



INDUSTRIJA NAFTE, d.d.

FINANCE

# REPORT ON COMPANY AND INA GROUP STATUS FOR JANUARY-DECEMBER 2018

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Zagreb, February, 2019

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## INA Group and INA, d.d. financial results (IFRS) Q1-Q4 2018

This report contains parts of unaudited financial statements and is based on unaudited numbers for the period ending 31 December 2018 as prepared by the management in accordance with the International Financial Reporting Standards.

INA Group financial results (IFRS)	INA, d.d.						INA GROUP					
	2017		2018		Change %		2017		2018		Change %	
	HRK mn	USD mn	HRK mn	USD mn	HRK	USD	HRK mn	USD mn	HRK	USD	HRK	USD
Net sales revenues	17,578	2,654	21,070	3,356	20	26	18,582	2,806	22,349	3,560	20	27
EBITDA <sup>(1)</sup>	3,481	526	3,041	484	(13)	(8)	3,373	509	3,489	556	3	9
EBITDA excl. special items <sup>(2)</sup>	3,342	505	2,821	449	(16)	(11)	3,234	488	3,291	524	2	7
CCS EBITDA excl. special items							3,053	461	3,116	496	2	8
Profit/(loss) from operations	1,700	257	1,353	216	(20)	(16)	1,418	214	1,687	269	19	26
Operating profit excl. special items <sup>(2)</sup>	1,561	236	1,134	181	(27)	(23)	1,379	208	1,489	237	8	14
CCS Operating profit excl. special items							1,198	181	1,314	209	10	15
Net financial result	74	11	304	48	311	336	146	22	(167)	(27)	n.a.	n.a.
Net profit/loss attributable to equity holder	1,426	215	1,334	213	(6)	(1)	1,220	184	1,178	188	(3)	2
Net profit/loss for the period excl. special items <sup>(2)</sup>	1,287	194	1,114	178	(13)	(8)	1,181	178	980	156	(17)	(12)
Simplified Free Cash Flow <sup>(3)</sup>							1,660	251	1,299	207	(22)	(18)
Operating cash flow	2,651	400	2,410	384	(9)	(4)	2,484	375	2,729	435	10	16
<b>Earnings per share</b>												
Basic and diluted/(loss) earnings per share (kunas per share)	142.6	21.5	133.4	21.3	(6)	(1)	122.0	18.4	117.8	18.8	(3)	2
Net debt	1,239	198	1,557	241	26	22	1,397	223	1,642	254	18	14
Net gearing (%)	9.4		11.2				10.8		12.2			
<b>CAPEX total</b>	<b>1,352</b>	<b>204</b>	<b>1,675</b>	<b>267</b>	<b>24</b>	<b>31</b>	<b>1,393</b>	<b>210</b>	<b>1,817</b>	<b>289</b>	<b>30</b>	<b>38</b>
Domestic							1,262	191	1,587	253	26	32
International							131	20	230	37	75	85

\* Related to Revenue from contracts with customers

<sup>(1)</sup> EBITDA = EBIT + Depreciation, amortization and impairment (net), restatement of comparable previous periods was made – see on page 10

<sup>(2)</sup> 2018 result negatively impacted by HRK (93) mln of net impact of severance payments and related provisions together with positive impact of HRK 291 mln of gain on INAgip acquisition

<sup>(3)</sup> Simplified free cash flow = CCS EBITDA excluding special items - CAPEX

<sup>(4)</sup> In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q4 2017 – 6.3958 HRK/USD; Q4 2018 – 6.4968 HRK/USD; for 2017 – 6.6224 HRK/USD; for 2018 – 6.2784 HRK/USD; as at 31 December 2017 – 6.2697 HRK/USD; as at 31 December 2018 – 6.469192 HRK/USD

INA Group revenues increased by 20% during 2018 driven by growth in all segments, utilizing higher hydrocarbon price and sales. At the same time, EBITDA remained at the last year level with CCS EBITDA excluding special items of HRK 3,116 million in 2018, 2% higher year-on-year. Net profit excl. special items decreased by 17% to HRK 980 million, primarily due to higher financial expenses.

Exploration and Production EBITDA excluding special items grew by 23% to HRK 3,014 million, with significantly higher realized hydrocarbon price (+33% year-on-year in USD terms) which compensated the mature structure of assets and 7% decrease in hydrocarbon production. CCS EBITDA of Refining and Marketing including Retail excluding special items was at HRK 286 million in 2018, HRK 581 million lower compared to 2017, with negative simplified free cash flow of the segment amounting to HRK (784) million, underlining the need for the execution of the INA Downstream 2023 New Course program.

Compared to 2017, CAPEX increased by 30% to the level of HRK 1,817 million. Net gearing remained low at 12.2% with year-end net debt at HRK 1,642 million.

## Management discussion

### Exploration and Production\*

Segment IFRS results	in millions
Net sales revenues	
EBITDA **	
<b>EBITDA excl. special items ***</b>	
Operating profit	
<b>Operating profit excl. special items ***</b>	
CAPEX	

INA, d.d.						
2017		2018		Change %		
HRK mn	USD mn	HRK mn	USD mn	HRK	USD	
3,744	565	4,158	662	11	17	
2,700	408	3,076	490	14	20	
<b>2,447</b>	<b>369</b>	<b>2,803</b>	<b>446</b>	<b>15</b>	<b>21</b>	
1,539	232	2,013	321	31	38	
<b>1,286</b>	<b>194</b>	<b>1,740</b>	<b>277</b>	<b>35</b>	<b>43</b>	
618	93	644	103	4	10	

Segment IFRS results	in millions
Net sales revenues	
EBITDA **	
<b>EBITDA excl. special items ***</b>	
Operating profit	
<b>Operating profit excl. special items ***</b>	
<b>Simplified Free Cash Flow ****</b>	
CAPEX	

INA GROUP						
2017		2018		Change %		
HRK mn	USD mn	HRK mn	USD mn	HRK	USD	
3,760	568	4,187	667	11	17	
2,702	408	3,287	524	22	28	
<b>2,449</b>	<b>370</b>	<b>3,014</b>	<b>480</b>	<b>23</b>	<b>30</b>	
1,586	239	2,256	359	42	50	
<b>1,333</b>	<b>201</b>	<b>1,983</b>	<b>316</b>	<b>49</b>	<b>57</b>	
<b>1,831</b>	<b>276</b>	<b>2,365</b>	<b>377</b>	<b>29</b>	<b>36</b>	
618	93	649	103	5	11	

