INDUSTRIJA NAFTE, d.d.

Q1 2014 – REPORT INA GROUP CONSOLIDATED

INA Group (ZB: INA-R-A; LSE: HINA; www.ina.hr) announced its Q1 2014 results today. This report contains unaudited consolidated financial statements for the period ending 31 March 2014 as prepared by the management in accordance with the International Financial Reporting Standards.

INA Group financial results (IFRS)

Q4 2013*	2013*	HRK mln.	Q1 2013*	Q1 2014	%
6,661	27,444	Net sales revenues	7,123	5,542	(22)
842	3,672	EBITDA reported [(1)]	1,011	831	(18)
842	**3,799**	**EBITDA excl. special items [(2)]**	**1,011**	**831**	**(18)**
(2,276)	(1,570)	Profit/(loss) from operations	408	390	(4)
(34)	**799**	**Operating profit excl. special items [(2)]**	**408**	**390**	**(4)**
(61)	(246)	Net financial expenses	(134)	(87)	(35)
(1,894)	(1,508)	Net profit/loss for the period [(3)]	261	241	(8)
465	**953**	**Net profit/loss for the period excl. special items [(2)]**	**261**	**241**	**(8)**
1,919	**4,543**	**Operating cash flow**	**260**	**452**	**74**
		Earnings per share			
(189.4)	(150.8)	Basic and diluted/(loss) earnings per share (kunas per share)	26.1	24.1	(8)
4,761	4,761	Net debt	6,791	4,687	(31)
27.0	27.0	Net gearing	30.6	26.2	
994	**2,013**	**CAPEX total**	**163**	**280**	**72**

Q4 2013*	2013*	USD mln [(4)]	Q1 2013*	Q1 2014	%
1,189	4,810	Net sales revenues	1,241	993	(20)
150	644	EBITDA reported [(1)]	176	149	(15)
150	**666**	**EBITDA excl. special items [(2)]**	**176**	**149**	**(15)**
(406)	(275)	Profit/(loss) from operations	71	70	(2)
(6)	**140**	**Operating profit excl. special items [(2)]**	**71**	**70**	**(2)**
(11)	(43)	Net financial expenses	(23)	(16)	(33)
(338)	(264)	Net profit/loss for the period [(3)]	45	43	(5)
83	**167**	**Net profit/loss for the period excl. special items [(2)]**	**45**	**43**	**(5)**
342	796	Operating cash flow	45	81	79
		Earnings per share			
(33.8)	(26.4)	Basic and diluted/(loss) earnings per share (kunas per share)	4.5	4.3	(5)
834	834	Net debt	1,183	840	(29)
177	**353**	**CAPEX total**	**28**	**50**	**77**

[(1)] EBITDA = EBIT + Depreciation + Impairment + Provisions
[(2)] No special items were recognized in 2014.
[(3)] INA Group net profit attributable to equity holder
[(4)] In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q4 2013 – 5.6036 HRK/USD; Q1-Q4 2013 – 5.7059 HRK/USD; Q1 2013 – 5.7383 HRK/USD; Q1 2014 – 5.5811 HRK/USD
** A change has been made in recording of „Suppliers/buyers forex gain" (originally recorded in „Other operating income"), which are now recorded in „Financial income". On the other hand „Forex loss on suppliers/buyers" originally recorded in „Other nonmaterial expenses", are now recorded in „Financial expenditures".*

INA Group's EBITDA for the Q1 2014 amounted to HRK 831 million, a 18% decrease compared to Q1 2013, while at the same time net profit decreased to the level of HRK 241 million by 8%. The decrease of sales revenues by 22% compared to Q1 2013 is largely due to (1) accommodating our natural gas sales to close to the level of our domestic production, with much smaller import content, as a response to increasing competition since the opening of the market and (2) adapting refinery utilization and refined product sales to less available profitable export sales opportunities.

In Upstream INA managed for the first time in the last ten years to increase crude oil production from existing domestic fields compared to the same quarter the previous year (by 3%) as a result of an intensive well workover program launched late last year. This way the natural production decline trend of these fields, which INA has successfully mitigated already in the past 3-4 years, is temporarily reversed. Our similar efforts were also visible in onshore gas production, limiting the natural decline to a very low 1% against Q1 2013, while offshore gas production seems stabilizing, even one could notice a slight increase compared to Q4 2013. Operations were also affected by decreasing realized hydrocarbon prices.

Refinery operations are still burdened by the unfavourable external environment, with 27% and 32% lower average crack spread qoq and yoy, respectively. However INA maintained its strong retail position even though structure of the motor gasoline sales showed decrease in premium fuels, indicating still present market decline.

Operating cash flow remains strong, at HRK 452 million in Q1 2014 while Group's financial position improved further as gearing level decreasing to 26.2% from 30.6% a year ago, while net debt amounted to HRK 4,687 million, a 31% lower compared to the end of Q1 2013.

Capital expenditures in Q1 2014 increased significantly by 72% compared to Q1 2013, amounting to HRK 280 million, with vast majority invested in Croatia, mainly in the Upstream segment.

- ► **Exploration and Production**: In Q1 2014, EBITDA reached HRK 1,180 million, which is lower by HRK 343 million than same period last year. Beyond lower average realized hydrocarbon price and lower hydrocarbon production reflecting natural depletion of domestic fields the difference is mostly attributable to the significant effect of inventory transfer in Q1 2013 which had one off positive effect on previous year results. These negative trends were moderated by decreased losses of the gas trading operations (driven by decreased imported natural gas volumes) and decreased operating expenditures. In Q1 2014 regulation environment changed significantly what will have negative impact on future performance of Upstream business. Royalty which is paid based on value of domestic production was increased form 5% to 10% starting from 26 March 2014 and also Prirodni plin will not be gas household distributor starting from 1 April 2014, but INA is obliged to instead provide HEP with natural gas for 1.7 HRK/cm compared to previous price of 2.2 HRK/cm.
- ► **Refining and Marketing (including Retail)**: In Q1 2014 the Refining and Marketing segment's reported 'clean' CCS-based EBITDA amounted to HRK (268) million and was below Q1 2013 level. Lower result was primarily impacted by the 32% lower average crack spread and higher specific energy consumption and less favourable production yields as a result of different operational scheduling of the two plants. These negative factors are partially mitigated with a better sales structure (higher diesel and lower fuel oil and gasoline share) and higher Brent-crude spread arising from increased portion of processed domestic crude oil. Sales volumes were lower on spot export markets with thin sales margins, however, INA managed to keep its sales performance in Croatia and continued increasing in Bosnia.
- ► **Corporate and Other[1]: EBITDA** of the segment increased by HRK 54 million from HRK (40) million in Q1 2013 to HRK 14 million in Q1 2014, because of organizational change by which Crosco is no longer part of Upstream group and is consolidated in Corporate and other.

