven by natural decline, water cuts and lower INA share.
- This was partially offset by 3% higher onshore production as a result of performed well workovers and optimisation as well as production from new fields Vučkovec, Zebanec and Stružec. Onshore increase was achieved despite a scheduled general overhaul on the Gas Treatment Plant Molve and Fractionation Facilities Ivanić Grad performed in September 2016.

Domestic **condensate** production was a slightly lower (1%) due to the aforementioned overhaul on Molve and Ivanić Grad in September.

Q4 2016 vs. Q4 2015

In Q4 2016, realised EBITDA excl. special items of HRK 554 million was 21% lower compared to the corresponding period last year, driven by slightly higher domestic crude oil and natural gas production as a result of performed well optimization, workovers, the impact of EOR project and start-up of new wells on Đeletovci Zapad, Selec, Vučkovec, Zebanec and Stružec. Higher Brent price was partially offset by a decrease in natural gas prices leading to a 10% lower total realised hydrocarbon price. At the same time, gas production decreased compared to Q4 2015 due to lower offshore production caused by natural decline and water cut. International production was lower as a result of technical issues on Block 3/05 in Angola and natural decline on almost all concessions in Egypt.

Q4 2016 vs. Q3 2016

In Q4 2016, realised EBITDA excl. special items decreased by HRK (11) million since higher production volumes were achieved at similar realised prices but affected by yearly surface fee (mining law obligation).

CAPITAL EXPENDITURES

Exploration and Production CAPEX in 2016 amounted to HRK 717 million. Capital investments in Croatia amounted to HRK 612 million whereas international capital investments reached HRK 105 million during the same period. Capital investments were lower in total by HRK 124 million or 15% compared to 2015, as a result of lower development in Angola and Egypt and lower Croatia onshore activities.

E&P CAPEX 2016 (HRK million)	Croatia	Egypt	Angola
Exploration	11	-	-
Development	497	72	33
Other	104	-	-
Total	612	72	33

CAPITAL EXPENDITURES DESCRIPTION

Croatia- Exploration

Drava-02 - INA's program proposal for 2017 was approved by the Croatian Hydrocarbons Agency on Dec 13th, 2016. On December 27th, 2016, INA received prior written approval of the work program and budget for 2017 from the Ministry of Environment and Energy. Hydrocarbon evaluation studies of **Sava & Mura area** (Pannonian basin) are progressing, as the next onshore tender is expected to be launched during H1 2017.

Croatia – Development

Međimurje project - Vučkovec field trial production started in late July and Zebanec field in August. Vukanovec field start-up has been delayed due to issues with obtaining location permit.

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

Selec-3 well – Drilling finished in March, but as the necessary permits were not obtained, production expected during 2018.

Wells General Workovers - 35 well workovers performed in 2016.

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 Fractionation Facilities Ivanić Grad was completed successfully in September 2016.

Additional Development projects on the fields Jamarice, Lipovljani & Kloštar: 27 well workovers were performed

Ivana K revamping activities – In progress for obtaining a license for the use during test exploitation of booster compressor

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

Egypt: North Bahariya – two development wells were drilled and four wells were converted to water injectors. Furthermore, one well drilled in Q4 2015 was completed for production in Q1 2016. Two water source wells were drilled in August – September 2016. Workover operations were successfully completed on five wells.

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

Angola: Block 3/05 - Production start-up of well Bufalo-113 and water injector well Bufalo-110. Bufalo-113 infill well is under testing. Decision on way forward pending. Well perforating/acidizing across several 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 Q2 2017. Punja development area: Waiting for National Concessionaire's reply to Contractor Group's proposal for fiscal enhancement. Final Investment Decision to be made in Q3 2017.

