

**ENCLOSURE 1**

Reporting period:

1 January 2011

to

30 September 2011

**Quarterly Financial Report TFI-POD**Tax number (MB): **03586243**Registration number (MBS): **080000604**Personal identification number: **27759560625**

(OIB):

Issuer: **INA - Industrija nafte d.d.**Postal code and location: **10000****Zagreb**Street and number: **Avenija Većeslava Holjevca 10**

E-mail:

Internet address: [www.ina.hr](http://www.ina.hr)Code and city / municipality: **133** **Zagreb**Code and county: **21** **Grad Zagreb**Number of employees: **8.771**

(at the end of year)

Consolidated Report: **NO**Business activity code: **1920**

Entities in consolidation (according to IFRS)

Registered seat:

Tax number (MB):

Book-keeping office: **Top Računovodstvo se**Contact person: **Ratko Marković dipl.oec.**

(Name and surname of contact person)

Telephone: **01 612-3143**Telefaks: **01 612 -3115**E-mail: [ratko.markovic@ina.hr](mailto:ratko.markovic@ina.hr)Name and surname: **Zoltán Sándor Áldott**

(authorized representatives)

**Documents to be published:**

1. Financial Statements (Balance Sheet, Profit and Loss Account, Cash Flow Statement, Change in Capital Statement and Notes to Financial Statements)
2. Statement of persons in charge of making Financial Statements
3. Management Board's Report

(seal)

(signature of authorized representative)

**Balance Sheet**  
as at 30 September 2011

Issuer: INA - Industrija nafte d.d., Avenija Većeslava Holjevca 10, 10000 Zagreb

Item	AOP	Previous period
1	2	3
<b>A) SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>	
<b>B) NON CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	23.042.000.000
I. INTANGIBLE ASSETS (004 do 009)	<b>003</b>	864.000.000
1. Research & Development expenditure	<b>004</b>	2.000.000
2. Patents, licences, royalties, trade marks, software&similar rights	<b>005</b>	107.000.000
3. Goodwill	<b>006</b>	
4. Prepayments for intangible assets	<b>007</b>	37.000.000
5. Intangible assets under construction	<b>008</b>	718.000.000
6. Other intangible assets	<b>009</b>	
II. TANGIBLE ASSETS (011 do 019)	<b>010</b>	19.572.000.000
1. Land	<b>011</b>	897.000.000
2. Property	<b>012</b>	7.733.000.000
3. Plants and equipment	<b>013</b>	1.969.000.000
4. Tools, plants&vehicles	<b>014</b>	253.000.000
5. Biological asset	<b>015</b>	
6. Prepayments for tangible assets	<b>016</b>	50.000.000
7. Assets under construction	<b>017</b>	8.667.000.000
8. Other tangible assets	<b>018</b>	3.000.000
9. Investments property	<b>019</b>	
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	<b>020</b>	2.129.000.000
1. Investments in subsidiaries	<b>021</b>	1.224.000.000
2. Loans to subsidiaries	<b>022</b>	101.000.000
3. Participating interests (stakes)	<b>023</b>	57.000.000
4. Loans to participating interest	<b>024</b>	
5. Investments in securities	<b>025</b>	
6. Loans & deposits	<b>026</b>	330.000.000
7. Other non-current financial assets	<b>027</b>	417.000.000
8. Investment accounted by equity method	<b>028</b>	
IV. TRADE RECEIVABLES (030 do 032)	<b>029</b>	254.000.000
1. Receivables from subsidiaries	<b>030</b>	116.000.000
2. Receivables from credit sales	<b>031</b>	136.000.000
3. Other receivables	<b>032</b>	2.000.000
V. DEFERRED TAX ASSETS	<b>033</b>	223.000.000
<b>C) CURENT ASSETS (035+043+050+058)</b>	<b>034</b>	7.075.000.000
I. INVENTORIES (036 do 042)	<b>035</b>	2.230.000.000
1. Raw materials & consumables	<b>036</b>	572.000.000
2. Work in progress	<b>037</b>	914.000.000
3. Products	<b>038</b>	593.000.000
4. Merchandise	<b>039</b>	139.000.000
5. Prepayments for inventories	<b>040</b>	
6. Other available-for-sale assets	<b>041</b>	12.000.000
7. Biological asset	<b>042</b>	
II. RECEIVABLES (044 do 049)	<b>043</b>	4.332.000.000
1. Receivables for trade debt of subsidiaries	<b>044</b>	2.229.000.000
2. Trade receivables	<b>045</b>	1.816.000.000
3. Receivables for trade debts of participating entities	<b>046</b>	
4. Amounts receivable from employees	<b>047</b>	4.000.000
5. Receivables from government agencies	<b>048</b>	115.000.000
6. Other receivables	<b>049</b>	168.000.000
III. CURRENT FINANCIAL ASSETS (051 do 057)	<b>050</b>	253.000.000
1. Investments in subsidiaries	<b>051</b>	
2. Loans to subsidiaries	<b>052</b>	227.000.000
3. Participating interests (stakes)	<b>053</b>	
4. Loans to participating interest	<b>054</b>	
5. Investments in securities	<b>055</b>	5.000.000
6. Loans & deposits	<b>056</b>	21.000.000
7. Other financial assets	<b>057</b>	
IV. CASH ON HAND AND IN THE BANK	<b>058</b>	260.000.000
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	99.000.000
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	30.216.000.000
<b>F) OFF-BALANCE SHEET ITEMS</b>	<b>061</b>	

<b>EQUITY AND LIABILITIES</b>		
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	12.535.000.000
I. SHARE CAPITAL	<b>063</b>	9.000.000.000
II. CAPITAL RESERVES	<b>064</b>	
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	1.952.000.000
1. Legal reserves	<b>066</b>	
2. Reserves for own shares	<b>067</b>	
3. Own shares and stakes (less)	<b>068</b>	
4. Statutory reserves	<b>069</b>	
5. Other reserves	<b>070</b>	1.952.000.000
IV. REVALUATION RESERVES	<b>071</b>	27.000.000
V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074)	<b>072</b>	-211.000.000
1. Retained earnings	<b>073</b>	
2. Loss brought forward	<b>074</b>	211.000.000
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	<b>075</b>	1.767.000.000
1. Profit for the financial year	<b>076</b>	1.767.000.000
2. Loss for the financial year	<b>077</b>	
VII. MINORITY INTEREST	<b>078</b>	
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	2.856.000.000
1. Provisions for redundancy costs	<b>080</b>	92.000.000
2. Provisions for tax obligations	<b>081</b>	
3. Other provisions	<b>082</b>	2.764.000.000
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	7.265.000.000
1. Amounts payable to subsidiaries	<b>084</b>	
2. Liabilities for loans, deposits and other	<b>085</b>	
3. Liabilities towards banks and other financial institutions	<b>086</b>	7.148.000.000
4. Amounts payable for prepayment	<b>087</b>	
5. Trade payables	<b>088</b>	
6. Amounts payable for securities	<b>089</b>	
7. Liabilities toward participating interests	<b>090</b>	
8. Other non-current liabilities	<b>091</b>	117.000.000
9. Deferred tax	<b>092</b>	
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	7.502.000.000
1. Amounts payable to subsidiaries	<b>094</b>	3.056.000.000
2. Liabilities for loans, deposits and other	<b>095</b>	
3. Liabilities towards banks and other financial institutions	<b>096</b>	2.071.000.000
4. Amounts payable for prepayment	<b>097</b>	23.000.000
5. Trade payables	<b>098</b>	1.611.000.000
6. Amounts payable for securities	<b>099</b>	
7. Liabilities toward participating interests	<b>100</b>	
8. Amounts payable to employees	<b>101</b>	75.000.000
9. Liabilities for taxes and contributions	<b>102</b>	650.000.000
10. Dividend payables	<b>103</b>	
11. Liabilities directly associated with the assets classified as held for sale	<b>104</b>	
12. Other current liabilities	<b>105</b>	16.000.000
<b>E) ACCRUAL AND DEFERRED INCOME</b>	<b>106</b>	58.000.000
<b>F) TOTAL LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	30.216.000.000
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>108</b>	
<b>ANNEX TO THE BALANCE SHEET (to be filled in by entrepreneur submitting consolidated financial report)</b>		
<b>A) CAPITAL AND RESERVES</b>		
1. Attributable to equity holders of the parent company's capital	<b>109</b>	
2. Attributable to minority interest	<b>110</b>	

Note 1.: APPENDIX TO THE BALANCE SHEET (to be filled in by entities who submitting consolidated financial statements).