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

As a result of our consolidation program that we implemented in INA over the last 4 years we managed to solidify INA's financial position. Now, keeping the required financial prudence, our efforts have been focused on further enhancing our market position in a value-creating way and on implementing our growth projects, primarily in our upstream segment.

In upstream, due to the management's concentrated attention to compensate the natural production decline of our legacy assets, we managed to increase oil production from our existing domestic fields, an achievement unprecedented in the last decade.
In downstream we adjusted our sales pattern even more to market needs by increasing value-added diesel sales and decreasing negative margin heavy residue sales.

We have created a strong platform for investments growth to set our company on a sustainable growth path. Although recent regulatory changes shall limit the dynamism and the available funds to fuel this growth but I can say with confidence that INA is on a good track.

[1] Include Corporate Functions and subsidiaries providing safety and protection services, technical services, accounting services, corporate support and other services.

INDUSTRIJA NAFTE, d.d.

Management discussion

Exploration and Production*

Q4 2013**	2013**	Segment IFRS results (HRK mln)	Q1 2013**	Q1 2014	%
2,460	9,325	Net sales revenues	3,184	2,166	(32)
1,012	4,825	EBITDA reported	1,523	1,180	(23)
1,012	4,825	EBITDA excl. special items***	1,523	1,180	(23)
(1,004)	1,487	Operating profit reported	1,151	992	(14)
500	2,991	Operating profit excl. special items***	1,151	992	(14)
615	1,396	CAPEX	115	226	97

* Exploration and Production refers to the Upstream of INA, d.d. and following subsidiaries: INA Naftaplin IE&PL, Guernsey, Adriagas S.r.l. Milano, Prirodni plin d.o.o.
** A change has been made in recording of „Suppliers/buyers forex gain" (originally recorded in „Other operating income") , which are now recorded in „Financial income". On the other hand „Forex loss on suppliers/buyers" originally recorded in „Other nonmaterial expenses", are now recorded in „Financial expenditures". 2013 results adjusted to reflect organizational change by which Crosco is no longer part of Upstream group
*** No special items were recognized in 2014.

Q4 2013	2013	Hydrocarbon production	Q1 2013	Q1 2014	%
11,699	**11,617**	**Crude oil production (boe/d)**	**11,484**	**11,974**	**4**
8,474	8,608	Croatia	8,408	8,690	3
2,037	1,881	Egypt	1,831	2,191	20
1,188	1,128	Angola	1,245	1,093	(12)
24,231	**26,198**	**Natural gas production (boe/d)**	**27,958**	**25,281**	**(10)**
9,936	11,897	Croatia - offshore	13,644	11,178	(18)
14,295	14,301	Croatia - onshore	14,314	14,103	(1)
2,297	**2,365**	**Condensate (boe/d)**	**2,460**	**2,246**	**(9)**
2,297	2,365	Croatia	2,460	2,246	(9)
38,227	**40,180**	**Total hydrocarbon production (boe/d)**	**41,902**	**39,500**	**(6)**
Q4 2013	**2013**	**Average realised hydrocarbon price****	**Q1 2013**	**Q1 2014**	**%**
80	82	Total hydrocarbon price (USD/boe)*	83	77	(7)
Q4 2013	**2013**	**Natural gas trading - mln cm**	**Q1 2013**	**Q1 2014**	**%**
260	774	Natural gas imports	246	60	(75)
661	2,228	Total natural gas sales - domestic market	801	528	(34)

*The production on Syrian fields was stopped by Force Majeure announcement from 26 February 2012.
** Calculated based on total external sales revenue including natural gas selling price as well.

Q1 2014 vs. Q4 2013 results

In Q1 2014, EBITDA increased by 17% compared to Q4 2013 reflecting primarily slightly higher production in Q1 2014 and lower COGS due to significantly lower purchased volumes of imported natural gas in Prirodni Plin, while at the same time partially offset by lower average hydrocarbon price.
Production increased by 3%, which is mainly attributable to off-shore gas production uplift by 1 mboepd as a result of higher INA share.

Q1 2014 vs. Q1 2013 results

Upstream EBITDA result declined by HRK 343 mln in Q1 2014 compared to the same period last year as result of positive inventory transfer effect from Q1 2013, lower average realized hydrocarbon price (lower by 7%) partly offset by positive effect of lower COGS due to the above mentioned reason.
Operating profit decreased in Q1 2014 compared to 2013 as a result of combination of decreased EBITDA slightly moderated by positive effect of reversal of value adjustment of Egyptian receivables and cancelling provisions.
Prirodni Plin's losses in Q1 2014 amounted to HRK 512 million on EBIT level.

Total **natural gas** production in Q1 2014 was 9.9 % lower than in Q1 2013, however off-shore production increased by 11% against the Q4 2013:

- The year-on-year decrease on natural gas production was mainly related to natural decline in offshore fields, water cuts and restitution on Annamaria offshore field. Natural decline was somewhat compensated by start up of new drilled well Ika B3 HOR and higher INA net share on ALCA.

Crude oil production increased in Q1 2014 by 4.3% on corporate level compared to Q1 2013:

- Higher domestic crude oil production came from Slavonia as a results of recently performed workowers and wells optimization within 4P Project (increasing production on existing fields).
- Decreased domestic condensate production due to natural decline on main gas condensate fields.
- Comparing Angola Q1 2014 crude oil production to the same quarter of the previous year showed a 12.2% decrease due to lower INA's average share in crude oil production (2.29% vs. 2.37%), unplanned production losses and production natural decline.
- Egyptian oil production in Q1 2014 was higher than Q1 2013 due to higher production on North Baharyia and East Yidma Concessions. Intensive and sucessfull drilling campaign on North Bahariya Concession was reflected with higher production in Q1 2014 compared to Q1 2013. On East Yidma Concession it is result of production share increase, as well as high production rate.

Beside continuous unfavourable macro environment, additional regulatory changes have been imposed on the Upstream segment which have to some extent already affected Q1 results but will significantly burden future operations an on-going basis, starting in Q2 2014. The Government of Croatia issued a package of resolutions on gas trading regulation where HEP was appointed as wholesale market supplier for tariff customers starting from 1 April 2014 and INA has been obliged to supply HEP at a reduced price compared to the previous regulated household gas price. Additionally, the storage company concluded a forced sale of Prirodni plin's gas inventory, the effect of which is already booked as value adjustment of the Prirodni plin inventories in line with IAS in the amount of HRK 372 mln. Also, the royalty rate for hydrocarbon production on existing fields has been increased by 100%. All the above changes will force INA to reconsider its future investment plans.