Refining and Marketing, including Retail*

Q3 2016	Q4 2016	Q4 2015	%	Segment IFRS results (HRK mln)	Q1-Q4 2015**	Q1-Q4 2016	%
4,111	3,970	3,123	27	Revenues	14,831	13,094	(12)
340	342	(231)	n.a.	EBITDA	(587)	339	n.a.
343	358	(171)	n.a.	EBITDA excl. special items***	(422)	558	n.a.
301	159	(3)	n.a.	CCS-based DS EBITDA excl. special items***	295	350	19
185	187	(581)	n.a.	Operating profit/(loss)	(1,324)	74	n.a.
190	200	(357)	n.a.	Operating profit/(loss) excl. special items***	(1,100)	94	n.a.
154	(4)	(188)	(98)	CCS-based DS operating loss excl. special items***	(395)	(122)	(69)
89	186	339	(45)	CAPEX and investments (w/o acquisition)	613	608	(1)

*Refers to Refining & Marketing including Retail INA. d.d. and following subsidiaries: INA-Maziva), 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, Energopetrol Sarajevo

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

*** The 2016 EBITDA was negatively influenced by HRK 219 million special items related to Severance payments, while 2016 EBIT was negatively influenced by HRK 20 mn of net impact of provisions for incentives and severance payments.

Q3 2016	Q4 2016	Q4 2015	%	Refinery processing (kt)	Q1-Q4 2015	Q1-Q4 2016	%
189	228	145	57	Domestic crude oil	553	599	8
764	828	455	82	Imported crude oil	2,212	2,530	14
22	26	21	21	Condensate	85	84	(1)
237	210	116	81	Other feedstock	673	643	(4)
1,213	1,291	737	75	Total refinery throughput	3,523	3,856	9
Q3 2016	Q4 2016	Q4 2015	%	Refinery production (kt)	Q1-Q4 2015	Q1-Q4 2016	%
69	71	41	73	LPG	210	211	1
297	345	209	65	Motor gasoline	946	989	5
433	418	216	93	Diesel	1,130	1,288	14
32	57	35	63	Heating oil	144	144	(0)
45	25	17	45	Kerosene	105	112	8
19	15	8	92	Naphtha	52	64	22
151	182	105	73	Fuel oil	389	500	28
39	40	6	596	Other products*	108	119	10
1,085	1,154	638	81	Total	3,085	3,428	11
16	16	4	293	Refinery loss	29	47	60
112	121	95	27	Own consumption	409	381	(7)
1,213	1,291	737	75	Total refinery production	3,523	3,856	9
Q3 2016	Q4 2016	Q4 2015	%	Refined product sales by country (kt)	Q1-Q4 2015	Q1-Q4 2016	%
570	486	465	4	Croatia	1,790	1,847	3
156	131	135	(3)	B&H	523	528	1
109	40	14	187	Slovenia	183	233	27
358	476	283	68	Other markets	1,126	1,246	11
1,193	1,133	896	26	Total	3,622	3,854	6
Q3 2016	Q4 2016	Q4 2015	%	Refined product sales by product (kt)	Q1-Q4 2015	Q1-Q4 2016	%
79	78	48	62	LPG	238	265	11
299	287	191	50	Motor gasoline	940	925	(2)
460	407	352	16	Diesel	1,465	1,529	4
33	57	57	1	Heating oil	172	179	4
63	21	19	14	Kerosene	127	137	8
19	16	5	249	Naphtha	49	67	36
148	171	142	21	Fuel oil	394	460	17
11	12	12	3	Bitumen	37	41	10
82	82	71	15	Other products*	199	251	26
1,193	1,133	896	26	Total	3,622	3,854	6
334	247	236	5	o/w Retail segment sales	996	1,014	2

*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-Q4 2016 vs. Q1-Q4 2015

Refining and Marketing (including Retail) CCS-based EBITDA excl. special items amounted to HRK 350 million, a HRK 55 million increase compared to 2015. Reported EBITDA amounted to HRK 339 million, an increase of HRK 926 million compared to the same period of last year.

Refining and Marketing segment, including Retail, continues to provide negative free cash flow in the amount of HRK (269) million, burdened by refining operations. In 2016, Sisak Refinery generated negative free cash flow of HRK (194) million, compared to HRK (255) million in 2015. The financial effect of Sisak Refinery on operating result level amounts to HRK (264) million loss in 2016 and HRK (351) million loss in previous year. This situation stresses the need for a revised operational model of INA's refining business.

Refining & Marketing operations

The considerable improvement in reported EBITDA was mainly driven by the price impact of inventory revaluation, higher sales on captive and export markets, while being additionally supported by lower fixed OPEX as a result of ongoing efficiency efforts and lower energy costs. This was partially decreased by less favourable refining margin environment compared to 2015 and decrease in sales margins on captive markets.