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

\*\* Restatement of comparable previous periods was made – see on page 10

\*\*\* In 2018 EBITDA and Operating profit were positively impacted by HRK 291 mln of special items related to revenues from gain on INAgip acquisition and HRK (18) mln of severance payment and related provision

\*\*\*\* Simplified free cash flow = EBITDA excluding special items – CAPEX

Hydrocarbon production
<b>Crude oil production (boe/d)</b>
Croatia
Egypt
Angola
<b>Natural gas production (boe/d)</b>
Croatia - offshore
Croatia - onshore
<b>Condensate (boe/d)</b>
<b>Total hydrocarbon production (boe/d)</b>

	2017	2018	Ch. %
<b>14,515</b>	<b>14,550</b>	<b>0</b>	
12,165	12,443	2	
1,536	1,496	(3)	
815	611	(25)	
<b>21,287</b>	<b>18,926</b>	<b>(11)</b>	
7,723	6,507	(16)	
13,564	12,419	(8)	
<b>1,786</b>	<b>1,441</b>	<b>(19)</b>	
<b>37,588</b>	<b>34,917</b>	<b>(7)</b>	

Average realised hydrocarbon price
Total hydrocarbon price (USD/boe)*

	2017	2018	Ch. %
40	53	33	

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

## 2018 vs. 2017

### KEY DRIVERS

- Brent price higher by 32% having a positive effect on crude oil and condensate sales revenues amounting to HRK 626 million
- Domestic crude oil production slightly higher as a result of:
  - Additional development projects and the EOR project
  - Full year production from two new wells on Hrastilnica field
- International crude oil production lower by 0.2 mboepd due to:
  - Natural production decline in Egypt
  - Natural production decline and various technical limitations in Angola
- Natural gas production 11% lower, driven by:
  - Lower offshore production by 16% in line with the expected production curve
  - Lower onshore production by 8% mainly as a result of lower Deep Podravina fields performance as well as planned general overhaul of facilities at Molve and Ivanić Grad locations
- Completed purchase of Eni's share in INAgip and Northern Adriatic offshore gas fields in November 2018
- Decrease of Egyptian overdue receivables

### CAPITAL EXPENDITURES

2018 (HRK million)	Croatia	Egypt	Angola
Exploration	85	1	-
Development	324	78	9
Other	152	-	-
<b>Total</b>	<b>561</b>	<b>79</b>	<b>9</b>

- Higher investment level compared to 2017 mainly as a result of Drava-02 exploration drilling activities and activities in Egypt
- Total of 91 well workovers performed onshore Croatia with additional seven workovers in the EOR activities
- Egypt drilling activities and production wells put in production: North Bahariya concession - eight production and two injection wells; West Abu Gharadig concession – one production well; Ras Qattara concession - five production wells

## Refining and Marketing, including Retail\*

Segment IFRS results	in millions
Revenues	
EBITDA **	
<b>EBITDA excl. special items ***</b>	
Operating profit/(loss)	
<b>Operating profit/(loss) excl. special items ***</b>	
CAPEX	

INA, d.d.					
2017		2018		Change %	
HRK mn	USD mn	HRK mn	USD mn	HRK	USD
17,246	2,604	20,696	3,296	20	27
838	127	331	53	(61)	(58)
<b>953</b>	<b>144</b>	<b>375</b>	<b>60</b>	<b>(61)</b>	<b>(58)</b>
295	45	(223)	(36)	n.a.	n.a.
<b>410</b>	<b>62</b>	<b>(179)</b>	<b>(28)</b>	<b>n.a.</b>	<b>n.a.</b>
628	95	982	156	56	65

Segment IFRS results	in millions
Revenues	
EBITDA **	
<b>EBITDA excl. special items ***</b>	
CCS-based DS EBITDA excl. special items ***	
Operating profit/(loss)	
<b>Operating profit/(loss) excl. special items ***</b>	
CCS-based DS operating profit (loss)	
<b>Simplified Free Cash Flow ****</b>	
CAPEX	

INA GROUP					
2017		2018		Change %	
HRK mn	USD mn	HRK mn	USD mn	HRK	USD
17,999	2,718	21,420	3,412	19	26
934	141	419	67	(55)	(53)
<b>1,049</b>	<b>158</b>	<b>461</b>	<b>73</b>	<b>(56)</b>	<b>(54)</b>
867	131	286	46	(67)	(65)
366	55	(158)	(25)	n.a.	n.a.
<b>481</b>	<b>73</b>	<b>(116)</b>	<b>(18)</b>	<b>n.a.</b>	<b>n.a.</b>
299	45	(291)	(46)	n.a.	n.a.
<b>154</b>	<b>23</b>	<b>(784)</b>	<b>(125)</b>	<b>n.a.</b>	<b>n.a.</b>
713	108	1,070	170	50	58

\* Refers to Refining & Marketing including Retail INA, d.d. and the following subsidiaries: INA Maziva d.o.o., INA Slovenija d.o.o., HoldINA d.o.o., INA Crna Gora d.o.o., INA d.o.o. Beograd, INA Kosovo d.o.o., Petrol d.d., Energopetrol d.d., INA MALOPRODAJNI SERVISI d.o.o.

\*\* Restatement of comparable previous periods was made – see on page 10

\*\*\* In 2018 Operating profit and EBITDA were negatively impacted by HRK 42 mln of special items related to severance payment and related provision

\*\*\*\* Simplified free cash flow = CCS EBITDA excluding special items - CAPEX

Refinery processing (kt)
Domestic crude oil
Imported crude oil
Condensate
Other feedstock
<b>Total refinery throughput</b>

2017	2018	Ch. %
587	552	(6)
2,803	2,965	6
80	59	(26)
622	613	(1)
<b>4,092</b>	<b>4,189</b>	<b>2.4</b>

Refinery production (kt)
LPG
Naphtha
Gasoline
Kerosene
Diesel
Heating oil
Fuel oil
Other products*
<b>Total</b>
Refinery loss
Own consumption
<b>Total refinery production</b>

2017	2018	Ch. %
242	215	(11)
52	39	(25)
1,058	979	(7)
133	192	44
1,355	1,406	4
143	144	1
512	622	21
141	137	(2)
<b>3,635</b>	<b>3,734</b>	<b>3</b>
43	55	28
415	400	(3)
<b>4,092</b>	<b>4,189</b>	<b>2</b>

\* 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.