Exploration and Production capital expenditures

Exploration and Production segment's CAPEX in Q1 2014 amounted to HRK 226 million. Capital investments in Croatia amounted HRK 202.6 million and capital investments abroad HRK 22.8 million. In comparison with Q1 2013 capital investments are higher in total for HRK 111 million or 97%. Increased investments level is mainly result of on-going offshore development drilling campaign on Ika field and intensive EOR project activities.

E&P CAPEX Q1 2014 (HRK million)	Croatia	Egypt	Angola
Exploration	24.3	2.1	
Development	173.4	23.8	-3.1
Exploration: 26.4 (12%) Development: 194.1 (86%) Other: 4.9 (2%)	**Exploration Onshore:** Hrastilnica-4 well, drilling finalized on Feb 3rd 2014. Čepelovac-1 North well drilling preparation in progress. Fracturing campaign, unconventional: Peteranec-4 well - workover was performed in March 2014. Žutica-249DU well is prepared for fracking activities. Iva -2DU well, workover and fracturing activities preparations in progress. **Development Onshore:** EOR project - Preparation workover for re-lining in 7 injection wells finished. Re-lining workover operations in 11 wells finished. All 11 wells completed for CO2 injection. On March 3rd started drilling of development well Gola-10. During Q1 2014, 5 capital well workovers were performed, 1 is in progress. **Development Offshore:** Ika JZ project is in progress. Drilling of first batch -Ika JZ-4 Dir & Ika JZ-2 Dir started in Dec 2013, was finished. Wells were completed and tested. Drilling of second batch - wells Ika JZ- 5 Dir and Ika JZ-3 Dir started beginning of March. Well Ika JZ 5 Dir is drilled and ready for completion. Drilling of well Ika JZ 3- drilling in progress, target depth reached. Ika JZ deck construction entered final phases. Detail engineering of Ika JZ platform is in progress. During Q1 Ika B platform revamping works were completed. In scope of Ivana A/K optimization, project activities were related to EPC (engineering, procurement and construction) for process skid and booster unit installation – expecting INAgip Management Committee decision.	**Exploration:** No activities, Q1 actual related to billing statement's adjustments received for Disouq and EY concessions. Both concessions expired. **Development:** **North Bahariya Concession –** CAPEX was mainly related to drilling and workover activities. Two development wells, Sidra-4 and Abrar-19, were successfully drilled and put in production in Q1 2014. Further, two development wells that were drilled in 4Q 2013, Ganna-5 and Abrar-12, were perforated, fractured and completed for production in Q1 2014. In addition, one water source well was drilled. Workover operations were performed on 12 wells. **West Abu Gharadig Concession** – there were no drilling operations, neither workover operations, in Q1 2014. CAPEX was mainly spent for the planned Projects (contaminated sand treatment, facilities upgrading) and G&A. **Ras Qattara Concession** – there was no drilling operations while only three workover activities were performed in Q1 2014. CAPEX was mainly spent for the planned Projects (Faras Gas Power Generator and other smaller projects) and G&A. **Sidi Rahman Concession –** workover operations and rig-less operations were conducted on Sidi Rahman-1 and Sidi Rahman-6 wells. Preparations for drilling Rizk East-1 ST were ongoing and the rig moved to the location.	**Block 3/05**: CAPEX for period resulted in negative due to Operator decision to reclassify part of CAPEX to OPEX due to accounting considerations.

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*Refining and Marketing, including Retail**

Q4 2013**	2013**	Segment IFRS results (HRK mln)	Q1 2013**	Q1 2014	%
4,555	20,137	Revenues	4,640	3,795	(18)
(215)	(469)	EBITDA reported	0	(320)	n.a.
(215)	(342)	EBITDA excl. special items***	0	(320)	n.a.
(183)	(164)	CCS-based R&M EBITDA**	2	(268)	n.a.
(1,214)	(2,114)	Operating profit/(loss) reported	(185)	(492)	166
(476)	(1,249)	Operating profit/(loss) excl. special items***	(185)	(492)	166
(433)	(1,055)	CCS-based R&M operating loss	(182)	(452)	149
331	545	CAPEX and investments	45	46	2

*Refers to Refining & Marketing including Retail INA. d.d. and following subsidiaries: INA Maziva, InterIna Ljubljana, INA BH Sarajevo, Holdina Sarajevo, INA Hungary, INA Crna Gora, INA Beograd, INA Kosovo

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*** No special items were recognized in 2014.

Q4 2013	2013	Refinery processing (kt)	Q1 2013	Q1 2014	%
142	433	Domestic crude oil	38	93	142
364	2,427	Imported crude oil	674	355	(47)
25	96	Condensate	9	33	256
177	750	Other feedstock	193	199	4
710	**3,707**	**Total refinery throughput**	**914**	**680**	**(26)**
Q4 2013	**2013**	**Refinery production (kt)**	**Q1 2013**	**Q1 2014**	**%**
38	209	LPG	49	39	(20)
199	1,068	Motor gasoline	259	175	(32)
236	1,268	Diesel	309	208	(33)
60	193	Heating oil	55	33	(40)
5	109	Kerosene	21	13	(36)
7	27	Naphtha	11	9	(24)
60	419	Fuel oil	114	83	(27)
16	38	Bitumen	4	3	(31)
(3)	(56)	Other products*	(13)	24	n.a.
617	**3,274**	**Total**	**809**	**588**	**(27)**
6	23	Refinery loss	5	4	(19)
87	410	Own consumption	100	89	(11)
710	**3,707**	**Total refinery production**	**914**	**680**	**(26)**
Q4 2013	**2013**	**Refined product sales by country (kt)**	**Q1 2013**	**Q1 2014**	**%**
467	1,877	Croatia	370	371	0
133	509	B&H	107	111	4
60	237	Slovenia	27	17	(36)
133	844	Other markets	274	173	(37)
793	**3,467**	**Total**	**779**	**674**	**(14)**
Q4 2013	**2013**	**Refined product sales by product (kt)**	**Q1 2013**	**Q1 2014**	**%**
49	231	LPG	56	46	(17)
190	955	Motor gasoline	247	166	(33)
359	1,394	Diesel	254	291	15
50	161	Heating oil	49	39	(20)
20	124	Kerosene	14	12	(11)
7	30	Naphtha	13	12	(8)
58	418	Fuel oil	121	81	(34)
15	57	Bitumen	6	6	0
46	98	Other products*	20	21	4
793	**3,467**	**Total**	**779**	**674**	**(14)**
244	1,019	o/w Retail segment sales	193	196	2

*Other products = Benzene-rich cut, liquid sulphur, coke, motor oils. Ind, lubricants, base oils, spindle oil, waxes, blend. gas oil “M”, atmosp. residue, intermediaries and other

Q1 2014 vs. Q4 2013 results

Refining and Marketing (including Retail) 'clean' CCS-based EBITDA amounted to HRK (268) million in Q1 2014, which is HRK 85 million below previous quarter performance. Main drivers of the negative difference were (1) lower R&M spread deriving from 27% lower average crack spread (especially lower LPG and gasoil crack spreads), (2) decreased sales volumes by 15% combined with less favourable sales structure due to unplanned capacity loss at the fluid catalytic cracker and delayed coker units in Sisak resulting in increased fuel oil share and (3) higher energy consumption. The latter two factors were a result of different operational scheduling of our refinery assets.