Total wholesale volumes were 3.799 kt, higher than the same period in 2015 (+196 kt), while also keeping strong position on motor fuel domestic market sales volumes, with slight decrease in gasoline volumes (-16 kt) and 1.4 % increase in diesel sales volumes (+14 kt). Despite strong supply competition on the B&H market, total sales volumes increased by 1 % (5 kt), primarily driven by heating oil and LPG. Total sales were further supported by higher total fuel oil (+66 kt) and heating oil (+6 kt) sales, mainly focusing on other export markets.

Retail operations

Total retail sales volumes in 2016 (including 34 kt of Energopetrol) were 1,014 kt, a 2% increase compared to 2015. Positive marked demand increased sale of diesel and heating oil by 3% (21kt), while sales of motor gasoline continued its decline, as its sales decreased by 1% (3kt). Compared to 2015, there is a downward trend in the share of motor gasoline as a consequence of the continued dieselization in the market.

Non-fuel margin revenue increased on the back of continuous expansion in goods along with the development of new non-fuel related services.

On 31 December 2016, INA Group operated a retail 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. Starting from the 1st of July 2016, Energopetrol is integrated to INA Group Retail segment.

Q4 2016 vs. Q4 2015

In Q4 2016, Refining and Marketing (including Retail) realised a higher CCS-based EBITDA excluding special items by HRK 162 million compared to the same period last year. Lower unit sales margins had a significant adverse impact on the result. This could not be compensated by higher sales volumes on captive and export markets and higher processing level. At the same time fixed OPEX was mostly flat.

Q4 2016 vs. Q3 2016

In Q4 2016 Refining and Marketing (including Retail) realised lower CCS-based EBITDA excluding special items result by HRK 142 million compared to the previous quarter. The result was negatively impacted by a combination of higher fixed OPEX needed to secure stable refining operations and lower motor fuel sales volumes in line with seasonal market patterns. However, the decline was partially mitigated by a continued favourable external environment, stable refinery operations and higher processing levels together with higher level of products crack spreads.

CAPITAL EXPENDITURES

Total capital expenditures were HRK 608 million in 2016, a slight decrease compared to last year. Refining and Marketing capital expenditures reached HRK 481 million, primarily driven by major Rijeka Refinery and logistic projects, including the Rijeka Refinery Turnaround during Q1 2016, new truck loading facility in Rijeka, new rail loading/unloading facilities in Rijeka and Sisak and efficiency type projects.

Retail capital expenditures reached HRK 127 million, HRK 35 million decrease compared to 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 31 December 2016
(in HRK millions)

	Note	31 Dec 2015	31 Dec 2016	%
Assets				
Non-current assets				
Intangible assets	9	540	536	(1)
Property, plant and equipment	10	12,730	12,573	(1)
Investments in associates and joint ventures		22	22	0
Other investments		14	13	(7)
Long-term receivables		144	128	(11)
Deferred tax		2,094	1,769	(16)
Available for sale assets		581	676	16
Total non-current assets		16,125	15,717	(3)
Current assets				
Inventories	12	1,820	2,050	13
Trade receivables net	13	1,724	1,591	(8)
Other receivables		136	184	35
Corporative income tax receivables		23	11	(52)
Other current assets		278	120	(57)
Cash and cash equivalents		275	611	122
Current assets		4,256	4,567	7
Assets classified as held for sale		1	8	733
Total current assets		4,257	4,575	7
Total assets	8	20,382	20,292	(0)
Equity and liabilities				
Capital and reserves				
Share capital	11	9,000	9,000	0
Legal reserves		330	20	(94)
Revaluation reserve		216	299	38
Other reserves		1,641	1,647	0
Retained earnings / (Deficit)		(602)	(233)	(61)
Equity attributable to equity holder of the parent		10,585	10,733	1
Non-controlling interests		0	(136)	n.a.
Total equity		10,585	10,597	0
Non-current liabilities				
Long-term loans		400	271	(32)
Other non-current liabilities		66	60	(9)
Employee benefits obligation		101	85	(16)
Provisions		3,266	3,224	(1)
Deferred tax liability		22	13	(41)
Total non-current liabilities		3,855	3,653	(5)
Current liabilities				
Bank loans and overdrafts		2,768	2,711	(2)
Current portion of long-term debt		139	135	(3)
Trade payables	15	1,400	1,857	33
Taxes and contributions		665	637	(4)
Other current liabilities		511	498	(3)
Accruals and deferred income		-	-	n.a.
Employee benefits obligation		8	10	25
Provisions		451	194	(57)
Total current liabilities		5,942	6,042	2
Total liabilities	14	9,797	9,695	(1)
Total equity and liabilities		20,382	20,292	(0)

