

The amount of damage that Ina has suffered because of MOL's managing the company and MOL's failure in performing obligations which have been taken over from the Stakeholder contract is six billion and 200 million dollars.

That is a key finding from a comprehensive analysis, having 350 pages, which has been made for the Croatian Government by US consulting firm AT & Kearney and Oil & Gas Consulting owned by Jasminko Umicevic, renowned expert in the oil and gas business, writes the "Jutarnji list". Their findings have caused the complete consternation in the top management of the MOL, learns the "Jutarnji". Minister of Economy Ivan Vrdoljak has brought just the completed expertise on the meeting with the MOL, which was held last week after long time talks' interruption between two sides, the Hungarian side was left without a word.

Government advisers from two consulting firms were tasked to calculate the damage that Ina suffered since the government of Ivo Sanader in 2009 has transferred all management rights at MOL and to propose the development strategy of the company and the new managing model.

The Stakeholder contract from 2003, when MOL for 505 million dollars has become a strategic partner of INA, the Hungarians were obliged to retained the Ina as independent, vertically integrated company based in Croatia. They have taken over obligations of investing in oil and gas exploration, production, processing and retailing. Refineries were to be modernized. Its retail network expanded to markets of South East Europe. The former Yugoslavia area, except Slovenia, should have been an exclusive Ina's market according to the Contract. The reality was different. MOL's management in Ina resulted in decline in performance and value. The Ina has never had worse results and reserves of hydrocarbons, crucial for energy security which have dropped by a third.

Ina has suffered large damage due to MOL's failure to meet contractual obligations. The analysis shows that the lost value is in all business segments. The damage occurred because, on contrary to the agreement, INA didn't renew reserves and production of hydrocarbons. Since 2009 till today, the hydrocarbon reserves - which are base of the value of any oil company - declined by 23 percent and production by 30 percent. Only the non-compliance of contract obligations regarding production and restoration of hydrocarbon reserves Ina had loss of 5.6 billion dollars.

If the Ina's refinery have been earlier modernized in accordance with the plans, the Ina could earn an additional 564 million dollars. Since 2009 till today, capital investments have being decreased at a rate of 40 percent per year, therefore, almost five times in total.

At the time of signing the contract with MOL, if the Ina retained its market share in Croatia and expended, according to forecasts, in the market of Southeast Europe, its retail turnover could be almost 47 percent higher. But quite contrary to the agreement, MOL has entered the retail market of Croatia and Serbia, thus stealing Ina's space and revenue. Today, the

total Ina's operations is at 17 percent lower level than after MOL's entry. When everything is added up, the Ministry of Economy has already calculated that in Croatia based on worse Ina's business and MOL's non-compliance of contract obligations is made a loss of 1.5 percent of GDP.