These factors were partially offset by (1) lower operating expenses coming from decreased transportation cost and (2) improved Brent-Ural spread (1.4 in Q1 vs. 0.5 USD/bbl in Q4).

Mainly as a result of above mentioned reasons EBITDA amounting to HRK (320) million, was HRK 105 million lower in comparison with Q4 2013.

Q1 2014 vs. Q1 2013 results

In Q1 2014, the Refining and Marketing (including Retail) 'clean' CCS-based EBITDA was below Q1 2013 level by HRK 270 million, mainly as a result of (1) unfavourable external environment reflected in 32% lower average crack spread, (2) lower sales volumes on export markets by 37%, (3) higher specific energy consumption driven by hindered startup of refineries due to the unit capacity losses described above and consequently (4) less favourable production yields.

Negative factors are partially mitigated with (1) enhanced sales structure (higher mofuel and lower fuel oil share) and (2) higher Brent-crude spread arising from increased portion of processed domestic crude oil.

Reported EBITDA amounted to HRK (320) million, which is a drop of HRK 320 million compared to Q1 2013 as an outcome of above mentioned factors.

The segment's operating profit in Q1 2014 declined over the same period last year by HRK 307 million, reaching HRK (492) million.

Although the external environment was significantly worse compared to last year, as the estimated motor fuel demand in Croatia deteriorated further, INA managed to maintain its strong wholesale and retail positions in Q1 2014 with slightly lower sales volumes and margins compared to Q1 2013. Export sales volumes were lower, primarily on spot markets (with tight sales margins), as a result of optimization by adjusting to the unfavourable external environment.

Retail operations sales volume

Total sales volumes of Retail Segment in Q1 2014 amounted to 196 kt. In comparison to the same period of the previous year, (193 kt sold), total sales in the first quarter of 2014 increased by 2%. Throughput per site in Q1 2014 was 2% higher compared to same period last year. The increase in sales volumes compared to Q1 2013 was influenced by higher sales of gas oil and heating oil by 4%, primarily higher sales of blue diesel, while at the same time 2% drop in sales of motor gasoline was recorded. Analysis of the structure of motor gasoline sales showed decrease in premium fuels sales in favour of regular fuels with more affordable price, indicating still present market contraction.

On 31 March 2014, INA Group operated a network of 445 stations (392 in Croatia and 53 abroad, of which 46 in Bosnia and Herzegovina, 6 in Slovenia and 1 in Montenegro).

Capital expenditures

Capital expenditures in Q1 2014 were slightly higher than in the same period of 2013 (HRK 46.0 million in Q1 2014 vs. HRK 45.8 million in Q1 2013). One of the major sustainable type projects in R&M is the first phase of the turnaround in Sisak Refinery which has the objective to ensure safe, reliable, efficient operation with maximum mechanical availability of Sisak Refinery units.

Retail capital expenditures focused primarily on modernization and capital reconstruction of petrol stations within the project "Blue concept", simultaneously providing new visual identity to INA's retail network. At the same time, LPG project is carried out with the aim of increasing the number of sites that offer auto gas as an alternative fuel that is more environmentally-friendly and favours longer useful life of car engine, therefore its intensive use in the future is expected. Retail capital expenditure in Q1 2014 amounted to HRK 18.5 million, which is 6 million less than in the same period last year primarily due to the different dynamics of realization of projects, but intensive program of modernization of gas stations is still the main driver of realization.

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Income Statement – INA-GROUP
For the period ended 31 March 2013 and 2014
(In HRK millions)

Q4 2013	2013		Note	Q1 2013	Q1 2014	%
		Sales revenue				
4,508	17,531	a) domestic		4,446	3,586	(19)
2,153	9,913	b) exports		2,677	1,956	(27)
6,661	**27,444**	**Total sales revenue**	1	**7,123**	**5,542**	**(22)**
171	361	Income from own consumption of products and services		36	83	131
74	655	Other operating income		63	64	2
6,906	**28,460**	**Total operating income**		**7,222**	**5,689**	**(21)**
(216)	(91)	Changes in inventories of finished products and work in progress		265	(287)	n.a.
(2,291)	(13,875)	Cost of raw materials and consumables	2	(3,888)	(2,345)	(40)
(584)	(2,261)	Depreciation and amortization	4	(564)	(460)	(18)
(484)	(1,622)	Other material costs	4	(362)	(368)	2
(301)	(1,249)	Service costs	4	(247)	(350)	42
(641)	(2,415)	Staff costs	5	(559)	(560)	0
(2,131)	(5,536)	Cost of other goods sold	3	(1,420)	(948)	(33)
(2,430)	(2,780)	Impairment and charges (net)		(22)	(25)	14
(104)	(201)	Provisions for charges and risks (net)		(17)	44	n.a.
(9,182)	**(30,030)**	**Operating expenses**		**(6,814)**	**(5,299)**	**(22)**
(2,276)	**(1,570)**	**Profit/(loss) from operations**		**408**	**390**	**(4)**
		Share in the profit of associated companies				
161	620	Finance income		127	61	(52)
(222)	(866)	Finance costs		(261)	(148)	(43)
(61)	**(246)**	**Net loss from financial activities**	7	**(134)**	**(87)**	**(35)**
(2,337)	**(1,816)**	**Profit/(loss) before tax**		**274**	**303**	**11**
443	308	Income tax expense	6	(13)	(62)	377
(1,894)	**(1,508)**	**Profit/(loss) for the year**		**261**	**241**	**(8)**
		Attributable to				
(1,894)	(1,508)	Owners of the Company		261	241	(8)
-	-	Non-controlling interests		-	0	n.a.
(1,894)	**(1,508)**			**261**	**241**	**(8)**
		Earnings **per share**				
(189.4)	(150.8)	Basic and diluted earnings per share (kunas per share)		26.1	24.1	(8)

Condensed Consolidated Statement of Comprehensive Income – INA-GROUP
For the period ended 31 March 2013 and 2014
(in HRK million)

Q4 2013	2013		Q1 2013	Q1 2014	%
(1,894)	**(1,508)**	**Profit/(loss) for the year**	**261**	**241**	**(8)**
		Other comprehensive income, net of income tax:			
-	-	Items that will not be reclassified subsequently to profit or loss:	-	-	n.a.
-	(11)	Remeasurement of defined benefit obligation	(11)	-	n.a.
		Items that may be reclassified subsequently to profit or loss:			
(76)	(210)	Exchange differences on translating foreign operations	191	22	(88)
(11)	(7)	Net fail value gain/(loss) on available-for-sale financial assets	13	39	200
(87)	**(228)**	**Other comprehensive (loss)/income, net**	**193**	**61**	**(68)**
(1,981)	**(1,736)**	**Total comprehensive income/(loss) for the year**	**454**	**302**	**(33)**
		Attributable to**:**			
(1,981)	(1,736)	Owners of the Company	454	302	(33)
-	-	Non-controlling interests	-	0	n.a.