Condensed Consolidated Cash Flow Statement - INA GROUP
For the period ended 31 December 2015 and 2016
 (in HRK millions)

Q3 2016	Q4 2016	Q4 2015	%		Note	Q1-Q4 2015*	Q1-Q4 2016	%
299	(226)	(1,778)	(87)	Profit for the year		(1,418)	95	n.a.
				Adjustments for:				
419	445	942	(53)	Depreciation and amortisation		2,191	1,677	(23)
56	273	(464)	n.a.	Tax expense recognised in income statement		(331)	366	n.a.
129	69	1,322	(95)	Impairment charges (net)		1,546	272	(82)
(1)	(9)	(2)	350	Gain on sale of property, plant and equipment		(19)	(17)	(11)
-	-	-	n.a.	Gain on sale investments and shares		(32)	2	n.a.
(27)	142	51	178	Foreign exchange loss/(gain)		205	49	(76)
14	14	23	(39)	Interest expense (net)		58	38	(34)
(9)	15	30	(50)	Other finance expense/(income) recognised in profit		77	10	(87)
(61)	65	309	(79)	(Decrease)/increase in provisions		201	(469)	n.a.
12	12	18	(33)	Decommissioning interests and other provision		70	50	(29)
7	19	(14)	n.a.	Net (gain)/loss on derivative financial instruments and hedge transactions		(19)	44	n.a.
-	-	-	n.a.	(Gain)/loss from emission quotas		29	28	(3)
1	(32)	(35)	(9)	Other non-cash items		(22)	5	n.a.
839	787	401	96	Operating cash flow before working capital changes	16	2,536	2,150	(15)
				Movements in working capital	17			
43	27	283	(90)	Decrease/(increase) in inventories		6	(249)	n.a.
7	168	403	(58)	Decrease/(increase) in receivables and prepayments		220	83	(62)
(140)	164	(535)	n.a.	(Decrease)/increase in trade and other payables		(651)	333	n.a.
749	1,146	552	108	Cash generated from operations		2,111	2,317	10
(8)	(3)	(12)	(75)	Taxes paid		(157)	(43)	(73)
741	1,143	540	112	Net cash inflow from operating activities		1,954	2,274	16
				Cash flows used in investing activities				
(228)	(358)	(598)	(40)	Capital expenditures, exploration and development costs		(1,561)	(1,337)	(14)
9	(25)	(9)	178	Payment for intangible assets		(38)	(65)	71
2	18	2	800	Proceeds from sale of non-current assets		33	30	(9)
-	-	-	n.a.	Payments related to sale of subsidiary		(3)	1	n.a.
16	1	6	(83)	Dividends received from companies classified as available for sale and from other companies		7	18	157
17	-	(3)	n.a.	Interest received and other financial income		15	20	33
(4)	5	29	(83)	Investments and loans to third parties, net		39	2	(95)
(188)	(359)	(573)	(37)	Net cash used for investing activities	18	(1,508)	(1,331)	(12)
				Cash flows from financing activities				
90	-	-	n.a.	Additional long-term borrowings		1,602	1,192	(26)
(464)	25	(6)	n.a.	Repayment of long-term borrowings		(1,926)	(1,316)	(32)
3,260	2,633	2,116	24	Additional short-term borrowings		12,237	10,416	(15)
(3,182)	(2,962)	(1,952)	52	Repayment of short term borrowings		(12,221)	(10,506)	(14)
-	-	-	n.a.	Dividends paid		(150)	-	n.a.
(3)	(3)	(3)	0	Interest paid on long-term loans		(16)	(12)	(25)
(40)	(39)	(20)	95	Interest paid on short-term loans and other interest charges		(124)	(124)	0
(240)	-	-	n.a.	Changes in shareholders equity due to acquisition of subsidiaries		-	(240)	n.a.
(579)	(346)	135	n.a.	Net cash used in financing activities		(598)	(590)	(1)
(26)	438	102	328	Net (decrease)/increase in cash and cash equivalents		(152)	353	n.a.
261	216	135	60	At 1 January		467	275	(41)
(19)	(71)	9	n.a.	Effect of foreign exchange rate changes		(40)	(17)	(58)
216	583	246	137	At the end of period		275	611	122