<b>Current period</b>
<b>4</b>
22.962.000.000
848.000.000
1.000.000
62.000.000
24.000.000
761.000.000
18.662.000.000
913.000.000
8.191.000.000
4.366.000.000
278.000.000
25.000.000
4.886.000.000
3.000.000
2.953.000.000
1.109.000.000
1.105.000.000
41.000.000
352.000.000
346.000.000
244.000.000
116.000.000
128.000.000
255.000.000
8.236.000.000
3.902.000.000
1.383.000.000
1.626.000.000
676.000.000
217.000.000
3.407.000.000
1.500.000.000
1.467.000.000
5.000.000
276.000.000
159.000.000
445.000.000
346.000.000
3.000.000
19.000.000
77.000.000
482.000.000
354.000.000
31.552.000.000

14.784.000.000
9.000.000.000
1.838.000.000
1.838.000.000
-30.000.000
1.076.000.000
1.076.000.000
2.900.000.000
2.900.000.000
3.032.000.000
89.000.000
2.943.000.000
5.471.000.000
5.362.000.000
109.000.000
8.195.000.000
601.000.000
4.101.000.000
27.000.000
2.177.000.000
69.000.000
1.097.000.000
123.000.000
70.000.000
31.552.000.000

## PROFIT AND LOSS

for the period 01 January 2011 to 30 September 2011

Issuer: INA - Industrija nafte d.d., Avenija Većeslava Holjevca 10, 10000 Zagreb

Item	AOP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112+113)</b>	<b>111</b>	<b>17.883.000.000</b>	<b>6.745.000.000</b>	<b>21.566.000.000</b>	<b>7.437.000.000</b>
1. Sales revenue	112	16.592.000.000	6.569.000.000	20.498.000.000	7.389.000.000
2. Other operating income	113	1.291.000.000	176.000.000	1.068.000.000	48.000.000
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>15.617.000.000</b>	<b>6.201.000.000</b>	<b>17.949.000.000</b>	<b>6.473.000.000</b>
1. Changes in inventories of finished products and work in progress	115	-420.000.000	54.000.000	-838.000.000	10.000.000
2. Material costs (117 do 119)	116	11.742.000.000	4.628.000.000	14.498.000.000	5.073.000.000
a) Cost of raw materials & consumables	117	9.334.000.000	3.901.000.000	11.702.000.000	3.777.000.000
b) Cost of goods sold	118	1.382.000.000	370.000.000	1.718.000.000	907.000.000
c) Other costs	119	1.026.000.000	357.000.000	1.078.000.000	389.000.000
3. Staff costs (121 do 123)	120	1.181.000.000	383.000.000	1.084.000.000	364.000.000
a) Net salaries	121	656.000.000	216.000.000	624.000.000	208.000.000
b) Employee income tax	122	353.000.000	111.000.000	302.000.000	103.000.000
c) Tax on payroll	123	172.000.000	56.000.000	158.000.000	53.000.000
4. Depreciation and amortisation	124	1.129.000.000	392.000.000	1.765.000.000	726.000.000
5. Other expenditures	125	1.079.000.000	75.000.000	851.000.000	219.000.000
6. Value adjustment (127+128)	126	278.000.000	73.000.000	429.000.000	75.000.000
a) non-current assets (without financial assets)	127	135.000.000	-4.000.000	14.000.000	-6.000.000
b) current assets (without financial assets)	128	143.000.000	77.000.000	415.000.000	81.000.000
7. Provisions	129	628.000.000	596.000.000	160.000.000	6.000.000
8. Other operating expenses	130				
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	<b>351.000.000</b>	<b>16.000.000</b>	<b>392.000.000</b>	<b>-208.000.000</b>
1. Interest income, foreign exchange differences, dividends and other financial	132	26.000.000	-14.000.000	37.000.000	25.000.000
2. Interest income, foreign exchange differences, dividends and other financial income related to third parties	133	45.000.000	25.000.000	120.000.000	-370.000.000
3. Part of income from associates and participating interests	134		0		0
4. Unrealized gains (income) from the financial assets	135		0		0
5. Other financial income	136	280.000.000	5.000.000	235.000.000	137.000.000
<b>IV. FINANCIAL COSTS (138 do 141)</b>	<b>137</b>	<b>520.000.000</b>	<b>-538.000.000</b>	<b>426.000.000</b>	<b>225.000.000</b>
1. Interest, foreign exchange differences and other expenses related to third parties	138	2.000.000	0	8.000.000	-7.000.000
2. Interest, foreign exchange differences and other expenses related to third parties	139	342.000.000	-608.000.000	156.000.000	72.000.000
3. Unrealized loss (expenses) from the financial assets	140		0		0
4. Other financial expenses	141	176.000.000	70.000.000	262.000.000	160.000.000
<b>V. SHARE OF INCOME OF ASSOCIATES</b>	<b>142</b>				
<b>VI. SHARE OF LOSS OF ASSOCIATES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>18.234.000.000</b>	<b>6.761.000.000</b>	<b>21.958.000.000</b>	<b>7.229.000.000</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>16.137.000.000</b>	<b>5.663.000.000</b>	<b>18.375.000.000</b>	<b>6.698.000.000</b>
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	<b>2.097.000.000</b>	<b>1.098.000.000</b>	<b>3.583.000.000</b>	<b>531.000.000</b>
1. Profit before tax (146-147)	149	2.097.000.000	1.098.000.000	3.583.000.000	531.000.000
2. Loss before tax (147-146)	150	0	0	0	0
<b>XII. INCOME TAX EXPENSE</b>	<b>151</b>	<b>374.000.000</b>	<b>227.000.000</b>	<b>683.000.000</b>	<b>78.000.000</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>1.723.000.000</b>	<b>871.000.000</b>	<b>2.900.000.000</b>	<b>453.000.000</b>
1. Profit for the period (149-151)	153	1.723.000.000	871.000.000	2.900.000.000	453.000.000
2. Loss for the period (151-148)	154	0	0	0	0
<b>ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to owners of the company	155				
2. Attributable to non-controlling interests	156				
<b>STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	<b>1.723.000.000</b>	<b>871.000.000</b>	<b>2.900.000.000</b>	<b>453.000.000</b>
<b>II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	<b>-12.000.000</b>	<b>14.000.000</b>	<b>-170.000.000</b>	<b>498.000.000</b>
1. Exchange differences arising from foreign operations	159			-113.000.000	560.000.000
2. Revaluation of non-current assets and intangible assets	160				0
3. Gains or loss available for sale investments	161	-12.000.000	14.000.000	-57.000.000	-62.000.000
4. Gains or loss on net movement on cash flow hedges	162				
5. Gains or loss on net investments hedge	163				
6. Share of the other comprehensive income/loss of associates	164				
7. Actuarial gain / loss on post employment benefit obligations	165				
<b>III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR</b>	<b>167</b>	<b>-12.000.000</b>	<b>14.000.000</b>	<b>-170.000.000</b>	<b>498.000.000</b>
<b>V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD</b>	<b>168</b>	<b>1.711.000.000</b>	<b>885.000.000</b>	<b>2.730.000.000</b>	<b>951.000.000</b>
<b>APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements)</b>					
<b>VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD</b>					
1. Attributable to owners of the company	169				
2. Attributable to non-controlling interests	170				