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Statement of Financial Position – INA-GROUP
At 31 March 2014
(in HRK millions)

	Note	31 Dec 2013	31 March 2014	%
Assets				
Non-current assets				
Intangible assets	9	524	525	0
Property, plant and equipment	10	15,979	15,807	(1)
Goodwill		183	183	0
Investments in associates and joint ventures		22	22	0
Other investments		169	177	5
Long-term receivables		230	288	25
Derivative financial instruments		3	2	(33)
Deferred tax		1,127	1,102	(2)
Available for sale assets		330	375	14
Total non-current assets		**18,567**	**18,481**	**(0)**
Current assets				
Inventories	12	3,219	2,718	(16)
Trade receivables net	13	2,564	2,101	(18)
Other receivables		847	802	(5)
Derivative financial instruments		2	2	0
Other current assets		142	37	(74)
Prepaid expenses and accrued income		166	219	32
Cash and cash equivalents		402	314	(22)
Current assets		**7,342**	**6,193**	**(16)**
Assets classified as held for sale		-	-	n.a.
Total current assets		**7,342**	**6,193**	**(16)**
Total assets	8	**25,909**	**24,674**	**(5)**
Equity and liabilities				
Capital and reserves				
Share capital	11	9,000	9,000	0
Revaluation reserve		6	45	650
Other reserves		2,284	2,306	1
Retained earnings / (Deficit)		1,586	1,827	15
Equity attributable to equity holder of the parent		**12,876**	**13,178**	**2**
Non-controlling interests		(1)	(1)	0
Total equity		**12,875**	**13,177**	**2**
Non-current liabilities				
Long-term loans		1,889	816	(57)
Other non-current liabilities		76	72	(5)
Employee benefits obligation		135	176	30
Provisions		2,754	2,757	0
Deferred tax liability		7	7	(0)
Total non-current liabilities		**4,861**	**3,828**	**(21)**
Current liabilities				
Bank loans and overdrafts		2,975	3,887	31
Current portion of long-term debt		299	298	(0)
Trade payables	15	2,841	1,482	(48)
Taxes and contributions		749	767	2
Other current liabilities		661	588	(11)
Accruals and deferred income		126	197	56
Employee benefits obligation		11	10	(9)
Provisions		511	440	(14)
Current liabilities		**8,173**	**7,669**	**(6)**
Liabilities directly associated with assets classified held for sale		-	-	n.a.
Total current liabilities		**8,173**	**7,669**	**(6)**
Total liabilities	14	**13,034**	**11,497**	**(12)**
Total equity and liabilities		**25,909**	**24,674**	**(5)**

Condensed Consolidated Cash Flow Statement - INA GROUP
For the period ended 31 March 2013 and 2014
(in HRK millions)

Q4 2013	2013		Note	Q1 2013	Q1 2014	%
(1,894)	**(1,508)**	**Profit/(loss) for the year**		**261**	**241**	**(8)**
		Adjustments for:				
584	2,261	Depreciation and amortisation		564	460	(18)
(443)	(308)	Income tax (benefit)/expenses recognized in (loss)/profit		13	62	377
2,501	3,046	Impairment charges (net)		198	137	(31)
(71)	(266)	Reversal of impairment		(176)	(112)	(36)
1	(4)	Gain on sale of property, plant and equipment		(3)	(7)	133
48	-	Gain on purchase of investments and shares		-	-	n.a.
(44)	(35)	Foreign exchange loss/(gain)		100	27	(73)
31	128	Interest expense (net)		22	29	32
78	88	Other financial expense recognised in profit		(28)	11	n.a.
103	199	Increase in provisions		17	(44)	n.a.
20	82	Decommissioning interests		20	22	10
(19)	(34)	Other non-cash items		2	(4)	n.a.
895	**3,649**	**Operating cash flow before working capital changes**	**16**	**990**	**822**	**(17)**
		Movements in working capital	17			
425	88	(Increase)/decrease in inventories		(354)	458	n.a.
(20)	(303)	(Increase)/decrease in receivables and prepayments		(752)	560	n.a.
816	1,599	(Decrease)/increase in trade and other payables		410	(1,316)	n.a.
2,116	**5,033**	**Cash generated from operations**		**294**	**524**	**78**
(197)	(490)	Taxes paid		(34)	(72)	112
1,919	**4,543**	**Net cash inflow from operating activities**		**260**	**452**	**74**
		Cash flows used in investing activities				
(935)	(1,854)	Payments for property, plant and equipment		(183)	(290)	58
-	(248)	Payment for intangible assets		(10)	(47)	370
8	14	Proceeds from sale of non-current assets		3	2	(33)
(24)	(11)	Purchase of subsidiaries		-	-	n.a.
-	3	Dividends received from companies classified as available for sale and from other companies		-	-	n.a.
8	25	Interest received and other financial income		4	5	25
(56)	(80)	Investments and loans to third parties, net		(2)	43	n.a.
(999)	**(2,151)**	**Net cash used for investing activities**	**18**	**(188)**	**(287)**	**53**
		Cash flows from financing activities				
1,612	6,160	Additional long-term borrowings		-	1,243	n.a.
(1,339)	(9,878)	Repayment of long-term borrowings		(151)	(2,323)	1,438
2,422	15,086	Additional short-term borrowings		3,616	3,724	3
(3,540)	(13,386)	Repayment of short term borrowings		(2,745)	(2,845)	4
-	(343)	Dividends paid		-	-	n.a.
(17)	(88)	Interest paid on long-term loans		(20)	(16)	(20)
-	-	Other long-term liabilities, net		-	-	n.a.
11	(24)	Interest paid on short term loans and other financing charges		10	(32)	n.a.
(851)	**(2,473)**	**Net cash from financing activities**		**710**	**(249)**	**n.a.**
69	(81)	Net (decrease)/increase in cash and cash equivalents		782	(84)	n.a.
311	488	At 1 January		488	402	(18)
22	(5)	Effect of foreign exchange rate changes		(64)	(4)	(94)
402	402	At the end of period		1,206	314	(74)

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Statement of Changes in Equity – INA-GROUP
For the period ended 31 March 2013 and 2014
(in HRK millions)