Refined product sales by country (kt)
Croatia
B&H
Slovenia
Other markets
<b>Total</b>

	2017	2018	Ch. %
	1,814	1,839	1
	616	701	14
	70	77	10
	1,727	1,714	(1)
	<b>4,227</b>	<b>4,331</b>	<b>2</b>

Refined product sales by product (kt)
LPG
Naphtha
Gasoline
Kerosene
Diesel
Heating oil
Fuel oil
Bitumen
Other products*
<b>Total</b>
o/w Retail segment sales

	2017	2018	Ch. %
	291	267	(8)
	50	40	(20)
	1,044	862	(17)
	175	201	15
	1,755	1,926	10
	163	159	(2)
	536	579	8
	51	60	18
	162	237	46
	<b>4,227</b>	<b>4,331</b>	<b>2</b>
	1,056	1,082	2

Total natural gas sales (cmc)
Total number of Service stations

	<b>1,416</b>	<b>1,360</b>	(4)
	494	500	1

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

## 2018 vs. 2017

### KEY DRIVERS

- Negative impact of higher Brent price (increase from 54 USD/bbl to 71 USD/bbl), lower gasoline (-15 USD/t) and fuel oil (-34 USD/t) crack spreads, partially mitigated by higher diesel (+17 USD/t) crack spread
- Increased total wholesale volumes on the back of higher sales on the domestic market (+25 kt) and the B&H markets (+85 kt) supported by stable sales margins, together with increased jet fuel sales driven by strong demand supported by increased production while lowering the import need
- Full extent of the new operating mode of both refineries was implemented resulting in a higher processing level (+97 kt) supporting increased sales, with continued utilisation of an extended crude basket
- Total retail sales volumes at 1,082 kt moderately improved (+2%), with a significant contribution of the network in Bosnia and Herzegovina (+7 kt) and due to network expansion in Montenegro from one to five service stations (+4 kt)
- Non-fuel margin increased by 11% and contributed 55% of the total Retail margin growth compared to last year period due to the continuous expansion in goods and development of new non-fuel related services

### CAPITAL EXPENDITURES

- Refining and Marketing CAPEX amounted to HRK 857 million compared to HRK 550 million in 2017
  - Engineering Procurement and Construction tender for Residue Upgrade Project was finalized. Preparation of Front-End engineering design for all units has been completed. Main design prepared for all units and submitted to the Ministry for issuing Construction permits
  - Activities on the Propane-Propylene Splitter project on-going and civil works on the site are in progress
  - Preparation for the Rijeka Refinery Turnaround to be executed during Q1 2019
  - Continued investment activities in logistics and refining development projects with focus on environmental related projects
- Retail CAPEX amounted to HRK 213 million compared to HRK 163 million in 2017
  - Over 70 investments projects finished in INA Group Retail including greenfield constructions, acquisitions, service station reconstructions, modernizations, new auto LPG POS, new car washes and double-wall tanks
  - From the total investments, 33 projects aimed at expanding and improving the non-fuel offer in line with the "Fresh corner" concept
- Inorganic growth in Montenegro on top of CAPEX

## Corporate and other

Segment IFRS results  in millions	INA, d.d.					
	2017		2018		Change %	
	HRK mn	USD mn	HRK mn	USD mn	HRK	USD
Revenues	122	18	137	22	12	18
EBITDA	(75)	(11)	(298)	(47)	297	319
<b>EBITDA excl. special items</b>	<b>(75)</b>	<b>(11)</b>	<b>(289)</b>	<b>(46)</b>	<b>285</b>	<b>306</b>
Operating profit/(loss) reported	(152)	(23)	(369)	(59)	143	156
<b>Operating profit/(loss) excl. special items</b>	<b>(152)</b>	<b>(23)</b>	<b>(360)</b>	<b>(57)</b>	<b>137</b>	<b>150</b>
CAPEX and investments (w/o acquisition)	106	16	49	8	(54)	(51)

  

Segment IFRS results  in millions	INA GROUP					
	2017		2018		Change %	
	HRK mn	USD mn	HRK mn	USD mn	HRK	USD
Revenues	1,451	219	1,829	291	26	33
EBITDA	(157)	(24)	(88)	(14)	(44)	(41)
<b>EBITDA excl. special items</b>	<b>(157)</b>	<b>(24)</b>	<b>(55)</b>	<b>(9)</b>	<b>(65)</b>	<b>(63)</b>
Operating profit/(loss) reported	(428)	(65)	(282)	(45)	(34)	(31)
<b>Operating profit/(loss) excl. special items</b>	<b>(328)</b>	<b>(50)</b>	<b>(249)</b>	<b>(40)</b>	<b>(24)</b>	<b>(20)</b>
CAPEX and investments (w/o acquisition)	43	6	57	9	33	40

## Main external parameters

Crude oil prices	2017	2018	Ch. %
Brent dtd (USD/bbl)	54.0	71.0	31.5
Brent-Ural spread (USD/bbl)	0.92	1.09	18.5
FOB MED Products prices and crack spreads			
Gasoline - premium unleaded 10 ppm (USD/t)	490	638	30.2
Diesel - ULSD 10 ppm (USD/t)	298	394	32.2
Fuel oil 3.5% (USD/t)	512	552	7.8
LPG (USD/t)	138	123	(10.9)
Crack spread - gasoline (USD/t)	81	98	21.0
Crack spread - diesel (USD/t)	(112)	(146)	30.4
Crack spread - fuel oil 3.5% (USD/t)	102	13	(87.3)
Indicative refining margins (USD/bbl)*	1.80	(0.03)	n.a.
Foreign exchange			
HRK/USD average	6.27	6.28	(5.1)
HRK/USD closing	6.27	6.47	3.2
HRK/EUR average	7.46	7.41	(0.7)
HRK/EUR closing	7.51	7.42	(1.2)
3m USD LIBOR (%)	1.26	2.31	82.7
3m EURIBOR (%)	(0.33)	(0.32)	(2.1)

\* Indicative refining margins based on 2016 Solomon yields, dated Ural price used for all feedstock



## Financial overview

### Statement of Profit or Loss – INA Group

**Revenues from contract with customers** in 2018 amounted to HRK 22,349 million and were 20% above the 2017 level, triggered mainly by higher crude oil and product prices and increased total sales volume on domestic and B&H market.