**CASH FLOW STATEMENT - Indirect method**  
**in the period 01 January 2011 to 30 September 2011.**

Issuer: INA - Industrija nafte d.d., Avenija Većeslava Holjevca 10, 10000 Zagreb

Item	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before taxation	001	2.097.000.000	3.583.000.000
2. Depreciation and amortisation	002	1.129.000.000	1.765.000.000
3. Increase of non-current liabilities	003		
4. Decrease of current receivables	004		0
5. Decrease of inventories	005		
6. Other increase of cash flow	006	1.401.000.000	877.000.000
<b>I. Total increase of cash flow from operating activities (001 do 006)</b>	<b>007</b>	<b>4.627.000.000</b>	<b>6.225.000.000</b>
1. Decrease of non-current liabilities	008	639.000.000	1.258.000.000
2. Increase of current receivables	009	2.334.000.000	644.000.000
3. Increase of inventories	010	775.000.000	1.809.000.000
4. Other decrease of cash flow	011	904.000.000	335.000.000
<b>II. Total decrease of cash flow from operating activities (008 do 011)</b>	<b>012</b>	<b>4.652.000.000</b>	<b>4.046.000.000</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>013</b>	<b>0</b>	<b>2.179.000.000</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	<b>25.000.000</b>	<b>0</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1. Proceeds from sale of non-current assets	015	6.000.000	6.000.000
2. Proceeds from sale of ownership and debt instruments	016		
3. Proceeds from interest rates	017		
4. Proceeds from dividends	018	4.000.000	164.000.000
5. Other proceeds from investment activities	019	355.000.000	8.000.000
<b>III. Total cash proceeds from investment activities (015 do 019)</b>	<b>020</b>	<b>365.000.000</b>	<b>178.000.000</b>
1. Purchase of non-current assets	021	1.948.000.000	817.000.000
2. Payments for acquiring ownership and debt financial instruments	022		
3. Other payments from investment activities	023		972.000.000
<b>IV. Total cash payments from investment activities (021 do 023)</b>	<b>024</b>	<b>1.948.000.000</b>	<b>1.789.000.000</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>026</b>	<b>1.583.000.000</b>	<b>1.611.000.000</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Proceeds from issuing of ownership and debt financial instruments	027		
2. Proceeds from loan principal, debentures, loans and other borrowing	028	3.634.000.000	14.489.000.000
3. Other proceeds from financial activities	029	3.000.000	
<b>V. Total proceeds from financial activities (027 do 029)</b>	<b>030</b>	<b>3.637.000.000</b>	<b>14.489.000.000</b>
1. Repayment of loan principal and bonds	031	795.000.000	14.363.000.000
2. Dividends paid	032		
3. Payment of finance lease liabilities	033		
4. Payments from repurchase of treasury shares	034		
5. Other payments from financial activities	035		486.000.000
<b>VI. Total payments from financial activities (031 do 035)</b>	<b>036</b>	<b>795.000.000</b>	<b>14.849.000.000</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>037</b>	<b>2.842.000.000</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>038</b>	<b>0</b>	<b>360.000.000</b>
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	1.234.000.000	208.000.000
Total decrease of cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	0
Cash and cash equivalents at the beginning of the period	041	68.000.000	260.000.000
Increase of cash and cash equivalents	042	1.234.000.000	222.000.000
Decrease of cash and cash equivalents	043		
Cash and cash equivalents at the end of the period	044	1.302.000.000	482.000.000

**IZVJEŠTAJ O NOVČANOM TIJEKU - Direktna metoda**  
u razdoblju \_\_\_\_\_ do \_\_\_\_\_

Obveznik: _____			
Naziv pozicije	AOP oznaka	Prethodno razdoblje	Tekuće razdoblje
1	2	3	4
<b>NOVČANI TIJEK OD POSLOVNIH AKTIVNOSTI</b>			
1. Novčani primici od kupaca	001		
2. Novčani primici od tantijema, naknada, provizija i sl.	002		
3. Novčani primici od osiguranja za naknadu šteta	003		
4. Novčani primici s osnove povrata poreza	004		
5. Ostali novčani primici	005		
<b>I. Ukupno novčani primici od poslovnih aktivnosti (001 do 005)</b>	<b>006</b>	0	0
1. Novčani izdaci dobavljačima	007		
2. Novčani izdaci za zaposlene	008		
3. Novčani izdaci za osiguranje za naknade šteta	009		
4. Novčani izdaci za kamate	010		
5. Novčani izdaci za poreze	011		
6. Ostali novčani izdaci	012		
<b>II. Ukupno novčani izdaci od poslovnih aktivnosti (007 do 012)</b>	<b>013</b>	0	0
<b>A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH</b>	<b>014</b>	0	0
<b>A2) NETO SMANJENJE NOVČANOG TIJEKA OD POSLOVNIH</b>	<b>015</b>	0	0
<b>NOVČANI TIJEK OD INVESTICIJSKIH AKTIVNOSTI</b>			
1. Novčani primici od prodaje dugotrajne materijalne i nematerijalne imovine	016		
2. Novčani primici od prodaje vlasničkih i dužničkih instrumenata	017		
3. Novčani primici od kamata	018		
4. Novčani primici od dividendi	019		
5. Ostali novčani primici od investicijskih aktivnosti	020		
<b>III. Ukupno novčani primici od investicijskih aktivnosti (016 do 020)</b>	<b>021</b>	0	0
1. Novčani izdaci za kupnju dugotrajne materijalne i nematerijalne imovine	022		
2. Novčani izdaci za stjecanje vlasničkih i dužničkih financijskih instrumenata	023		
3. Ostali novčani izdaci od investicijskih aktivnosti	024		
<b>IV. Ukupno novčani izdaci od investicijskih aktivnosti (022 do 024)</b>	<b>025</b>	0	0
<b>B1) NETO POVEĆANJE NOVČANOG TIJEKA OD INVESTICIJSKIH</b>	<b>026</b>	0	0
<b>B2) NETO SMANJENJE NOVČANOG TIJEKA OD INVESTICIJSKIH</b>	<b>027</b>	0	0
<b>NOVČANI TIJEK OD FINACIJSKIH AKTIVNOSTI</b>			
1. Novčani primici od izdavanja vlasničkih i dužničkih financijskih instrumenata	028		
2. Novčani primici od glavnice kredita, zadužnica, pozajmica i drugih posudbi	029		
3. Ostali primici od financijskih aktivnosti	030		
<b>V. Ukupno novčani primici od financijskih aktivnosti (028 do 030)</b>	<b>031</b>	0	0
1. Novčani izdaci za otplatu glavnice kredita i obveznica	032		
2. Novčani izdaci za isplatu dividendi	033		
3. Novčani izdaci za financijski najam	034		
4. Novčani izdaci za otkup vlastitih dionica	035		
5. Ostali novčani izdaci od financijskih aktivnosti	036		
<b>VI. Ukupno novčani izdaci od financijskih aktivnosti (032 do 036)</b>	<b>037</b>	0	0
<b>C1) NETO POVEĆANJE NOVČANOG TIJEKA OD FINACIJSKIH</b>	<b>038</b>	0	0
<b>C2) NETO SMANJENJE NOVČANOG TIJEKA OD FINACIJSKIH</b>	<b>039</b>	0	0
<b>Ukupno povećanje novčanog tijeka (014 – 015 + 026 – 027 + 038 – 039)</b>	<b>040</b>	0	0
<b>Ukupno smanjenje novčanog tijeka (015 – 014 + 027 – 026 + 039 – 038)</b>	<b>041</b>	0	0
<b>Novac i novčani ekvivalenti na početku razdoblja</b>	<b>042</b>		
<b>Povećanje novca i novčanih ekvivalenata</b>	<b>043</b>		
<b>Smanjenje novca i novčanih ekvivalenata</b>	<b>044</b>		
<b>Novac i novčani ekvivalenti na kraju razdoblja</b>	<b>045</b>	0	0



## CHANGES IN EQUITY

for the period 1.1.2011 to 30.9.2011

Item	AOP	Previous period	Current period
1	2	3	4
1. Share capital	<b>001</b>	9.000.000.000	9.000.000.000
2. Capital reserves	<b>002</b>		
3. Profit reserves	<b>003</b>	1.952.000.000	1.838.000.000
4. Retained earnings or loss carried forward	<b>004</b>	-211.000.000	1.076.000.000
5. Profit or loss of the current year	<b>005</b>	1.767.000.000	2.900.000.000
6. Revaluation of fixed tangible assets	<b>006</b>		
7. Revaluation of intangible assets	<b>007</b>		
8. Revaluation of financial financial property available for sale	<b>008</b>	27.000.000	-30.000.000
9. Other revaluation	<b>009</b>		
<b>10. Total capital and reserves (AOP 001 do 009)</b>	<b>010</b>	12.535.000.000	14.784.000.000
11. Foreign exchange differences from net investments in foreign operations	<b>011</b>		-170.000.000
12. Current and deferred taxes (part)	<b>012</b>		
13. Cash flow hedge	<b>013</b>		
14. Changes in accounting policies	<b>014</b>		
15. Correction of significant mistakes from the previous period	<b>015</b>		
16. Other equity changes	<b>016</b>		2.900.000.000
<b>17. Total equity increase or decrease (AOP 011 do 016)</b>	<b>017</b>	0	2.730.000.000
17 a. Attributable to equity holders of the parent company's capital	<b>018</b>		
17 b. Attributable to minority interest	<b>019</b>		

Items that decrease equity have negative sign

Items from 001 to 009 are state of balance sheet date

## **Bilješke uz financijske izvještaje**

(1) Bilješke uz financijske izvještaje sadrže dodatne i dopunske informacije koje nisu prezentirane u bilanci, računu dobiti i gubitka, izvještaju o novčanom tijeku i izvještaju o promjenama kapitala sukladno odredbama odgovarajućih standarda financijskog izvještavanja.