Attributable to equity holders of the parent

	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Non controlling interest	Total equity
Balance as at 1 January 2013	**9,000**	**2,505**	**13**	**3,437**	**14,955**	**(1)**	**14,954**
Profit for the period	-	-	-	261	261	-	261
Purchase of non-controlling interest	-	-	-	-	-	-	-
Other comprehensive loss, net	-	180	13	-	193	-	193
Total comprehensive income, net	**-**	**180**	**13**	**261**	**454**	**-**	**454**
Dividends payable	-	-	-	-	-	-	-
Balance as at 31 March 2013	**9,000**	**2,685**	**26**	**3,698**	**15,409**	**(1)**	**15,408**
Balance as at 1 January 2014	**9,000**	**2,284**	**6**	**1,586**	**12,876**	**(1)**	**12,875**
Loss for the period	-	-	-	241	241	0	241
Other comprehensive loss, net	-	22	39	-	61	-	61
Total comprehensive loss for the year	**-**	**22**	**39**	**241**	**302**	**0**	**302**
Dividends paid	-	-	-	-	-	-	-
Balance as at 31 March 2014	**9,000**	**2,306**	**45**	**1,827**	**13,178**	**(1)**	**13,177**

INDUSTRIJA NAFTE, d.d.

INA Group Summary Segmental Results of Operations

Q4 2013	2013	(HRK mln)	Q1 2013	Q1 2014	%
		Sales			
2,460	9,325	Exploration & Production	3,184	2,166	(32)
4,555	20,137	Refining & Marketing including Retail	4,640	3,795	(18)
704	2,135	Corporate and Other	435	486	12
(1,058)	(4,153)	Inter-segment revenue	(1,136)	(905)	(20)
6,661	**27,444**	**Sales**	**7,123**	**5,542**	**(22)**
		Operating expenses, net other income from operating activities			
(3,464)	(7,838)	Exploration & Production	(2,033)	(1,174)	(42)
(5,769)	(22,251)	Refining & Marketing including Retail	(4,825)	(4,287)	(11)
(846)	(2,675)	Corporate and Other	(540)	(575)	6
1,142	3,750	Inter-segment eliminations	683	884	29
(8,937)	**(29,014)**	**Expenses**	**(6,715)**	**(5,152)**	**(23)**
		Profit/(loss) from operations			
(1,004)	1,487	Exploration & Production	1,151	992	(14)
(1,214)	(2,114)	Refining & Marketing including Retail	(185)	(492)	166
(142)	(540)	Corporate and Other	(105)	(89)	(15)
84	(403)	Inter-segment eliminations	(453)	(21)	(95)
(2,276)	**(1,570)**	**Profit/(loss) from operations**	**408**	**390**	**(4)**
		Share in the profit of associate companies			
(61)	**(246)**	**Net loss from financial activities**	**(134)**	**(87)**	**(35)**
(2,337)	**(1,816)**	**Profit/(loss) before taxation**	**274**	**303**	**11**
443	308	Income tax expense	(13)	(62)	377
(1,894)	**(1,508)**	**Profit/(loss) for the year**	**261**	**241**	**(8)**

Q4 2013	2013	Depreciation (HRK mln)	Q1 2013	Q1 2014	%
380	1,400	Exploration & Production	346	267	(23)
152	645	Refining & Marketing including Retail	160	138	(14)
52	216	Corporate and Other	58	55	(5)
584	**2,261**	**Total**	**564**	**460**	**(18)**

Q4 2013	2013	EBITDA* (HRK mln)	Q1 2013	Q1 2014	%
1,012	4,825	Exploration & Production	1,523	1,181	(22)
(215)	(469)	Refining & Marketing including Retail	0	(320)	n.a.
(33)	(249)	Corporate and Other	(40)	14	n.a.
78	(435)	Inter-segment eliminations	(472)	(44)	(91)
842	**3,672**	**Total**	**1,011**	**831**	**(18)**

Q4 2013	2013	Operating Profit Excluding Special Items (HRK mln)	Q1 2013	Q1 2014	%
500	2,991	Exploration & Production	1,151	992	(14)
(476)	(1,249)	Refining & Marketing including Retail	(185)	(492)	166
(142)	(540)	Corporate and Other	(105)	(89)	(15)
84	(403)	Inter-segment eliminations	(453)	(21)	(95)
(34)	**799**	**Inter-segment eliminations**	**408**	**390**	**(4)**

** 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.

Income statement

Notes

Q1 2014 results

1 **Total sales revenues** in Q1 2014 amounted to HRK 5,542 million and were 22% below the Q1 2013 level, primarily triggered by lower average realized hydrocarbon price, lower hydrocarbon production reflecting natural depletion of domestic fields, unfavorable external environment which reflected in 32% lower average crack spread and lower sales volumes of oil products on export markets.

2 **Costs of raw materials and consumables** were 40% below Q1 2013 levels at HRK 2,345 million, as processing of other raw material volumes was lower.

3 **Costs of goods sold** recorded a decrease of 33% to HRK 948 million resulting from lower import of natural gas compared to Q1 2013.

4 Within **other operating costs** realized in Q1 2014:

- Other material costs were higher by 2% and amounted to HRK 368 million.
- Service costs in the amount of HRK 350 million recorded an increase of 42% mainly due to ENI tax related to 2013 which had neutral impact on Q1 2014 result due to release of related provision.
- Depreciation was 18% lower and amounted to HRK 460 million mainly due to 2013 Syria depreciation.
- Positive change of Adjustments and provisions in the amount of HRK 19 million as a result of value adjustments reversal related to EGPC receivables and reversal of ENI tax provision.

5 **Staff costs** in the amount HRK 560 million were on the same level compared to Q1 2013. Staff cost represents cost of net salaries in the amount of HRK 299 million, cost of employee income tax in the amount of HRK 127 million, tax on payroll in the amount of HRK 69 million and other payroll related costs in the amount of HRK 65 million for the three month period ended 31 March 2014. For the three month period ended 31 March 2013 staff cost includes cost of net salaries in the amount of HRK 302 million, cost of employee income tax in the amount HRK 125 million, tax on payroll in the amount HRK 70 million, and other payroll related costs in the amount HRK 62 million.

6 **Income tax in** Q1 2014 amounted to HRK 62 million compared to tax expense of HRK 13 million in Q1 2013.
Tax costs and deferred taxes during the interim period are calculated on the basis of actual results and the profit tax rate, 20% for both Q1 2014 and Q1 2013.

7 **Net financial expenses** in the amount of HRK 87 million were recorded in Q1 2014, compared to net financial expenses of HRK 134 million in Q1 2013.