**Costs of raw materials and consumables** were 33% above the 2017 level at HRK 12,033 million, resulting mainly from higher processing and higher crude prices.

**Costs of other goods sold** in 2018 recorded an increase of 23% compared to 2017, and amounted to HRK 3,605 million resulting from different sales structure.

Other **operating costs** realized in 2018 include:

- Other material costs were higher by 17% and amounted to HRK 2,188 million related to increasing oil prices and higher Croscos engagement abroad.
- Service costs in the amount of HRK 569 million were 22% higher than 2017 level mainly due to emission charge
- Depreciation, amortisation and impairment (net) in the amount of HRK 1,802 million was 8% lower compared to 2017
- Adjustments and provisions had a positive effect in the amount of HRK 152 million mainly related to collection of previously value adjusted EGPC receivables

**Staff costs** in the amount HRK 1,927 million were 7% higher compared to 2017.

**Income tax expense** in 2018 amounted to HRK 343 million compared to HRK 342 million income tax expense in 2017. Tax costs and deferred taxes during the interim period are calculated on the basis of actual results and the profit tax rate, 18 % for the periods ended 31 December 2017 and 31 December 2018.

**Net result from financial activities** is negative in 2018 compared to positive 2017 impact mainly as a result of:

- Net foreign exchange loss reached HRK 38 million in 2018, while in 2017 net foreign exchange gain reached HRK 223 million.
- Interest payable amounted to HRK 68 million and interest received to HRK 3 million in 2018, while in 2017 interest payable amounted to HRK 57 million and interest received to HRK 4 million.
- Other financial net expenses amounted to HRK 64 million and are higher compared to HRK 40 million financial expenses in 2017.

### Statement of Profit or Loss – INA, d.d.

**Total sales revenues** in 2018 amounted HRK 21,070 million, 20% higher compared to 2017 level, primarily triggered by higher refined products sales combined with higher crude oil price.

**Costs of raw materials and consumables** were 34% higher and amounted to HRK 11,819 million, resulting mainly from higher processing and higher crude prices.

**Costs of goods sold** recorded an increase of 19%, and amounted HRK 3,169 million, resulting from different sales structure.

Within the **other operating costs** realized in 2018:

- Other material costs amounted to HRK 2,162 million, a 15% increase compared to 2017.
- Service costs in the amount of HRK 787 million raised 12% above the last year's level.
- Depreciation, amortisation and impairment (net) was 5% lower compared to 2017 and amounted to HRK 1,688 million.
- Adjustments and provisions had a positive effect of HRK 145 million but were mainly related to collection of previously value adjusted EGPC receivables.

**Staff costs** in the amount HRK 950 million were 5% higher than 2017.

**Net financial profit** in the amount of HRK 304 million was recorded in 2018, compared to HRK 74 million of net financial profit in 2017.

## **Consolidated Statement of financial position – INA Group**

As at 31 December 2018 INA Group **total assets** amounted to HRK 20,742 million, 8% higher compared to 31 December 2017. In the period ended 31 December 2018, INA Group invested HRK 121 million in intangible assets. The effect of depreciation equals HRK 48 million. Acquisition of INA Adria entity increased NBV of intangible assets in amount of HRK 47 million. In the period ended 31 December 2018, INA Group invested HRK 1,696 million in property, plant and equipment. The effect of depreciation reduced net book value of property, plant and equipment in amount of HRK 1,632 million.

**Share capital** as at 31 December 2018 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.

**Inventories** amounted to HRK 2,645 million, and have increased by 17% compared to 31 December 2017 as a result of higher crude oil volume together with higher price.

**Trade receivables net** amounted to HRK 1,837 million which is 32% higher than 31 December 2017 and in line with the sales revenues dynamic.

As at 31 December 2018 **total liabilities** amounted to HRK 8,919 million which is 15% or HRK 1,182 million higher compared to 31 December 2017. INA Group **net debt** amounted to HRK 1,642 million and increased by 18% compared to 31 December 2017. **Net gearing**<sup>1</sup> increased from 10.8% as at 31 December 2017, to 12.2% as at 31 December 2018.

**Trade payables** increased by 47% to HRK 1,720 million, as a result of INAgip acquisition.

## **Statement of financial position – INA, d.d.**

**Total assets** of INA, d.d., as at 31 December 2018 amounted to HRK 20,887 million and was 9% higher than 31 December 2017. **Property, plant and equipment** amounted to HRK 10,586 million and were in line with 31 December 2017. **Trade receivables** outside of INA Group amounted to HRK 1,490 million and were 33% higher compared to 31 December 2017. **Total liabilities** amounted to HRK 8,535 million and were 16% higher compared to 31 December 2017. **Net indebtedness** of INA, d.d., amounted to HRK 1,557 million as at 31 December 2018 which is 26% higher compared to 31 December 2017. **Gearing ratio**<sup>2</sup> increased from 9.4% as at 31 December 2017 to 11.2% as at 31 December 2018.

As at 31 December 2018 **trade payables** outside of INA-Group amounted HRK 1,242 million, which is an increase of 58% compared to the 31 December 2017 as a result of INAgip acquisition.

## **Cash flow – INA Group**

The **operating cash flow before changes in working capital** amounted to HRK 3,131 million in 2018 representing a decrease of HRK 121 million compared to 2017, which is in line with the change in EBITDA performance excluding non-cash items compared to the previous year.

**Movements in working capital** affected the operating cash flow negatively by HRK 341 million, due to:

- Increased value of inventories in the amount of HRK 725 million mainly related to higher prices and domestic crude inventory volume change
- Increase in receivables in the amount of HRK 319 million as a result of higher sales revenues in 2018 compared to 2017
- Increase in trade and other payables in the amount of HRK 703 million affected by INAgip acquisition.

**Net cash used for investing activities** amounted to HRK 2,242 million of outflows, compared to HRK 1,300 million outflows in 2017.

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<sup>1</sup> Net debt / net debt plus equity incl. minority interests

## ***Cash flow – INA, d.d.***

The operating cash-flow before changes in working capital amounted to HRK 2,949 million in 2018, which is a decrease of 5% compared to the same period last year.

Changes in working capital affected the operating cash flow negatively by HRK 504 million, primarily due to:

- Increased value of inventories by HRK 645 million,
- Increase in receivables by HRK 881 million,
- Payables increase by HRK 1,022 million.