INA,d.d.  
Condensed Interim Financial Statements with Notes for the  
period ended 30 September 2011

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INA, d.d.

Condensed Unconsolidated Income Statement

For the period ended 30 September 2011

(all amounts in HRK millions)

(unaudited)

	Notes	Nine months ended:		Three months ended:	
		30 September 2011	30 September 2010	30 September 2011	30 September 2010
Sales revenue					
a) domestic		11,633	10,564	4,345	3,914
b) exports		8,865	6,028	3,044	2,655
<b>Total sales revenue</b>	3	<b>20,498</b>	<b>16,592</b>	<b>7,389</b>	<b>6,569</b>
Income from own consumption of products and services		2	5	1	1
Other operating income		1,066	1,286	47	175
<b>Total operating income</b>		<b>21,566</b>	<b>17,883</b>	<b>7,437</b>	<b>6,745</b>
Changes in inventories of finished products and work in progress		838	420	(10)	(54)
consumables		(11,702)	(9,334)	(3,777)	(3,901)
Depreciation and amortisation		(1,765)	(1,129)	(726)	(392)
Other material costs		(1,078)	(1,026)	(389)	(357)
Service costs		(694)	(978)	(182)	(52)
Staff costs	5	(1,241)	(1,282)	(401)	(406)
Cost of other goods sold		(1,718)	(1,382)	(907)	(370)
Impairment and charges		(429)	(278)	(75)	(73)
Provision for charges and risks		(160)	(628)	(6)	(596)
<b>Operating expenses</b>		<b>(17,949)</b>	<b>(15,617)</b>	<b>(6,473)</b>	<b>(6,201)</b>
<b>Profit from operations</b>		<b>3,617</b>	<b>2,266</b>	<b>964</b>	<b>544</b>
Finance income		392	351	(208)	16
Finance costs		(426)	(520)	(225)	538
<b>Net profit/(loss) from financial activities</b>		<b>(34)</b>	<b>(169)</b>	<b>(433)</b>	<b>554</b>
<b>Profit/(loss) before tax</b>		<b>3,583</b>	<b>2,097</b>	<b>531</b>	<b>1,098</b>
Income tax expense	6	(683)	(374)	(78)	(227)
<b>Profit/(loss) for the year</b>		<b>2,900</b>	<b>1,723</b>	<b>453</b>	<b>871</b>
<b>Attributable to:</b>					
Owners of the Company		2,900	1,723	453	871
Non-controlling interests		-	-	-	-
		<b>2,900</b>	<b>1,723</b>	<b>453</b>	<b>871</b>
<b>Earnings/(loss) per share</b>					
Basic and diluted earnings/(loss) per share (kunas per share)	7	290.0	172.3	45.3	87.1

INA, d.d.

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 September 2011

(all amounts in HRK millions)

(unaudited)

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	<b>Nine months ended:</b>		<b>Three months ended:</b>	
Notes	<b>30 September 2011</b>	<b>30 September 2010</b>	<b>30 September 2011</b>	<b>30 September 2010</b>
<b>Profit/(loss) for the year</b>	<b>2,900</b>	<b>1,723</b>	<b>453</b>	<b>871</b>
Other comprehensive income/(lo:				
Exchange differences arising from foreign operations	(113)	-	560	-
Gains on available-for-sale investments, net	(57)	(12)	(62)	14
<b>Other comprehensive income, net</b>	<b>(170)</b>	<b>(12)</b>	<b>498</b>	<b>14</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>2,730</b>	<b>1,711</b>	<b>951</b>	<b>885</b>

The accompanying accounting policies and notes form an integral part of this Condensed Unconsolidated Statement of Comprehensive Income.

INA, d.d.

## Condensed Unconsolidated Statement of Financial Position

At 30 September 2011

(all amounts in HRK millions)

(unaudited)

<b>ASSETS</b>	<b>Notes</b>	<b>30 September 2011</b>	<b>31 December 2010</b>
<b>Non-current assets</b>			
Intangible assets	8	824	827
Property, plant and equipment	9	18,637	19,522
Investment in subsidiaries		1,109	1,224
Investments in associates and joint ventures		36	51
Other investments		1,462	437
Long-term receivables		293	341
Deferred tax		255	223
Available for sale assets		346	417
<b>Total non – current assets</b>		<b>22,962</b>	<b>23,042</b>
<b>Current assets</b>			
Inventories		3,902	2,218
Intercompany receivables		1,500	2,229
Trade receivables, net		1,467	1,816
Other receivables		440	287
Derivative financial instruments		52	0
Other current assets		393	253
Prepaid expenses and accrued income		354	99
Cash and cash equivalents		482	260
		<b>8,590</b>	<b>7,162</b>
Assets classified as held for sale		-	12
<b>Total current assets</b>		<b>8,590</b>	<b>7,174</b>
<b>TOTAL ASSETS</b>		<b>31,552</b>	<b>30,216</b>

The accompanying accounting policies and notes form an integral part of this Condensed Unconsolidated Statement of Financial Position.

INA, d.d.

Condensed Unconsolidated Statement of Financial Position

At 30 September 2011

(all amounts in HRK millions)

(unaudited)

<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>	<b>30 September 2011</b>	<b>31 December 2010</b>
<b>Capital and reserves</b>			
Share capital	10	9,000	9,000
Revaluation reserve		(30)	27
Other reserves		1,838	1,952
Retained earnings	11	3,976	1,556
<b>TOTAL EQUITY</b>		<b>14,784</b>	<b>12,535</b>
<b>Non – current liabilities</b>			
Long-term loans		5,362	7,148
Other non-current liabilities		109	117
Employee benefit obligation		83	84
Provisions		2,836	2,563
<b>Total non-current liabilities</b>		<b>8,390</b>	<b>9,912</b>
<b>Current liabilities</b>			
Bank loans and overdrafts		2,344	838
Current portion of long-term loans		1,757	1,233
Intercompany payables		601	3,056
Trade payables		2,177	1,611
Taxes and contributions		1,097	650
Other current liabilities		219	114
Accruals and deferred income		70	58
Employee benefit obligation		6	8
Provisions		107	201
		8,378	7,769
Liabilities directly associated with assets classified held for sale		-	-
<b>Total current liabilities</b>		<b>8,378</b>	<b>7,769</b>
<b>TOTAL LIABILITIES</b>		<b>16,768</b>	<b>17,681</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,552</b>	<b>30,216</b>

The accompanying accounting policies and notes form an integral part of this Condensed Unconsolidated Statement of Financial Position.



INA, d.d.

## Condensed Unconsolidated Statement of Changes in Equity

For the period ended 30 September 2011

(all amounts in HRK millions)

(unaudited)

	Share capital	Other reserves	Revaluati on reserves	Retained earnings or accumulated deficit	Total
<b>Balance at 1 January 2010</b>	<b>9,000</b>	<b>1,952</b>	<b>10</b>	<b>(211)</b>	<b>10,751</b>
Profit for the year	-	-	-	1,723	1,723
Other comprehensive income, net	-	-	(12)	-	(12)
<b>Total comprehensive profit for the year</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>1,723</b>	<b>1,711</b>
<b>Balance at 30 September 2010</b>	<b>9,000</b>	<b>1,952</b>	<b>(2)</b>	<b>1,512</b>	<b>12,462</b>
<b>Balance at 1 January 2011</b>	<b>9,000</b>	<b>1,952</b>	<b>27</b>	<b>1,556</b>	<b>12,535</b>
Profit for the year	-	-	-	2,900	2,900
Other comprehensive loss, net	-	(113)	(57)	-	(170)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(113)</b>	<b>(57)</b>	<b>2,900</b>	<b>2,730</b>
Dividends paid	-	-	-	(480)	(480)
<b>Balance at 30 September 2011</b>	<b>9,000</b>	<b>1,838</b>	<b>(30)</b>	<b>3,976</b>	<b>14,784</b>

The accompanying accounting policies notes form an integral part of this Condensed Unconsolidated Statement of Changes in Equity.