- Net foreign exchange gain was HRK 21.3 million in Q1 2013, compared to HRK 121.3 million net foreign exchange gains recorded in Q1 2014 related to long-term loans.
- Interest payable amounted to HRK 48.8 million and interest received HRK 5.4 million in Q1 2014, compared to interest payable of HRK 38.9 million and HRK 4.3 million interests received in Q1 2013.
- Other financial expenses amounted to HRK 22.5 mln, compared to HRK 21.9 mln of revenue in Q1 2013.

Crosco Group reclassification

Starting from 1 January 2014, INA Group has revised its operational segments to integrate all corporate support and other service related activities in Corporate and Other segment. As a consequence, Crosco Group has been reclassified to Corporate and Other segment from Exploration & Production. Comparative periods have been restated accordingly.

Special items

In addition to international accounting standards and international reporting standards and regulatory requests the company discloses special items to achieve higher level of transparency and to provide better understanding of the usual business operations. Special items are considered to be the ones not occurring regularly and having the significant effect to the result. Beginning 2013 INA has adopted the materiality level for the special items of EUR 10 million. Furthermore, in accordance with adopted accounting policies and IFRS 36 – Impairment of Assets, INA performs impairment testing at the end of each reporting period.

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 for 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 E&P and R&M including retail is based on delivered quantities. This line shows the effect on operating profit of the change 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 the company level profit is only reported when the related third party sale has taken place. Intersegment EBITDA effect on E&P and R&M including retail results in Q1 2014 is HRK 44 million which is lower compared to HRK 472 million in Q1 2013 due to different operational mode of Sisak refinery.

INDUSTRIJA NAFTE, d.d.

Balance sheet

Notes

8 As at 31 March 2014, INA Group **total assets** amounted to HRK 24,674 million and were 5% lower compared to 31 December 2013.

9 In the period ended 31 March 2014, INA Group invested HRK 8 million in **intangible assets**. The effect of depreciation equals to HRK 8 million. Foreign exchange revaluation of oil and gas fields increased net book value in amount of HRK 1 million.

10 In the period ended 31 March 2014, INA Group invested HRK 272 million in **property, plant and equipment**. Reversal of capitalized decommissioning costs decreased the value of assets by HRK 4 million. Foreign exchange revaluation increased net book value in amount of HRK 22 million. The effect of depreciation reduced net book value of property, plant and equipment in amount of HRK 452 million. In the absence of parameters needed for unit-cost production depreciation calculation method due to Force Majeure, straight-line depreciation method for surface assets in Syria was applied starting from 1 January 2013, in order to fairly reflect the amortization of the equipment. Depreciation impact of surface assets in Syria in 2014 was HRK 84 million. Correction of prior year depreciation increased net book value of property, plant and equipment in amount of HRK 4 million. Decrease of INA Group net book value is also result of foreign exchange differences in the amount of HRK 6 million.

11 **Issued capital** as at 31 March 2014 amounted to HRK 9,000 million. There was no movement in the issued capital of the Company in either the current or the prior financial reporting.

12 **Inventories** amounted to HRK 2,718 million, which is a decrease of 16% compared to 31 December 2013 as a result of lower crude oil inventories and own produced finished and semi finished products.

13 **Trade receivables** decreased by 18% to the amount of HRK 2,101 million resulting from lower average realized hydrocarbon price, lower hydrocarbon production, lower average crack spread and lower sales volumes of oil products on export markets.

14 As at 31 March 2014 **total liabilities** amounted to HRK 11,497 million, which is a decrease of 12% compared to the 31 December 2013 level.
INA Group **net debt** decreased by 2% and amounted to HRK 4,687 million compared to 31 December 2013. **Gearing ratio**[2] decreased from 27.0% as at 31 December 2013, to 26.2% as at 31 March 2014.

15 **Trade payables** decreased by 48% to HRK 1,482 million, as a result of lower liabilities for imported crude oil.

Cash flow

Notes

16 The **operating cash-flow before changes in working capital** amounted to HRK 822 million in Q1 2014, representing a decrease of HRK 168 million, or 17%, compared to Q1 2013, mainly as a result of lower EBITDA.

17 **Changes in working capital** affected the operating cash flow negatively by HRK 298 million, primarily due to
- Decrease in trade payables by HRK 1,316 mln
- Decrease value of inventories by HRK 458 million and
- Decrease in receivables by HRK 560 million.

18 **Net outflows in investing activities** amounted to HRK 287 million, in comparison with HRK 188 million of outflows in Q1 2013.

IRAN Moghan-2 Block

INA entered into the Service Contract for the Exploration and Development of the Moghan-2 Block with the National Iranian Oil Company (NIOC) on 8 April 2008, with the minimum financial obligation amounting to USD 40.3 million. Obligatory Exploration phase expired on 31 May 2012 with the actual project costs amounting to USD 4.5 million.
Since the coming into force of international restrictive measures, INA has been constantly taking significant steps to comply with the sanctions regime in relation to its investment in Iran. Since 2011 INA has not conducted any of its contracted activities and after the expiry of the Exploration phase of the contract in May 2012 INA ceased all of its activities in Iran.

Subsequent events

[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 the credit risk and the liquidity risk.

a) Market risk

Commodity price risk management

INA purchases crude oil on a spot market in US dollars, mostly using short-term credit facility arrangements. INA may use derivative instruments in managing its commodity exposure.

Foreign currency risk management

Many Group transactions are priced and denominated in foreign currency and thus the Group is exposed to currency risk. The Group has net long USD and EUR, and net short HRK exposure of operative cash flow position. The Group may use cross currency swaps to adjust the currency mix of the debt portfolio. As of March 31, 2014, there were no open cross currency transactions.

Interest rate risk management

INA Group companies use borrowed funds at both fixed and floating interest rates consequently the Group is exposed to the interest rate risk. The Group does not speculate on interest rate developments and primarily chooses floating rates. As of March 31, 2014, 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 existing “Customer Credit Management Procedure” creditworthiness and risk in dealing with customers is estimated based on internal credit assessment model as well as using the services of creditworthiness agencies. There is no significant credit risk exposure of INA Group that is not covered with collateral, 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. INA to a limited extent is also using services of agencies for “out of court” collection of receivables.

c) Liquidity risk

The Group's liquidity risk is managed by maintaining adequate reserves of liquidity and credit lines by continuous monitoring of projected and actual cash flow and due dates for account receivables and payables.