In 2018, taxes paid influenced the operating cash flow negatively by HRK 35 million, while in 2017 taxes paid influenced the operating cash flow negatively by HRK 13 million. All the above factors resulted in HRK 2,410 million net inflows from operating activities generated by INA d.d. in 2018.

### **Restatement**

INA adjusted its EBITDA methodology and classification between impairment and value adjustment lines to better align the reporting to business reporting standards with EBITDA now being calculated as EBIT + Depreciation, amortization and impairment (net). Additionally, gas trading operations have been moved from the Exploration and Production to Refining and Marketing incl. Retail and the comparable periods restated.

## ***Financial instruments and risk management***

Risk Management procedures of INA Group are described in detail in INA's Consolidated and separate Financial Statements for the year ended 31 December 2017.

As of 31 December 2018 INA had:

- Opened short-term forward commodity swap transactions to hedge its exposure to changes in pricing periods, inventory levels and refining margins
- Contracted and available short-term credit lines amounting to HRK 2,232 million excluding overdrafts and trade financing credit lines established with the purpose to finance the purchase of crude oil and oil products
- Contracted and available long-term credit lines amounting to HRK 2,713 million.

### **Special items**

In addition to international accounting standards, international reporting standards and regulatory requests the company discloses special items to achieve a higher level of transparency and to provide better understanding of the usual business operations. Business events not occurring regularly and having significant effect on operations and results are considered as special items. INA has adopted the materiality level for the special items in the amount of USD 10 million or above. If special items reaches materiality level on cumulative basis, previous quarters are restated. Furthermore, in accordance with the adopted accounting policies and IFRS 36 – Impairment of Assets, INA performs impairment testing at the end of each reporting period if impairment indicators are assessed to be significant.

### **Intersegment profit eliminations**

Intersegment elimination indicates unrealised profit/loss on domestic crude oil being transferred from Exploration and Production to Refining and Marketing but still being kept on INA inventory as crude oil or finished / semi-finished product. Intersegment EBITDA effect on results in 2018 is HRK (129) million which is lower compared to HRK 106 million in 2017 due to different schedule of domestic crude processing.

## Investments in INA portfolio companies

The Company has the following principal subsidiaries (\*subsidiary owned directly by the Company):

Name of company	Activity	Shareholding	
		31 Dec 2017	31 Dec 2018
<b>Oil field services</b>			
*Crosco Naftni Servisi d.o.o. Zagreb	Oilfield services	100%	100%
Crosco B.V. Amsterdam, Netherlands	Oilfield services	100%	100%
Nordic Shipping Ltd, Marshall Islands	Platform leasing	100%	100%
Sea Horse Shipping Inc, Marshall Islands	Platform leasing	100%	100%
Rotary Zrt., Hungary	Oilfield services	100%	100%
Crosco S.A. DE C.V. Monterrey, Mexico	Oilfield services	99.90%	99.90%
Crosco International d.o.o. Tuzla, BiH	Oilfield services	100%	100%
Crosco Ukraine LLC	Oilfield services	100%	100%
<b>Oil exploration and production</b>			
*INA Naftaplin International Exploration and Production Ltd, Guernsey	Oil exploration and production	100%	100%
INA Adria B.V.	Oil exploration and production	-	100%
INA Jadran, d.o.o.	Oil exploration and production	50%	100%
<b>Tourism</b>			
*Hostin d.o.o. Zagreb	Tourism	100%	100%
<b>Auxillary services</b>			
*STSI integrirani tehnički servisi d.o.o. Zagreb	Technical services	100%	100%
*TRS Top računovodstvo servisi d.o.o. za računovodstvene usluge	Accounting, book-keeping, auditing, tax consulting	100%	100%
* Plavi tim d.o.o., Zagreb	IT services	100%	100%
<b>Production and trading</b>			
*INA Maziva d.o.o., Zagreb	Production and lubricants trading	100%	100%
<b>Trading and finance</b>			
*IINA Slovenija, d.o.o. , Ljubljana, Slovenia	Trading	100%	100%
*INA BH d.d. Sarajevo, Bosnia and Herzegovina	Trading	100%	100%
*Holdina d.o.o. Sarajevo, B&H	Trading	100%	100%
*Energopetrol d.d. Sarajevo, BiH	Trading	67%	88,66%
*INA d.o.o. Beograd, Serbia	Trading	100%	100%
*INA Kosovo d.o.o. Priština	Trading	100%	100%
*Adriagas S.r.l. Milan, Italy	Pipeline project company	100%	100%
*Croplin d.o.o. Zagreb	Pipeline project company	100%	100%
*INA Crna Gora d.o.o. Podgorica, Montenegro	Trading	100%	100%
*INA BL d.o.o. Banja Luka	Trading	100%	100%
*Petrol d.d. Jurdani	Trading	100%	100%
*INA Maloprodajni servisi d.o.o.	Trading	100%	100%

## Related party transactions – INA Group

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 2018, INA Group entered into the following trading transactions with the following related parties:

INA Group	Sales of goods	Purchase of goods
HRK mln	31 December 2018	31 December 2018
<b>Companies available for sale</b>		
JANAF d.d. Zagreb	5	54
<b>Strategic partner</b>		
MOL Nyrt	304	662
<b>Companies controlled by strategic partner</b>		
Tifon d.o.o.	613	7
MOL Petrochemical	111	5
MOL SLOVENIJA d.o.o.	70	68
Slovnaft, a.s.	23	187
MOL Srbija	20	-
Geoinform Kft	7	3
Mélyfürési Zrt	6	4
MOL-LUB Kft	-	62
MOL Commodity Trading Kft	-	6
MOL Germany GMBH	-	5
FGSZ Zrt	-	1

INA Group	Amounts owed from related parties	Amounts owed to related parties
HRK mln	31 December 2018	31 December 2018
<b>Companies available for sale</b>		
JANAF d.d. Zagreb	1	7
<b>Strategic partner</b>		
MOL Nyrt	33	77
<b>Companies controlled by strategic partner</b>		
Tifon d.o.o.	70	1
MOL Commodity Trading Kft	-	8
MOL Petrochemicals	10	-
Slovnaft, a.s.	7	7
MOL SLOVENIJA d.o.o.	6	5
MOL Srbija	1	-
Geoinform Kft	1	-
MOL-LUB Kft	1	1
MOL Commodity Trading Kft	-	8

## Related party transactions – INA, d.d.

INA, d.d. 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, d.d. strategic position within the Croatian economy, a substantial portion of its business is transacted with the Croatian Government, its departments and agencies, and the companies with the Republic of Croatia being their majority shareholder.