INA, d.d.  
**Condensed Unconsolidated Cash Flow Statement**  
For the period ended 30 September 2011  
*(all amounts in HRK millions)*  
*(unaudited)*

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**Nine months ended:**

<b>Notes</b>	<b>30 September 2011</b>	<b>30 September 2010</b>
<b>Profit/(loss) for the year</b>	<b>2,900</b>	<b>1,723</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	1,765	1,129
Income tax (benefit)/expense recognized in (loss)/profit	683	374
Impairment charges	429	278
Reversal of impairment	344	(686)
Gain on sale of property, plant and equipment	(3)	(5)
Gain on sale investments and shares	-	-
Foreign exchange loss/(gain)	(68)	356
Interest expense	(54)	3
Other finance expense recognised in profit	(201)	(212)
Increase in provisions	(9)	635
Decommissioning interests	86	108
Other non-cash item	18	20
	<b>5,890</b>	<b>3,723</b>
<b>Movements in working capital</b>		
(Increase) in inventories	(1,809)	(775)
(Increase) in receivables and prepayments	(644)	(2,334)
(Decrease) / increase in trade and other payables	(1,258)	(639)
<b>Cash generated from operations</b>	<b>2,179</b>	<b>(25)</b>
Taxes paid	-	-
<b>Net cash inflow from operating activities</b>	<b>2,179</b>	<b>(25)</b>
<b>Cash flows used in investing activities</b>		
Payments for property, plant and equipment	(763)	(1,832)
Payments for intangible assets	(54)	(116)
Proceeds from sale of non-current assets	6	6
	-	-
Dividends received from companies classified as available for sale and from other companies	8	4
Proceeds from profit of companies	164	276
Interest received	-	-
Investments and loans to third parties,	(972)	79
<b>Net cash used for investing activities</b>	<b>(1,611)</b>	<b>(1,583)</b>

INA, d.d.  
**Condensed Unconsolidated Cash Flow Statement**  
For the period ended 30 September 2011  
*(all amounts in HRK millions)*  
*(unaudited)*

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**Nine months ended:**

	<b>Notes</b>	<b><u>30 September 2011</u></b>	<b><u>30 September 2010</u></b>
<b>Cash flows from financing activities</b>			
Additional long-term borrowings		25	1,684
Repayment of long-term borrowings		(1,291)	(240)
Additional short-term borrowings		14,464	1,950
Repayment of short-term borrowings		(12,997)	(430)
Dividend paid		-	-
Interest paid on long-term loans		-	(23)
Other long-term liabilities		(6)	(7)
Interest paid on short-term loans and other financing		(75)	(101)
Payment dividends		(480)	
		<u>(360)</u>	<u>2,833</u>
<b>Net cash from financing activities</b>			
		<b>208</b>	<b>1,225</b>
<b>Net increase in cash and cash equivalents</b>			
At 1 January		260	68
Effect of foreign exchange rate changes		14	9
		<u>482</u>	<u>1,302</u>
<b>At 30 September</b>			

The accompanying accounting policies and notes form an integral part of this Condensed Unconsolidated Cash Flow Statement.

## 1. BASIS OF PREPARATION

Financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting". For preparing unaudited condensed consolidated financials, the Board is required to give estimates and assumptions that influence the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as at the date of reporting and the reported income and expenses during the reporting period. The estimates are based on the information available at the date of preparing financial statements and actual amounts may differ from those estimated. Estimates and assumptions are revised on a continuous basis. Amendments of accounting estimates are recognised in the period influenced by such amendments (if only that period is influenced), or in future periods if both the current period and future periods are influenced.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed unconsolidated financial statement have been prepared under the historical cost convention, except for certain properties and financial instruments that are measured at revaluated amounts or fair values, as appropriate.

A number of new or revised Standards and Interpretations are effective for the financial year beginning on 1 January 2011. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated statements as were applied in the preparation of the INA` s financial statement for the year ended 31 December 2010.

### ***Adoption of new and revised standards***

#### *Standards and Interpretations effective in the current period*

The following amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period:

#### *New and revised IFRSs applied with no material effect on the consolidated financial statements*

The following new and revised IFRSs have also been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 24 "Related Party Disclosures" - Simplifying the disclosure requirements for government-related entities and clarifying the definition of a related party (effective for annual periods beginning on or after 1 January 2011),

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Adoption of new and revised standards (continued)**

#### *Standards and Interpretations effective in the current period (continued)*

- Amendments to IFRIC 14 “IAS 19 — The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction” - Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011).
- Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on 6 May 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording, most amendments are to be applied for annual periods beginning on or after 1 January 2011.
- Amendments to IAS 1 “ Presentation of Financial Statements” - Revising the way of other comprehensive income is presented (effective for annual periods beginning on or after 1 July 2012).
- Amendments to IAS 19 “ Employee Benefits” - Amended resulting from the Post-Employment Benefits and Termination Benefits projects (effective for annual periods beginning on or after 1 January 2013).

#### *Standards and Interpretations in issue not yet adopted*

At the date of authorisation of these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

- Amendments to IFRS 1 “ First –time Adoption of IFRS” – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011),
- Amendments to IFRS 7 “Financial Instruments - Disclosure” – Disclosures – Transfer of Financial Assets (effective for annual periods beginning on or after 1 July 2011),
- IAS 12 “Income tax”, as amended in December 2010, (effective for annual periods beginning on or after 1 January 2012),
- IFRS 9 “Financial Instruments”, as amended in 2010, (effective for annual periods beginning on or after 1 January 2013),
- IFRS 10 “Consolidated Financial Statements”, published on May 2011, supersedes the previous version of IAS 27 (2008) “Consolidated and Separate Financial Statements”, (effective for annual periods beginning on or after 1 January 2013),
- IFRS 11 “Joint Arrangements”, published on May 2011, superseded IAS 31 “Interests in Joint Ventures” (effective for annual periods beginning on or after 1 January 2013),

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### ***Adoption of new and revised standards (continued)***

#### *Standards and Interpretations in issue not yet adopted (continued)*

- IFRS 12 “Disclosure of Interests in Other Entities”, published on May 2011 (effective for annual periods beginning on or after 1 January 2013),
- IFRS 13 “Fair Value Measurement”, published on May 2011 (effective for annual periods beginning on or after 1 January 2013),
- IAS 27 “Separate Financial Statements” (as amended in 2011), consolidation requirements previously forming part of IAS 27 (2008) have been revised and are now contained in IFRS 10 “Consolidated Financial Statements”, (effective date of IAS 27 (as amended in 2011) for annual periods beginning on or after 1 January 2013),
- IAS 28 (as amended in 2011) “Investments in Associates and Joint Ventures” issued. This version supersedes IAS 28 (2003) “Investments in Associates” (effective date of IAS 28 (as amended in 2011) for annual periods beginning on or after 1 January 2013).

INA has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Management anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the INA,d.d..

## **3. SEGMENT INFORMATION**

Reporting segments have been defined along value chain standard for the oil companies:

- Exploration and Production – exploration, production and selling of crude oil and natural gas
- Refining and Marketing – crude oil processing, wholesale of refinery products, trading and logistics
- Retail – selling of fuels and commercial goods in retail station
- Business functions – providing services for core activities

INA, d.d.

Notes to Condensed Unconsolidated Financial Statements

For the period ended 30 September 2011

(all amounts in HRK millions)

(unaudited)

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**3. SEGMENT INFORMATION (continued)**

Revenues and results of the period by operative segments follows below:

<b>30 September 2011</b>	<b>Exploration and production</b>	<b>Refining and marketing</b>	<b>Retail</b>	<b>Corporate and other</b>	<b>Intersegment transfers</b>	<b>Total</b>
Sales to external customers	5,964	9,135	5,383	16	-	20,498
Inter-segment sales	1,049	4,266	-	-	(5,315)	-
<b>Total revenue</b>	<b>7,013</b>	<b>13,401</b>	<b>5,383</b>	<b>16</b>	<b>(5,315)</b>	<b>20,498</b>
Operating expenses, net of other operating income	(2,126)	(14,236)	(5,369)	(465)	5,315	(16,881)
<b>Profit from operations net of other income</b>	<b>4,887</b>	<b>(835)</b>	<b>14</b>	<b>(449)</b>	<b>-</b>	<b>3,617</b>
Net finance income						(34)
Profit before tax						3,583
Income tax expense						(683)
<b>Profit for the year</b>						<b>2,900</b>

INA, d.d.