As of March 31, 2014, the INA Group had contracted short-term credit lines amounting to HRK 1.58 bn, excluding overdrafts and trade financing credit lines established with the purpose to finance the purchase of crude oil and oil products, and contracted long-term credit lines amounting to HRK 5.82 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 2014, INA Group entered into the following trading transactions with the following related parties:

INA-Group	Amounts owed from related parties	Amounts owed to related parties
HRK mln	31 March 2014	31 March 2014
Companies available for sale		
JANAF d.d. Zagreb	-	48
Strategic partner		
MOL Plc	20	61
Companies controlled by strategic partner		
Tifon d.o.o.	56	35
Energopetrol d.d.	44	-
Kalegran Ltd.	25	-
MOL SLOVENIJA d.o.o.	6	9
Slovnaft, a.s.	-	7
Companies controlled by the State		
Petrokemija Kutina	178	-
Hrvatska elektroprivreda	50	9
Hrvatske željeznice	35	12
Jadrolinija	32	1
Croatia Airlines	20	-
HANDA	6	-
Podzemno skladište plina Okoli	2	-
Plinacro	-	12

INA-Group	Sales of goods	Purchase of goods
HRK mln	31 March 2014	31 March 2014
Companies available for sale		
JANAF d.d. Zagreb	1	7
Strategic partner		
MOL Plc	96	186
Companies controlled by strategic partner		
Tifon d.o.o.	153	17
Energopetrol d.d.	109	-
Mol Commodity Trading Kft.	47	2
Kalegran Ltd.	30	1
MOL SLOVENIJA d.o.o.	14	17
Slovnaft, a.s.	2	34
Companies controlled by the State		
Hrvatska elektroprivreda	292	46
Petrokemija Kutina	250	-
HANDA	126	-
Croatia Airlines	39	-
Jadrolinija	36	2
Hrvatske željeznice	33	20
Podzemno skladište plina Okoli	2	37
Plinacro	-	72

INDUSTRIJA NAFTE, d.d.

Segmental Information

31 March 2014 Assets and liabilities	Exploration and production	Refining and marketing including Retail	Corporate and other	Intersegment transfers	Total
Property, plant and equipment	8,553	5,497	1,820	(63)	15,807
Intangible assets	396	15	114	-	525
Investments in associates and joint ventures	22	-	-	-	22
Inventories	254	2,574	296	(406)	2,718
Trade receivables, net	850	1,096	383	(228)	2,101
Not allocated assets					3,501
Total assets					**24,674**
Trade payables	651	865	194	(228)	1,482
Not allocated liabilities					10,015
Total liabilities					**11,497**
Other segment information					
Capital expenditure:	**226**	**46**	**8**	**-**	**280**
Property, plant and equipment	220	46	6	-	272
Intangible assets	6	-	2	-	8
Depreciation and amortisation	**267**	**138**	**55**	**-**	**460**
Impairment losses/(income) PP&E, net recognized in profit and loss	8	-	-	-	8
Other impairment losses/(income), net recognized in profit and loss	(11)	46	5	(23)	17
Total impairment losses/(income), net	**(3)**	**46**	**5**	**(23)**	**25**

31 December 2013 Assets and liabilities	Exploration and production	Refining and marketing including Retail	Corporate and other	Intersegment transfers	Total
Property, plant and equipment	9,733	5,589	674	(17)	15,979
Intangible assets	390	16	118	-	524
Investments in associates and joint ventures	22	-	-	-	22
Inventories	698	2,779	109	(367)	3,219
Trade receivables, net	1,213	1,432	223	(304)	2,564
Not allocated assets					3,601
Total assets					**25,909**
Trade payables	945	1,949	251	(304)	2,841
Not allocated liabilities					10,193
Total liabilities					**13,034**
Other segment information					
Capital expenditure:	**1,394**	**545**	**72**	**-**	**2,011**
Property, plant and equipment	1,197	540	27	-	1,764
Intangible assets	197	5	45	-	247
Depreciation and amortisation	**1,521**	**645**	**95**	**-**	**2,261**
Impairment losses/(income) PP&E,net recognized in profit and loss	1,300	738	-	-	2,038
Other impairment losses/(income),net recognized in profit and loss	600	167	8	(33)	742
Total impairment losses/(income), net	1,900	905	8	(33)	2,780

INDUSTRIJA NAFTE, d.d.

Main external parameters

Q4 2013	2013		Q1 2013	Q1 2014	%
109.2	108.7	Brent dtd (USD/bbl)	112.6	108.2	(3.9)
0.45	0.63	Brent-Ural spread	1.51	1.39	(7.9)
941.7	981.4	Premium unleaded gasoline 10 ppm (USD/t)*	1,044.2	961.2	(7.9)
935.1	930.8	Gas oil – ULSD 10 ppm (USD/t)*	964.2	919.4	(4.6)
576.4	587.8	Fuel oil 3,5% (USD/t)*	608.0	571.5	(6.0)
981.3	852.5	LPG (USD/t)*	866.9	889.9	2.6
57.8	62.1	Average crack spread	62.4	42.4	(32.0)
115.3	159.4	Crack spread – premium unleaded (USD/t)*	192.8	142.6	(26.0)
108.7	108.8	Crack spread – gas oil (USD/t)*	112.7	100.8	(10.6)
(250.0)	(234.2)	Crack spread - fuel oil 3,5% (USD/t)*	(243.5)	(247.1)	1.5
154.9	30.5	Crack spread - LPG (USD/t)*	15.5	71.3	360.7
5.60	5.71	HRK/USD average	5.74	5.58	(2.8)
5.55	5.55	HRK/USD closing	5.92	5.58	(5.7)
7.62	7.57	HRK/EUR average	7.58	7.65	0.9
7.64	7.64	HRK/EUR closing	7.59	7.66	0.9
0.24	0.27	3m USD LIBOR (%)	0.29	0.24	(17.2)
0.24	0.22	3m EURIBOR (%)	0.21	0.30	42.9

** FOB Mediterranean*

INDUSTRIJA NAFTE, d.d.

Announcements in Q1 2014

March 26, 2014	Supervisory Board meeting held
March 26, 2014	Code of Corporate Governance Questionnaire for 2013
March 21, 2014	Changes in regulation
February 28, 2014	Response to the inquiry of the Zagreb Stock Exchange
February 28, 2014	Announcement
January 14, 2014	Contracts signed for works on Međimurje project

INA, d.d. Shareholders structure by number of shares

	31 Dec 06	31 Dec 07	31 Dec 08	31 Dec 09	31 Dec 10	31 Dec 11	31 Dec 12	31 Dec 13	31 March 14
MOL Plc.	2,500,001	2,500,001	4,715,538	4,715,538	4,715,538	4,725,620	4,908,207	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	4,483,552	4,483,552	4,483,552
Private and institutional investors	2,319,632	3,015,081	800,91	800,91	800,91	790,828	608,241	608,241	608,241
Total	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**

Source: Central Clearing Depositary Company.

Changes in organization, Management Board or Supervisory Board

Supervisory Board
During the first quarter there was no change in the Supervisory Board

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

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

Management representation

INA Group's consolidated financial statements for Q1 2014 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 of INA, d.d. Board
Niko Dalić	Member
Pál Zoltán Kara	Member
Ivan Krešić	Member
Davor Mayer	Member
Péter Ratatics	Member