Details of transactions between INA, d.d. and the INA d.d. companies and other related parties during 2018 are disclosed below:

INA, d.d. HRK mln	Sales of goods	Purchase of goods
	31 December 2018	31 December 2018
<b>Related companies</b>		
Holdina d.o.o. Sarajevo	2,463	1
Hostin d.o.o.	1	30
INA Crna Gora d.o.o. Podgorica	337	-
STSI, Integrirani tehnički servisi d.o.o.	26	722
CROSCO, naftni servisi d.o.o.	14	341
INA Adria B.V.	1	27
INA Jadran d.o.o.	3	12
INA Slovenija d.o.o. Ljubljana	91	-
Plavi tim d.o.o.	9	55
INA MAZIVA d.o.o.	7	57
INA Maloprodajni servisi d.o.o.	6	273
Top Računovodstvo Servisi d.o.o.	3	55
INA d.o.o. Banja Luka	-	1
INA Kosovo d.o.o.	-	1
Energopetrol d.d.	31	-
<b>Companies available for sale</b>		
JANAF d.d. Zagreb	5	54
<b>Strategic partner</b>		
MOL Nyrt	79	549
<b>Companies controlled by strategic partner</b>		
Tifon d.o.o.	611	7
MOL Slovenia d.o.o.	67	-
MOL Petrochemicals Co Ltd	111	5
MOL Serbia d.o.o.	20	-
Slovnaft a.s.	23	187
MOL Commodity Trading Kft.	-	62
IES Italiana Energia e Servizi S.p.A	-	5
Geoinform Kft.	1	-
MOL Germany GmbH	-	6
FGSZ Zrt.	-	1

INA, d.d. HRK mln	Amounts owed from related parties	Amounts owed to related parties
	31 December 2018	31 December 2018
<b>Subsidiaries</b>		
Holdina d.o.o. Sarajevo	192	1
INA Crna Gora d.o.o. Podgorica	33	-
CROSCO, naftni servisi d.o.o.	12	49
STSI, Integrirani tehnički servisi d.o.o.	7	232
INA Adria B.V.	2	32
INA Jadran d.o.o.	4	16
Plavi tim d.o.o.	3	12
INA MAZIVA d.o.o.	5	7
INA Slovenija d.o.o. Ljubljana	8	-
Top Računovodstvo Servisi d.o.o.	1	4
INA Maloprodajni servisi d.o.o.	-	35
<b>Companies available for sale</b>		
JANAF d.d. Zagreb	1	2
<b>Strategic partner</b>		
MOL Nyrt	1	68
<b>Companies controlled by strategic partner</b>		
Tifon d.o.o.	69	1
MOL Commodity Trading Kft.	63	71
MOL Slovenia d.o.o.	6	3
MOL Serbia d.o.o.	1	-
MOL Petrochemicals Co Ltd	10	-
Slovnaft a.s.	7	7
Geoinform Kft.	1	-

## INA Group and INA, d.d. Summary Segmental Results of Operations

	INA, d.d.			INA GROUP		
	2017	2018	Ch. %	2017	2018	Ch. %
	HRK mn	HRK mn		HRK mn	HRK mn	
<b>Sales</b>						
Exploration & Production	3,744	4,158	11	3,760	4,187	11
Refining & Marketing including Retail	17,246	20,696	20	17,999	21,420	19
Corporate and Other	122	137	12	1,451	1,829	26
Inter-segment revenue eliminations	(3,534)	(3,921)	11	(4,628)	(5,087)	10
<b>Sales</b>	<b>17,578</b>	<b>21,070</b>	<b>20</b>	<b>18,582</b>	<b>22,349</b>	<b>20</b>
<b>EBITDA*</b>						
Exploration & Production	2,700	3,076	14	2,702	3,287	22
Refining & Marketing including Retail	838	331	(61)	934	419	(55)
Corporate and Other	(75)	(298)	297	(157)	(88)	(44)
Inter-segment profit eliminations	18	(68)	n.a.	(106)	(129)	22
<b>Total</b>	<b>3,481</b>	<b>3,041</b>	<b>(13)</b>	<b>3,373</b>	<b>3,489</b>	<b>3</b>
<b>EBITDA Excluding Special Items</b>						
Exploration & Production	2,447	2,803	15	2,449	3,014	23
Refining & Marketing including Retail	953	375	(61)	1,049	461	(56)
Corporate and Other	(75)	(289)	285	(157)	(55)	(65)
Inter-segment profit eliminations	18	(68)	n.a.	(106)	(129)	22
<b>Total</b>	<b>3,342</b>	<b>2,822</b>	<b>(16)</b>	<b>3,234</b>	<b>3,291</b>	<b>2</b>
<b>Operating Profit/Loss</b>						
Exploration & Production	1,539	2,013	31	1,586	2,256	42
Refining & Marketing including Retail	295	(223)	n.a.	366	(158)	n.a.
Corporate and Other	(152)	(369)	143	(428)	(282)	(34)
Inter-segment profit eliminations	18	(68)	n.a.	(106)	(129)	22
<b>Total</b>	<b>1,700</b>	<b>1,353</b>	<b>(20)</b>	<b>1,418</b>	<b>1,687</b>	<b>19</b>
<b>Operating Profit/Loss Excluding Special Items</b>						
Exploration & Production	1,286	1,740	35	1,333	1,983	49
Refining & Marketing including Retail	410	(179)	n.a.	481	(116)	n.a.
Corporate and Other	(152)	(360)	137	(328)	(249)	(24)
Inter-segment profit eliminations	18	(68)	n.a.	(106)	(129)	22
<b>Total</b>	<b>1,561</b>	<b>1,134</b>	<b>(27)</b>	<b>1,379</b>	<b>1,489</b>	<b>8</b>
<b>Property, plant and equipment</b>						
Exploration & Production	5,406	5,076	(6)	5,329	5,228	(2)
Refining & Marketing including Retail	4,938	4,943	0	5,582	6,069	9
Corporate and Other	360	254	(29)	1,418	1,385	(2)
Inter-segment assets eliminations	-	-	n.a.	(313)	(398)	27
<b>Total</b>	<b>10,704</b>	<b>10,273</b>	<b>(4)</b>	<b>12,016</b>	<b>12,284</b>	<b>2</b>