Notes to Condensed Unconsolidated Financial Statements

For the period ended 30 September 2011

(all amounts in HRK millions)

(unaudited)

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**3. SEGMENT INFORMATION (continued)**

<b>30 September 2010</b>	<b>Exploration and production</b>	<b>Refining and marketing</b>	<b>Retail</b>	<b>Corporate and other</b>	<b>Elimination</b>	<b>Total</b>
Sales to external customers	4,686	7,494	4,398	14	-	16,592
Inter-segment sales	1,271	3,320	-	-	(4,591)	-
<b>Total revenue</b>	<b>5,957</b>	<b>10,814</b>	<b>4,398</b>	<b>14</b>	<b>(4,591)</b>	<b>16,592</b>
Operating expenses, net of other operating income	(1,972)	(11,819)	(4,494)	(632)	4,591	(14,326)
<b>Profit/(loss) from operations net of other income</b>	<b>3,985</b>	<b>(1,005)</b>	<b>(96)</b>	<b>(618)</b>	<b>-</b>	<b>2,266</b>
Net finance income/(income)						(169)
Profit/(loss) before tax						2,097
Income tax expense/(benefit)						(374)
<b>Profit/(loss) for the year</b>						<b>1,723</b>



INA, d.d.

Notes to Condensed Unconsolidated Financial Statements

For the period ended 30 September 2011

(all amounts in HRK millions)

(unaudited)

**3. SEGMENT INFORMATION (continued)**

INA, d.d.

<b>30 September 2011</b>	<b>Exploration and production</b>	<b>Refining and marketing</b>	<b>Retail</b>	<b>Corporate and other</b>	<b>Elimination</b>	<b>Total</b>
<b>Assets and liabilities</b>						
Property, plant and equipment	10,938	6,671	806	222	-	18,637
Intangible assets	743	4	2	75	-	824
Investments in subsidiaries	648	231	-	230	-	1,109
Investments in associates and joint ventures	34	2	-	-	-	36
Inventories	426	3,308	48	120	-	3,902
Trade receivables, net	1,573	881	393	120	(1,500)	1,467
	-	-	-	-	-	-
Not allocated assets						5,596
<b>Total assets</b>						<b>31,571</b>
Trade payables	394	1,917	148	319	(601)	2,177
Not allocated liabilities						14,610
<b>Total liabilities</b>						<b>16,787</b>
<b>Other segment information</b>						
<b>Capital expenditure:</b>	<b>415</b>	<b>327</b>	<b>56</b>	<b>21</b>	-	<b>819</b>
Property, plant and equipment	380	326	56	2	-	764
Intangible assets	35	1	-	19	-	55
<b>Depreciation and amortisation</b>	<b>1,372</b>	<b>248</b>	<b>62</b>	<b>74</b>	-	<b>1,756</b>
From this: Impairment losses recognized in profit and loss	(9)	-	-	-	-	(9)

INA, d.d.

Notes to Condensed Unconsolidated Financial Statements

For the period ended 30 September 2011

(all amounts in HRK millions)

(unaudited)

**3. SEGMENT INFORMATION (continued)**

**INA, d.d.**

<b>31 December 2010</b>	<b>Exploration and production</b>	<b>Refining and marketing</b>	<b>Retail</b>	<b>Corporate and other</b>	<b>Elimination</b>	<b>Total</b>
<b>Assets and liabilities</b>						
Property, plant and equipment	11,868	6,590	820	244	-	19,522
Intangible assets	712	5	4	106	-	827
Investment in subsidiaries	648	308	(3)	271	-	1,224
Investments in associates and joint ventures	22	29	-	-	-	51
Inventories	229	1,930	59	-	-	2,218
Trade receivables, net	2,607	1,054	314	70	(2,229)	1,816
Not allocated assets						4,558
<b>Total assets</b>						<b>30,216</b>
Trade payables	626	3,516	189	336	(3,056)	1,611
Not allocated liabilities						16,070
<b>Total liabilities</b>						<b>17,681</b>
<b>Other segment information</b>						
<b>Capital expenditure:</b>	<b>1,404</b>	<b>1,328</b>	<b>48</b>	<b>36</b>	<b>-</b>	<b>2,816</b>
Property, plant and equipment	1,224	1,328	48	12	-	2,612
Intangible assets	180	-	-	24	-	204
<i>Depreciation and amortisation</i>	1,007	293	75	108	-	1,483
From this: Impairment losses recognized in profit and loss	(443)	-	(62)	-	-	(505)

#### **4. SEASONALITY OF OPERATIONS**

Demand for certain oil products and natural gas varies according to the seasons.

In the months of April to September, with the peak occurring in August (the "Tourist Season"), retail motor fuel sales are significantly higher, by volume and by number of transactions, particularly along coastal routes, than in the remaining months of the year, due to the incoming of tourists to Croatia in this period. The increased number of transactions at INA's petrol stations also leads to an increase in non-fuel sales at those sites during these periods.

Natural gas sales are higher in the winter heating season.

#### **5. STAFF COSTS**

For the period ending 30 September 2011 in staff cost is presented cost of net salaries in the amount of 624 million HRK, cost of employee income tax in the amount 302 million HRK, tax on payroll in the amount 158 million HRK and other payroll related costs in the amount 157 million HRK. For the period ending 30 September 2010 in staff cost is presented cost of net salaries in the amount in the amount 656 million HRK, tax on payroll in the amount 353 million HRK, tax on payroll in the amount 172 million HRK, and other payroll related costs in the amount 101 million HRK.

#### **6. TAX COSTS AND DEFERRED TAXES**

Tax costs and deferred taxes during the interim period are calculated on the basis of actual results and the profit tax rate, 20% for the period ending 31 December 2010 and 20% for the period ending 30 September 2011.

**7. EARNINGS PER SHARE**

	<b>Nine months ended:</b>	
	<b>30 September 2011</b>	<b>30 September 2010</b>
<b>Basic and diluted earnings/(loss) per share (in HRK)</b>	<b>290.0</b>	<b>172.3</b>

**Earnings**

	<b>Nine months ended:</b>	
	<b>30 September 2011</b>	<b>30 September 2010</b>
Earnings used in the calculation of total basic earnings per share (profit/(loss) for the period attributable to equity holders of the parent)	2,900	1,723
	<b>2,900</b>	<b>1,723</b>

**Number of shares**

	<b>Nine months ended:</b>	
	<b>30 September 2011</b>	<b>30 September 2010</b>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share (in millions)	10	10

## 8. INTANGIBLE ASSETS

In the period ending 30 September 2011, INA d.d. invested HRK 55 million in intangible assets. The effect of depreciation equals HRK 53 million. The transfer on tangible assets equals HRK 3 million. Retranslation of changes in U.S. dollar on oil and gas fields decreased net book value of INA d.d. in amount of HRK 2 million.

## 9. PROPERTY, PLANT AND EQUIPMENT

In the period ending 30 September 2011, INA d.d. invested HRK 764 million in property, plant and equipment. Capitalised decommissioning costs increased the value of assets by HRK 185 million. Retranslation of changes in U.S. dollar on oil and gas fields decreased net book value of INA Group in amount of HRK 132 million. Reversal of impairment in INA d.d. was HRK 11 million. The effect of depreciation reduced book value in amount of HRK 1.712 million. Transfer from intangible assets increased the value of tangible assets in amount of HRK 3 million. Disposal of assets equals HRK 3 million. Value adjusted investments equals HRK 1 million.

## 10. SHARE CAPITAL

Issued capital as at 30 September 2011 amounted to 9,000 million HRK. There was no movements in the issued capital of the Company in either the current or the prior financial reporting.

## 11. RETAINED EARNINGS

	INA, d.d. (Matica)
	<u>Retained earnings/ (Accumulated deficit)</u>
<b>Balance at 1 January 2011</b>	<b>1,556</b>
Dividends paid	(480)
Profit for the period	2,900
<b>Balance at 30 September 2011</b>	<b><u>3,976</u></b>

INA, d.d.