Condensed Consolidated Statement of Changes in Equity – INA-GROUP
For the period ended 31 December 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	-	-	-	-	(1,418)	(1,418)	-	(1,418)
Purchase of non-controlling interest	-	-	-	-	-	-	-	-
Other comprehensive profit net	-	-	394	95	-	489	-	489
Total comprehensive profit, net	-	-	394	95	(1,418)	(929)	-	(929)
Transfer other reserves to retained earnings	-	-	(1,640)	-	1,640	-	-	-
Reclassification of exchange differences arising from foreign operations to retained earnings	-	-	36	-	(33)	3	1	4
Dividends payable	-	-	-	-	(150)	(150)	-	(150)
Balance as at 31 Dec 2015	9,000	330	1,641	216	(602)	10,585	-	10,585
Balance as at 1 January 2016	9,000	330	1,641	216	(602)	10,585	-	10,585
Profit for the year	-	-	-	-	101	101	(6)	95
Other comprehensive income, net	-	-	6	83	-	89	-	89
Total comprehensive loss, net	-	-	6	83	101	190	(6)	184
Transfer other reserves to retained earnings	-	(310)	-	-	310	-	-	-
Purchase of subsidiary	-	-	-	-	(42)	(42)	(130)	(172)
Dividends paid	-	-	-	-	-	-	-	-
Balance as at 31 Dec 2016	9,000	20	1,647	299	(233)	10,733	(136)	10,597

INA Group Summary Segmental Results of Operations

Q3 2016	Q4 2016	Q4 2015	%	(HRK mln)	Q1-Q4 2015*	Q1-Q4 2016	%
Sales							
980	1,051	1,082	(3)	Exploration & Production	4,970	3,890	(22)
4,111	3,970	3,123	27	Refining & Marketing including Retail	14,831	13,094	(12)
376	418	606	(31)	Corporate and Other	2,348	1,610	(31)
(748)	(878)	(893)	(2)	Inter-segment revenue	(3,288)	(3,019)	(8)
4,719	4,561	3,918	16	Sales	18,861	15,575	(17)
Operating expenses, net other income from operating activities							
(662)	(781)	(2,298)	(66)	Exploration & Production	(4,599)	(2,718)	(41)
(3,926)	(3,783)	(3,704)	2	Refining & Marketing including Retail	(16,155)	(13,020)	(19)
(584)	(551)	(947)	(42)	Corporate and Other	(2,856)	(2,106)	(26)
797	781	911	(14)	Inter-segment eliminations	3,411	2,876	(16)
(4,374)	(4,333)	(6,038)	(28)	Expenses	(20,199)	(14,968)	(26)
Profit/(loss) from operations							
318	271	(1,216)	n.a.	Exploration & Production	371	1,172	216
185	187	(581)	n.a.	Refining & Marketing including Retail	(1,324)	74	n.a.
(207)	(133)	(341)	(61)	Corporate and Other	(508)	(496)	(2)
49	(97)	18	n.a.	Inter-segment eliminations	123	(143)	n.a.
345	228	(2,120)	n.a.	Profit/(loss) from operations	(1,338)	607	n.a.
Share in the profit of associate companies							
10	(182)	(123)	48	Profit/(loss) from financial activities	(411)	(146)	(64)
355	46	(2,243)	n.a.	Profit/(loss) before taxation	(1,749)	461	n.a.
(56)	(273)	464	n.a.	Income tax expense	331	(366)	n.a.
299	(227)	(1,778)	(87)	Profit/(loss) for the year	(1,418)	95	n.a.
Depreciation							
247	254	761	(67)	Exploration & Production	1,468	972	(34)
132	148	134	10	Refining & Marketing including Retail	533	538	1
40	43	47	(9)	Corporate and Other	190	167	(12)
419	445	942	(53)	Total	2,191	1,677	(23)
EBITDA**							
565	550	680	(19)	Exploration & Production	3,141	2,141	(32)
340	342	(231)	n.a.	Refining & Marketing including Retail	(587)	339	n.a.
(8)	(94)	(64)	46	Corporate and Other	(30)	(232)	673
42	(93)	34	n.a.	Inter-segment eliminations	141	(136)	n.a.
939	705	418	69	Total	2,665	2,112	(21)
Operating Profit Excluding Special Items							
324	272	(253)	n.a.	Exploration & Production	1,375	1,186	(14)
190	200	(357)	n.a.	Refining & Marketing including Retail	(1,100)	94	n.a.
(65)	(113)	(149)	(24)	Corporate and Other	(260)	(295)	14
49	(97)	18	n.a.	Inter-segment eliminations	123	(143)	n.a.
499	262	(741)	n.a.	Total	138	842	510
EBITDA Excluding Special Items							
565	554	706	(21)	Exploration & Production	3,203	2,166	(32)
343	358	(171)	n.a.	Refining & Marketing including Retail	(422)	558	n.a.
(0)	(80)	(15)	421	Corporate and Other	31	(161)	n.a.
42	(93)	14	n.a.	Inter-segment eliminations	141	(136)	n.a.
950	739	533	39	Total	2,953	2,428	(18)