\* EBITDA = EBIT + Depreciation, restatement of comparable previous periods was made – see on page 10



**Condensed Consolidated and Unconsolidated Statement of Profit or Loss  
INA Group and INA, d.d. for the period ended 31 December 2017 and 2018  
(in HRK millions)**

	INA, d.d.			INA GROUP		
	2017	2018	Ch. %	2017	2018	Ch. %
	HRK mn	HRK mn		HRK mn	HRK mn	
<b>Revenue from contracts with customers</b>	<b>17,578</b>	<b>21,070</b>	<b>20</b>	<b>18,582</b>	<b>22,349</b>	<b>20</b>
Capitalised value of own performance	10	14	40	327	416	27
Other operating income	413	335	(19)	174	529	204
<b>Total operating income</b>	<b>18,001</b>	<b>21,419</b>	<b>19</b>	<b>19,083</b>	<b>23,294</b>	<b>22</b>
Changes in inventories of finished products and work in progress	288	364	26	274	365	33
Cost of raw materials and consumables	(8,816)	(11,819)	34	(9,061)	(12,033)	33
Depreciation, amortization and impairment (net)*	(1,781)	(1,688)	(5)	(1,955)	(1,802)	(8)
Other material costs	(1,881)	(2,162)	15	(1,871)	(2,188)	17
Service costs	(700)	(787)	12	(466)	(569)	22
Staff costs	(909)	(950)	5	(1,803)	(1,927)	7
Cost of other goods sold	(2,666)	(3,169)	19	(2,942)	(3,605)	23
Impairment and charges (net)*	18	162	800	8	165	1,963
Provisions for charges and risks (net)	146	(17)	n.a.	151	(13)	n.a.
<b>Operating expenses</b>	<b>(16,301)</b>	<b>(20,066)</b>	<b>23</b>	<b>(17,665)</b>	<b>(21,607)</b>	<b>22</b>
<b>Profit/(loss) from operations</b>	<b>1,700</b>	<b>1,353</b>	<b>(20)</b>	<b>1,418</b>	<b>1,687</b>	<b>19</b>
Share in the profit of associated companies						
Finance income	384	505	32	452	54	(88)
Finance costs	(310)	(201)	(35)	(306)	(221)	(28)
<b>Net result from financial activities</b>	<b>74</b>	<b>304</b>	<b>311</b>	<b>146</b>	<b>(167)</b>	<b>n.a.</b>
<b>Profit/(loss) before tax</b>	<b>1,774</b>	<b>1,657</b>	<b>(7)</b>	<b>1,564</b>	<b>1,520</b>	<b>(3)</b>
Income tax expense	(348)	(323)	(7)	(342)	(343)	0
<b>Profit/(loss) for the year</b>	<b>1,426</b>	<b>1,334</b>	<b>(6)</b>	<b>1,222</b>	<b>1,177</b>	<b>(4)</b>
Attributable to						
Owners of the Company	1,426	1,334	(6)	1,220	1,178	(3)
Non-controlling interests	-	-	n.a.	2	(1)	n.a.
	1,426	1,334	(6)	1,222	1,177	(4)
<b>Earnings per share</b>						
Basic and diluted earnings/(loss) per share (kunas per share)	142.6	133.4	(6)	122.0	117.8	(3)

\* Restatement of comparable previous periods was made – see on page 2

## Condensed Consolidated and Unconsolidated Statement of Financial Position INA Group and INA, d.d. at 31 December 2018 (in HRK millions)

	INA, d.d.			INA GROUP		
	31 Dec 2017	31 Dec 2018	Ch. %	31 Dec 2017	31 Dec 2018	Ch. %
	HRK mn	HRK mn		HRK mn	HRK mn	
<b>Assets</b>						
<b>Non-current assets</b>						
Intangible assets	408	431	6	570	644	13
Property, plant and equipment	10,578	10,586	0	12,016	12,284	2
Investments in subsidiaries	1,079	1,960	82	-	-	n.a.
Investments in associates and joint ventures	-	150	n.a.	-	150	n.a.
Other investments	669	752	12	13	16	23
Long-term receivables and other assets	105	743	608	96	732	663
Deferred tax	1,343	1,089	(19)	1,451	1,199	(17)
Non-current financial assets	665	479	(28)	665	479	(28)
<b>Total non-current assets</b>	<b>14,847</b>	<b>16,190</b>	<b>9</b>	<b>14,811</b>	<b>15,504</b>	<b>5</b>
<b>Current assets</b>						
Inventories	2,021	2,351	16	2,264	2,645	17
Trade receivables net	1,118	1,490	33	1,393	1,837	32
Intercompany receivables	225	256	14	-	-	n.a.
Other receivables	144	73	(49)	210	121	(42)
Corporative income tax receivables	1	-	n.a.	10	8	(20)
Marketable securities	-	27	n.a.	-	27	n.a.
Other current assets	494	165	(67)	139	174	25
Cash and cash equivalents	364	335	(8)	428	422	(1)
<b>Current assets</b>	<b>4,367</b>	<b>4,697</b>	<b>8</b>	<b>4,444</b>	<b>5,234</b>	<b>18</b>
Assets classified as held for sale	-	-	n.a.	8	4	(50)
<b>Total current assets</b>	<b>4,367</b>	<b>4,697</b>	<b>8</b>	<b>4,452</b>	<b>5,238</b>	<b>18</b>
<b>Total assets</b>	<b>19,214</b>	<b>20,887</b>	<b>9</b>	<b>19,263</b>	<b>20,742</b>	<b>8</b>
<b>Equity and liabilities</b>						
<b>Capital and reserves</b>						
Share capital	9,000	9,000	0	9,000	9,000	0
Legal reserves	28	99	254	28	99	254
Revaluation reserve	289	135	(53)	289	135	(53)
Other reserves	1,138	1,184	4	1,516	1,544	2
Retained earnings	1,426	1,934	36	827	1,036	25
<b>Equity attributable to equity holder of the parent</b>	<b>11,881</b>	<b>12,352</b>	<b>4</b>	<b>11,660</b>	<b>11,814</b>	<b>1</b>
Non-controlling interests	-	-	n.a.	(134)	9	n.a.
<b>Total equity</b>	<b>11,881</b>	<b>12,352</b>	<b>4</b>	<b>11,526</b>	<b>11,823</b>	<b>3</b>
<b>Non-current liabilities</b>						
Long-term loans	122	-	n.a.	122	4	(97)
Other non-current liabilities	51	44	(14)	52	45	(13)
Employee benefits obligation	31	33	6	73	77	5
Provisions	3,241	3,599	11	3,119	3,462	11
Deferred tax liability	-	-	n.a.	14	14	(0)
<b>Total non-current liabilities</b>	<b>3,445</b>	<b>3,676</b>	<b>7</b>	<b>3,380</b>	<b>3,602</b>	<b>7</b>
<b>Current liabilities</b>						
Bank loans and overdrafts	1,359	1,767	30	1,581	1,962	24
Current portion of long-term debt	122	125	2	122	125	2
Intercompany payables	495	584	18	-	-	n.a.
Trade payables	787	1,242	58	1,171	1,720	47
Taxes and contributions	527	514	(2)	626	612	(2)
Other current liabilities	374	395	6	540	590	9
Employee benefits obligation	3	3	0	5	5	0
Provisions	221	229	4	312	303	(3)
<b>Total current liabilities</b>	<b>3,888</b>	<b>4,859</b>	<b>25</b>	<b>4,357</b>	<b>5,317</b>	<b>22</b>
<b>Total liabilities</b>	<b>7,333</b>	<b>8,535</b>	<b>16</b>	<b>7,737</b>	<b>8,919</b>	<b>15</b>
<b>Total equity and liabilities</b>	<b>19,214</b>	<b>20,887</b>	<b>9</b>	<b>19,263</b>	<b>20,742</b>	<b>8</b>