## Notes to Condensed Unconsolidated Financial Statements

For the period ended 30 September 2011

*(all amounts in HRK millions)*

*(unaudited)*

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### **12. RELATED PARTY TRANSACTIONS**

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

## 12. RELATED PARTY TRANSACTIONS (continued)

During the year, INA, d.d. entered into the following trading transactions with the following related parties:

INA, d.d.	Sales of goods		Purchase of goods	
	Nine months ended:		Nine months ended:	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
<b>Foreign related companies</b>				
Interina Ltd Guernsey	-	2,128	-	159
Holdina Sarajevo	627	365	-	-
Interina d.o.o. Ljubljana	18	18	-	-
Interina Ltd London	-	-	-	8,736
Adriagas Milano	2	-	-	3
INA Crna Gora d.o.o. Podgorica	63	41	-	-
INA Beograd d.o.o. Beograd	59	79	-	-
<b>Domestic related companies</b>				
Crosco Grupa	9	5	103	136
Osijek Petrol d.d.	100	314	-	-
Proplin d.o.o. Zagreb	330	357	136	137
STSI d.o.o. Zagreb	10	11	225	393
Maziva Zagreb d.o.o. Zagreb	89	68	45	50
ITR d.o.o. Zagreb	2	1	17	19
Sinaco d.o.o. Zagreb	3	2	88	97
Hostin d.o.o. Zagreb	-	-	-	-
Prirodni plin d.o.o. Zagreb	3,335	3,049	323	191
Polybit d.o.o.	-	-	-	-
TOP Računovodstvo servisi d.o.o. Zagreb	1	-	6	-
<b>Companies available for sale</b>				
JANAF d.d. Zagreb	2	1	35	32
<b>Strategic partner</b>				
MOL Plc	378	246	529	804
<b>Companies controlled by strategic partner</b>				
Tifon d.o.o.	582	249	6	-
Moltrade Mineralimpex Zrt.	-	-	1,140	-
Slovnaft, a.s.	-	-	31	-
Slovnaft, Petrochemicals s.r.o.	-	-	-	-
Mol Lub Kft.	-	-	1	-
MOL SLOVENIJA d.o.o.	10	-	-	-
IES-Italiana Energia e Servizi s.p.a.	13	-	2	-
TVK Nyrt.	-	-	2	-
Intermol d.o.o.	3	26	-	-
Energopetrol d.d.	351	293	-	-
Geophysical services Ltd.	-	-	-	-

## 12. RELATED PARTY TRANSACTIONS (continued)

During the year, INA, d.d. entered into the following outstanding balances with the following related parties:

INA, d.d.	Sales of goods		Purchase of goods	
	Nine months ended:		Nine months ended:	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010
<b>Companies controlled by the State</b>				
Hrvatska elektroprivreda	140	276	92	122
Hrvatske željeznice	-	26	40	32
Croatia osiguranje	-	2	33	27
Hrvatske vode	-	-	16	15
Hrvatska pošta	-	-	2	-
MORH	48	36	-	-
Jadrolinija	111	86	4	4
Narodne novine	-	-	-	2
Croatia Airlines	181	122	-	-
Petrokemija Kutina	-	6	-	-
Plinacro	-	-	-	-
Hrvatske autoceste	-	-	47	42
Podzemno skladište plina Okoli	1	1	-	-



## 12. RELATED PARTY TRANSACTIONS (continued)

During the year, INA, d.d. entered into the following outstanding balances with the following related parties:

INA, d.d.	Amounts owed from related parties		Amounts owed to related parties	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
<b>Foreign related companies</b>				
Interina Ltd Guernsey	-	-	129	128
Holdina Sarajevo	105	81	6	5
Interina d.o.o. Ljubljana	1	3	-	-
Interina Ltd London	-	-	19	2,183
Adriagas Milano	-	-	-	1
INA Crna Gora d.o.o Podgorica	12	15	-	-
INA Beograd d.o.o Beograd	11	7	-	-
<b>Domestic related companies</b>				
Crosco Grupa	1	2	40	50
Osijek Petrol d.d.	46	123	2	1
Proplin d.o.o. Zagreb	49	109	-	22
STSI d.o.o. Zagreb	2	8	129	173
Maziva Zagreb d.o.o. Zagreb	33	21	19	28
ITR d.o.o. Zagreb	-	-	10	14
Sinaco d.o.o. Zagreb	1	1	36	36
Hostin d.o.o. Zagreb	-	-	-	-
Prirodni plin d.o.o. Zagreb	1,398	2,271	191	346
TOP Računovodstvo servisi d.o.o. Zagreb	1	-	8	-
<b>Companies available for sale</b>				
JANAF d.d. Zagreb	1	-	5	4
<b>Strategic partner</b>				
MOL Plc	24	30	52	609
<b>Companies controlled by strategic partner</b>				
Tifon d.o.o.	38	99	1	6
Moltrade Mineralimpex Zrt.	-	-	-	-
Slovnaft, a.s.	-	-	-	1
Slovnaft, Petrochemicals s.r.o.	-	-	-	-
Mol Lub Kft.	-	-	-	-
MOL SLOVENIJA d.o.o.	1	-	-	-
IES-Italiana Energia e Servizi s.p.a.	-	-	2	-
TVK Nyrt.	-	-	1	1
Intermol d.o.o.	-	-	-	-
Energopetrol d.d.	33	34	-	-
Geophysical services Ltd.	-	-	-	-

## 12. RELATED PARTY TRANSACTIONS (continued)

During the year, INA, d.d. entered into the following outstanding balances with the following related parties:

INA, d.d.	Amounts owed from related parties		Amounts owed to related parties	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<b>Companies controlled by the State</b>				
Hrvatska elektroprivreda	186	209	12	7
Hrvatske željeznice	1	1	8	13
Croatia osiguranje	-	-	-	1
Hrvatske vode	-	-	4	3
Hrvatska pošta	2	2	-	-
MORH	11	14	-	-
Hrvatske šume	8	5	-	-
Jadrolinija	47	33	1	-
Narodne novine	-	-	-	-
Croatia Airlines	44	24	-	-
Petrokemija Kutina	-	194	-	-
Plinacro	-	-	-	-
Hrvatske autoceste	1	1	4	5
Podzemno skladište plina Okoli	-	-	8	6

## 13. CONTINGENT LIABILITIES

*Arbitration procedure initiated by EDISON INTERNATIONAL S.p.A*

On 26 September 2011 INA, d.d. received the decision on the appointment of arbitration panel president in the arbitration procedure initiated by EDISON INTERNATIONAL S.p.A against INA, d.d., which represents the finalization of the procedure of arbitration panel appointment and formation, concerning the Production Sharing

Agreement (PSA) in the Contract Area of the Republic of Croatia Offshore Adriatic Sea Izabela and Iris/Iva blocks (hereinafter: the Agreement). The seat of the arbitration procedure shall be in Vienna, in accordance with the arbitration clause, and the procedure shall be conducted in line with UNCITRAL rules.

EDISON INTERNATIONAL S.p.A bases its arbitration notice on the allegations that INA, d.d. did not fully comply with its contracting obligations as per the Agreement and it in the same notice claims damage compensation from INA, d.d. in the amount of cca EUR 140 million, as well as compensation for lost profit.

## 13. CONTINGENT LIABILITIES (continued)

*Arbitration procedure initiated by EDISON INTERNATIONAL S.p.A (continued)*

INA, d.d. delivered a response to the arbitration notice in which it fully contests the allegations of EDISON INTERNATIONAL S.p.A., and it also submitted a counterclaim against the company EDISON INTERNATIONAL S.p.A.

INA, d.d. is expecting that the recently-formed arbitration panel will in further procedure instruct and determine a deadline within which EDISON INTERNATIONAL S.p.A shall be obliged to file a lawsuit specifying and explaining the claims from the submitted arbitration notice.

EDISON INTERNATIONAL S.p.A. and INA, d.d. in 2002 entered into a Production Sharing Agreement (PSA) in the Contract Area of the Republic of Croatia Offshore Adriatic Sea Izabela and Iris/Iva blocks.

#### **14. SUBSEQUENT EVENTS**

There are no significant subsequent events after the balance sheet date.

## Q3 AND Q1-Q3 2011 – REPORT INA, D.D. NON-CONSOLIDATED

*INA, d.d. financial results (IFRS)*

HRK mln.	Q2 2011	Q3 2011	Q3 2010	%	Q1-Q3 2010	Q1-Q3 2011	%
Net sales revenues	7,375	7,389	6,569	0.2	16,592	20,498	23.5
EBITDA <sup>(1)</sup>	2,022	1,771	1,605	(12.4)	4,301	5,971	38.8
Operating profit	1,533	964	544	(37.1)	2,266	3,617	59.6
Operating profit excl. special items <sup>(2)</sup>	1,542	1,013	1,180	(34.3)	2,683	3,841	43.2
Net financial gain (expenses)	101	(433)	554	n.a.	(169)	(34)	(79.9)
Net profit/loss <sup>(3)</sup>	1,377	453	871	(67.1)	1,723	2,900	68.3
Net profit/loss excl. special items <sup>(2)</sup>	1,384	492	1,380	(64.4)	2,057	3,079	49.7
Operating cash flow	2,487	1,378	(173)	(44.6)	(25)	2,179	n.a.