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

** 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 2016 RESULTS

- 1 **Total sales revenues** in 2016 amounted to HRK 15,575 million and were 17% below 2015 level, primarily triggered by lower Brent, lower natural gas prices and lower hydrocarbon production in Exploration and Production Segment.
- 2 **Costs of raw materials and consumables** were 11% below 2015 level at HRK 7,448 million, resulting mainly from lower prices.
- 3 **Costs of goods sold** in 2016 recorded a decrease of 26% compared to 2015, and amounted to HRK 2,084 million resulting mainly from different sales structure.
- 4 **Other operating costs** realized in 2016 include:
 - Other material costs amounted to HRK 2,000 million and were lower by 22% 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 663 million recorded a 6% decrease mainly due to lower Croscos engagement and ENI tax not charged in 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 1,677 million was 23% lower compared to 2015.
 - Adjustments and provisions had a positive effect in the amount of HRK 172 million compared to negative impact of HRK 1,812 million in 2015 and the difference is related mainly to high level of asset impairments in 2015 as opposed to only HRK 139 mn of asset impairment in 2016. Additionally, positive difference between compared periods was further driven by released provisions connected to establishment of INA Maloprodajni servisi, litigation in Holdina together and additional profit oil tax in Angola in 2016.
- 5 **Staff costs** in the amount HRK 2,083 million were 14% lower compared to 2015. Staff cost represents cost of net salaries in the amount of HRK 1,012 million, cost of tax and contributions for pension and health insurance in the amount of HRK 710 million, non-taxable severance payments in net amount of HRK 216 million and other payroll related costs in the amount of HRK 145 million for the period ended 31 December 2016.
For the period ended 31 December 2015 staff cost includes cost of net salaries in the amount of HRK 1,191 million, cost of tax and contributions for pension and health insurance in the amount HRK 825 million, non-taxable severance payments in net amount of HRK 186 million and other payroll related costs in the amount HRK 219 million.
- 6 **Income tax expense** in 2016 amounted to HRK 366 million compared to HRK 331 million of income tax revenues in 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 31 December 2015 and 18% for the periods ended 31 December 2016.
- 7 **Net financial loss** in 2016 is HRK 146 million lower compared to loss recorded in 2015 mainly as a result of forex differences.
 - Net foreign exchange loss reached HRK 44 million in 2016, while in 2015 net foreign exchange loss amounted to HRK 135 million.
 - Interest payable amounted to HRK 79 million and interests received to HRK 15 million in 2016, while in 2015 interest payables amounted to HRK 174 million and interests received to HRK 19 million.
 - Other financial net expenses amounted to HRK 38 million, and are lower compared to HRK 126 million in 2015.

Restatement

*A change has been made in profit and loss statement and statement of financial position 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". "Provision": cost and revenue of bonuses and unused holidays are now recorded in "Staff cost"; "Realized additional discount from other operating profit" is now recorded in other material costs or cost of other goods sold." A change has been made in statement of financial position in the recording of: "Short-term provision": Provision for bonuses and unused holiday are now recorded as accrued bonuses and unused holiday in "Other short-term liabilities."

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 IAS 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-Q4 2016 is HRK -132 million which is lower compared to HRK 141 million in Q1-Q4 2015 due to different operational mode of Sisak refinery.