**Condensed Consolidated and Unconsolidated Cash Flow Statement**  
**INA Group and INA, d.d. for the period ended 31 December 2017 and 2018**  
 (in HRK millions)

	INA, d.d.			INA GROUP		
	2017	2018	Ch. %	2017	2018	Ch. %
<b>Profit for the year</b>	<b>1,426</b>	<b>1,334</b>	<b>(6)</b>	<b>1,222</b>	<b>1,177</b>	<b>(4)</b>
<b>Adjustments for:</b>						
Depreciation, amortisation and impairment (net)	1,781	1,688	(5)	1,955	1,802	(8)
Tax expense recognised in statement of profit or loss	348	323	(7)	342	343	0
Impairment charges (net)	(18)	(162)	800	(8)	(165)	1,963
Gain on sale of property, plant and equipment	(268)	(7)	(97)	(16)	3	n.a.
Gain on sale investments and shares	-	-	n.a.	-	(291)	n.a.
Foreign exchange loss/(gain)	(159)	49	n.a.	(223)	45	n.a.
Interest expense (net)	(3)	6	n.a.	45	26	(42)
Other financial expense recognised in profit	67	(429)	n.a.	11	58	427
Decrease in provisions	(150)	(20)	(87)	(155)	(23)	(85)
Decommissioning interests	21	56	167	21	62	195
Net gain/loss on derivative financial instruments and hedge transactions	48	96	100	48	96	100
Other non-cash items	-	15	n.a.	10	(2)	n.a.
<b>Operating cash flow before working capital changes</b>	<b>3,093</b>	<b>2,949</b>	<b>(5)</b>	<b>3,252</b>	<b>3,131</b>	<b>(4)</b>
<b>Movements in working capital</b>						
(Increase)/decrease in inventories	(314)	(645)	105	(327)	(725)	122
(Increase)/decrease in receivables and prepayments	(121)	(881)	628	(76)	(319)	320
(Decrease)/increase in trade and other payables	6	1,022	16,933	(333)	703	n.a.
<b>Cash generated from operations</b>	<b>2,664</b>	<b>2,445</b>	<b>(8)</b>	<b>2,516</b>	<b>2,790</b>	<b>11</b>
Taxes paid	(13)	(35)	169	(32)	(61)	91
<b>Net cash inflow from operating activities</b>	<b>2,651</b>	<b>2,410</b>	<b>(9)</b>	<b>2,484</b>	<b>2,729</b>	<b>10</b>
<b>Cash flows used in investing activities</b>						
Capital expenditures, exploration and development costs	(1,241)	(1,279)	3	(1,277)	(1,842)	44
Payment for intangible assets	(107)	(125)	17	(114)	(125)	10
Proceeds from sale of non-current assets	14	8	(43)	26	9	(65)
Payments related to sale of subsidiary	23	-	n.a.	23	(297)	n.a.
Acquisition of investments in associates and joint ventures and other companies	-	(415)	n.a.	-	-	n.a.
Dividends received from companies classified as available for sale and from other companies	20	-	n.a.	20	1	(95)
Payments related to sale of subsidiary	-	121	n.a.	-	-	n.a.
Interest received and other financial income	13	51	292	11	11	0
Investments and loans to third parties, net	(186)	(250)	34	11	1	(91)
<b>Net cash used for investing activities</b>	<b>(1,464)</b>	<b>(1,889)</b>	<b>29</b>	<b>(1,300)</b>	<b>(2,242)</b>	<b>72</b>
<b>Cash flows from financing activities</b>						
Repayment of long-term borrowings	(129)	(122)	(5)	(129)	(122)	(5)
Additional short-term borrowings	10,389	14,998	44	10,103	14,634	45
Repayment of short term borrowings	(11,328)	(14,582)	29	(11,103)	(14,258)	28
Dividends paid	(152)	(812)	434	(152)	(812)	434
Interest paid on long-term loans	(8)	(5)	(38)	(8)	(5)	(38)
Interest paid on short term loans and other financing charges	(75)	(50)	(33)	(78)	46	n.a.
<b>Net cash from financing activities</b>	<b>(1,303)</b>	<b>(573)</b>	<b>(56)</b>	<b>(1,367)</b>	<b>(517)</b>	<b>(62)</b>
Net (decrease)/increase in cash and cash equivalents	(116)	(52)	(55)	(183)	(30)	(84)
At 1 January	500	364	(27)	611	428	(30)
Effect of foreign exchange rate changes	(20)	23	n.a.	-	24	n.a.
At the end of period	364	335	(8)	428	422	(1)

### Management representation

INA Group's and INA, d.d. financial statements for Q1-Q4 2018 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
Niko Dalić	Member
Ivan Krešić	Member
Davor Mayer	Member
Zsolt Pethő	Member
Ákos Székely	Member