BALANCE SHEET

Notes 2016 RESULTS

- 8 As at 31 December 2016 INA Group **total assets** amounted to HRK 20,292 million and were around the same level compared to 31 December 2015.
- 9 In the period ended 31 December 2016, INA Group invested HRK 43 million in intangible assets. The effect of depreciation equals HRK 41 million. Foreign exchange revaluation of oil and gas fields increased net book value in amount of HRK 3 million. Transfer to tangible assets decreased intangible assets in amount of HRK 8 million. Emission quotas decreased NBV in amount of 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 intangible assets by HRK 1 million.
- 10 In the period ended 31 December 2016, Group invested HRK 1,342 million in property, plant and equipment. Capitalized decommissioning costs decreased the value of assets by HRK 1 million. Foreign exchange revaluation increased net book value in amount of HRK 16 million. The effect of depreciation reduced net book value of property, plant and equipment in amount of HRK 1,636 million. Transfer of property, plant and equipment on assets held for sale decreased value of assets in the amount of HRK 154 million. Write-off of negative wells reduced net book value in amount of HRK 2 million. Impairment of assets decreased NBV in amount of HRK 26 million. Transfer to merchandizing goods decreased net book value in amount of HRK 1 million. Disposal of tangible assets equals HRK 26 million. Transfer from intangible assets increased net book value in amount of HRK 8 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 322 million.
- 11 **Issued capital** as at 31 December 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 2,050 million, and have increased by 13% compared to 31 December 2015 as a result of higher product inventories.
- 13 **Trade receivables** decreased to HRK 1,591 million and are 8% lower compared to the opening balance on 31 December 2015 resulting mainly from lower sales revenue.
- 14 As at 31 December 2016 **total liabilities** amounted to HRK 9,695 which is 1% or HRK 102 million lower compared to 31 December 2015. INA Group **net debt** amounted to HRK 2,506 million which is 17% lower compared to 31 December 2015. **Gearing ratio**² decreased significantly from 22.3% as at 31 December 2015, to 19.1% as at 31 December 2016.
- 15 **Trade payables** increased by 33% to HRK 1,857 million, as a result of higher liabilities for imported crude oil.

CASH FLOW

Notes 2016 RESULTS

- 16 The **operating cash-flow before changes in working capital** amounted to HRK 2,150 million in 2016 representing a decrease of HRK 386 million, or 15%, compared to 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 positively by HRK 167 million, due to:
- Increase value of inventories by HRK 249 million due to higher volumes of crude inventories.
 - Decrease in receivables by HRK 83 million as a result of higher VAT receivables in 2016 compared to 2015.
 - Increase in trade and other payables by HRK 333 million as result of higher liabilities for imported crude oil.
- 18 **Net outflows in investing activities** amounted to HRK 1,331 million, in comparison with HRK 1,508 million outflows in 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 31 December 2016, INA had opened short-term forward commodity swap transactions to hedge its exposure to changes in pricing periods, inventory levels and refinery margins.

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 31 December 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 31 December 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 31 December 2016, INA Group had contracted and available short-term credit lines amounting to HRK 2.67 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 3.28 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	31 Dec 2016	31 Dec 2016
Companies available for sale		
JANAF d.d. Zagreb	3	52
Strategic partner		
MOL Nyrt.	340	652
Companies controlled by strategic partner		
Tifon d.o.o.	425	7
MOL SLOVENIJA d.o.o.	119	61
MOL Serbia	31	1
MOL Petrochemical	31	9
Slovnaft, a.s.	7	94
MOL Lubricant	4	4
Kalegran Ltd.	1	-

INA-Group	Amounts owed from related parties	Amounts owed to related parties
HRK mln	31 Dec 2016	31 Dec 2016
Companies available for sale		
JANAF d.d. Zagreb	1	-
Strategic partner		
MOL Nyrt.	44	76
Companies controlled by strategic partner		
Tifon d.o.o.	69	1
MOL Serbia	15	-
MOL SLOVENIJA d.o.o.	11	6
MOL Petrochemicals	6	3
Slovnaft, a.s.	-	7

Segmental Information

31 December 2016 Assets and liabilities	Exploration and production	Refining and marketing including Retail	Corporate and other	Intersegment transfers	Total
Property, plant and equipment	5,787	5,472	1,502	(188)	12,573
Intangible assets	228	42	266	-	536
Investments in associates and joint ventures	22	-	-	-	22
Inventories	151	1,957	220	(278)	2,050
Trade receivables, net	456	1,006	392	(263)	1,591
Not allocated assets					3,520
Total assets					20,292
Trade payables	410	1,358	351	(262)	1,857
Not allocated liabilities					7,838
Total liabilities					9,695
Other segment information					
Capital expenditure:	714	608	98	(35)	1,385
Property, plant and equipment	701	603	73	(35)	1,342
Intangible assets	13	5	25	-	43
Depreciation and amortisation	972	538	167	-	1,677
Total impairment losses/(income), net	67	31	167	7	272
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	271	-	540
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					3,546
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-Q4 2015	Q1-Q4 2016
INA GROUP			
Total impact of special items on operating profit/(loss)		1,476	235
Total impact of special items on EBITDA		288	315
Exploration & Production			
Total impact of special items on operating profit/(loss)		1,004	13
Total impact of special items on EBITDA		62	25
Impairment of assets - Syria, Cro Offshore, Angola, Egypt		987	-
Severance payment		62	25
Provisions for incentives		17	11
Refining & Marketing including Retail			
Total impact of special items on operating profit/(loss)		224	20
Total impact of special items on EBITDA		165	219
Severance payment		165	219
Provisions for incentives		224	199
Corporate functions			
Total impact of special items on operating profit/(loss)		248	201
Total impact of special items on EBITDA		61	71
Impairment of assets - Zagreb 1		234	139
Severance payment		61	71
Provisions for incentives		14	9

Main external parameters

Q3 2016	Q4 2016	Q4 2015	%		Q1-Q4 2015*	Q1-Q4 2016	%
45.9	49.3	43.8	12.7	Brent dtd (USD/bbl)	52.4	43.7	(16.5)
1.50	0.83	1.16	(28.5)	Brent-Ural spread	0.51	1.21	136.6
461.3	504.0	464.3	8.5	Premium unleaded gasoline 10 ppm (USD/t)*	557.2	462.4	(17.0)
408.2	441.5	406.2	8.7	Diesel – ULSD 10 ppm (USD/t)*	493.8	385.3	(22.0)
228.5	259.0	183.5	41.2	Fuel oil 3.5% (USD/t)*	254.9	205.6	(19.3)
385.3	450.1	434.1	3.7	LPG (USD/t)*	446.5	397.2	(11.0)
43.8	52.8	38.7	36.5	Average crack spread	72.8	51.0	(30.0)
114.4	130.9	133.3	(1.8)	Crack spread – premium unleaded (USD/t)*	160.9	131.5	(18.3)
61.2	68.3	75.1	(9.1)	Crack spread – diesel (USD/t)*	97.5	54.5	(44.2)
(118.4)	(114.1)	(147.6)	(22.7)	Crack spread - fuel oil 3.5% (USD/t)*	(141.4)	(125.2)	(11.4)
38.4	76.9	103.0	(25.3)	Crack spread - LPG (USD/t)*	50.2	66.3	32.2
6.71	6.78	6.96	(2.6)	HRK/USD average	6.86	6.80	(0.8)
6.70	7.05	6.99	0.8	HRK/USD closing	6.99	7.17	2.6
7.49	7.53	7.62	(1.2)	HRK/EUR average	7.61	7.53	(1.1)
7.51	7.53	7.64	(1.5)	HRK/EUR closing	7.64	7.56	(1.1)
0.79	0.92	0.41	125.9	3m USD LIBOR (%)	0.32	0.74	135.7
(0.30)	(0.31)	(0.09)	250.3	3m EURIBOR (%)	(0.02)	(0.26)	1,211.5

* FOB Mediterranean

Announcements in 2016

29 December 2016	Announcement on media statements
19 December 2016	General Assembly Decisions
18 November 2016	Amendment of the Invitation to the General Assembly
11 November 2016	Invitation to the General Assembly
10 November 2016	INA prepares detailed design for Residue Upgrade Project
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 Međimurje
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	31 Dec 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

On 19 December 2016 the General Shareholders' Assembly of INA, d.d. elected the following members of the Supervisory Board for a mandate of 4 years: Luka Burilović, Dario Čehić, Szabolcs Ferencz I., Ferenc Horváth, József Molnár, József Simola, László Uzsocki and Damir Vandelić.

Management Board

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

Board of Executive Directors

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

Management representation

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