USD mln <sup>(4)</sup>	Q2 2011	Q3 2011	Q3 2010	%	Q1-Q3 2010	Q1-Q3 2011	%
Net sales revenues	1,437	1,402	1,168	(2.4)	3,003	3,888	29.5
EBITDA <sup>(1)</sup>	394	336	285	(14.7)	778	1,132	45.5
Operating profit	299	183	97	(38.8)	410	686	67.3
Operating profit excl. special items <sup>(2)</sup>	300	192	210	(36.0)	486	728	50.0
Net financial gain (expenses)	20	(82)	98	n.a.	(31)	(6)	(78.9)
Net profit/loss <sup>(3)</sup>	268	86	155	(68.0)	312	550	76.4
Net profit/loss excl. special items <sup>(2)</sup>	270	93	245	(65.4)	372	584	56.9
Operating cash flow	485	261	(31)	(46.0)	(5)	413	n.a.

<sup>(1)</sup> EBITDA = EBIT + Depreciation + Impairment + Provisions

<sup>(2)</sup> Excludes special items related to asset impairment, provision, severance payments and special items income. The Q1-Q3 2011 EBIT was negatively influenced by HRK 224 million special items

<sup>(3)</sup> INA d.d. net income attributable to equity holder

<sup>(4)</sup> In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used for: Q2 2011 – 5.1325 kn/USD; Q3 2010: 5.6250 HRK/USD, Q3 2011 – 5.2711 kn/USD; Q1-Q3 2010: 5.5258 HRK/USD; Q1-Q3 2011: 5.2726

In the first nine months 2011, INA d.d. recorded much better overall results than in the same period last year, increasing its operating profit (excluding special items) by 43% to the amount of HRK 3,841 million, while its EBITDA (excluding special items) reached HRK 6,078 million, which represents an increase of 39%. These improved results are reflecting better external environment, i.e. higher crude oil prices that, together with increased average daily hydrocarbon, supported the result of the Exploration and Production segment making it the main profit contributor in Q1-Q3 2011 period. However, increased hydrocarbon production could not have been fully realised due to the Sisak Refinery stoppage and delay in receivables collection in Syria. Still very challenging refining environment, longer than planned period of optimisation, which appeared during putting in operation the hydrocracker in Rijeka Refinery, the fire in Sisak Refinery in June as well as depressed market demand influenced the Q1-Q3 2011 results negatively.

At the net profit level, Q1-Q3 2011 was significantly better than Q1-Q3 2010, with HRK 2,900 million net profit compared to HRK 1,723 million net profit realised in the same period last year. Besides already mentioned positive factors that contributed to INA d.d. results, net loss from financial activities was much lower than in the first nine months 2010 (HRK 34 million net financial loss in Q1-Q3 2011, compared to HRK 169 million net financial loss in Q1-Q3 2010).

INA d.d. CAPEX amounted to HRK 819 million with majority spent on Exploration and Production activities (HRK 415 million) related to development investments abroad. Refining and Marketing capital expenditures were HRK 327 million, mostly allocated in refinery modernisation programme, while Retail accounted for HRK 56 million spent on retail network revitalization.

### *Overall operations*

#### **INA d.d. Exploration and Production**

Operating profit excluding special items in Q1-Q3 2011 showed a strong increase of HRK 1,149 million, over Q1-Q3 2010 figure, and amounted to HRK 4,944 million (USD 938 million) mainly as a result of 17% higher average daily hydrocarbon production, especially in Syria, as well as 36% higher average realized hydrocarbon prices attributable to increased crude price. Increase in operating profit was additionally backed with the achievements in the Company's effort on cost reduction resulting in 6% lower unit OPEX. Reported Q1-Q3 2011 operating profit amounted to HRK 4,887 million.

#### **INA d.d. Refining and Marketing**

During the first nine months 2011, an operating loss (excluding special items) of HRK 739 million (USD 140 million) was recorded in the INA d.d. Refining & Marketing segment. Compared to the same period last year, operating loss (excluding special items) was by 7% higher primarily reflecting still negative economic situation, i.e. drop of market demand, 5.5% lower sales and mixed movement of refinery margins. Certain complications, which appeared during putting in operation the hydrocracker in Rijeka Refinery and fire in Sisak Refinery in June, had additional negative effect on the result. Mentioned negative factors were partially mitigated with optimized crude oil procurement, higher sales of EURO V quality products, increased presence on B&H market and efficiency improvement measures. Reported Q1-Q3 2011 operating loss amounted to HRK 835 million.

#### **INA d.d. Retail segment**

The segment generated a HRK 48 million (9 million USD) operating profit excluding special items in first nine months 2011, or HRK 21 million lower result compared to the same period last year. Higher fuel margin and lower operating costs could not compensate the non-performed assets impairment that had a positive effect in Q1-Q3 2010. The reported operating profit for Q1-Q3 2011 amounted to HRK 14 million.

#### **INA d.d. Corporate Functions**

In the first nine months 2011, an operating loss excluding special items of HRK 412 million (USD 78 million) was recorded, which represents an improvement of 16% in comparison with Q1-Q3 2010. Decreased loss occurred mainly due to lower financial expenses related to operations and lower provisions made for incentives. Reported operating loss amounted to HRK 449 million.

### *Income statement*

In Q1-Q3 2011, INA d.d. total sales revenues increased by 24% to HRK 20,498 million compared to HRK 16,592 million in Q1-Q3 2010. Revenues from refined product sales as well as Syrian natural gas and crude oil sales were higher, primarily reflecting higher average sales prices.

The costs of raw materials and consumables rose by 25% in Q1-Q3 2011, in accordance with the rising sales. The increase was a result of the higher value of imported crude oil related to 37% higher crude oil average purchase price (the average price of Brent FOB Med rose by 45% on the world market), while the volume of refined crude oil was 15% lower compared to Q1-Q3 2010. The value of finished goods and work in progress inventories increased by HRK 838 million compared to the opening balance (31 December 2010) while as at 30 September 2010 they were also higher by HRK 420 million. The costs of goods sold rose by 24% to HRK 1,718 million mainly due to higher purchased volumes of imported oil products as a result of lower production related to late start up of HCU in Rijeka Refinery and the fire accident in Sisak Refinery.

Within the other operating costs incurred in Q1-Q3 2011, other material costs in the amount of HRK 1,078 million increased by 5% primarily as a result of higher transportation costs. The costs of services decreased by 29% to HRK 694 million due to lower financial costs related to operations. Depreciation of HRK 1,765 million was at the higher level by 56% compared to Q1-Q3 2010, as a result of assets put in use upon completion of the projects. Adjustments and provisions in the amount of HRK 589 million were lower by HRK 317 million, compared to Q1-Q3 2010, mostly due to lower provisions made for incentives and lower provisions for environmental liabilities.

In Q1-Q3 2011, total staff costs slightly decreased by 3% to HRK 1,241 million, mainly due to lower headcount as a result of Workforce Restructuring Programme launched at the end of 2010. The headcount as at 30 September 2011 was 8,771 which represent a 12% decrease compared to the 9,955 employees as at 30 September 2010.

Net financial loss in the amount of HRK 34 million was recorded in Q1-Q3 2011, compared to the net financial loss of HRK 169 million in Q1-Q3 2010. Income tax expenses increased by HRK 309 million, from the comparative period, to the amount of HRK 683 million in Q1-Q3 2011.

### *Balance sheet*

Total assets amounted to HRK 31,552 million as at 30 September 2011, representing an increase of 4% compared to 31 December 2010. Total non-current tangible and intangible assets decreased by 4%, primarily due to increased depreciation because of assets put in use upon completion of capital investments.

Trade receivables, as at 30 September 2011, decreased by 27% to HRK 2,967 million compared to 31 December 2010, as a result of lower intercompany trade receivables.

As at 30 September 2011 total INA d.d. liabilities amounted to HRK 16,768 million (5% lower than on 31 December 2010), mainly as an effect of lower trade payables compared to 31 December 2010 level. Trade payables decreased by 40% to HRK 2,778 million, mostly because of lower intercompany payables. Liabilities for taxes and contributions increased by 69% to the amount of HRK 1,097 million, due to higher corporate tax related to increased profitability.

INA d.d. net indebtedness amounted to HRK 8,981 million as at 30 September 2011 and was almost at the same level as at 31 December 2010 when it amounted to HRK 8,959 million. Gearing ratio<sup>1</sup> was 37.8% as at 30 September 2011, decreasing from 41.7% as at 31 December 2010.

### *Cash flow*

The operating cash-flow before changes in working capital amounted to HRK 5,890 million, in Q1-Q3 2011, representing an increase of HRK 2,167 million compared to Q1-Q3 2010, mainly as a result of stronger EBITDA. Changes in working capital affected the operating cash flow negatively by HRK 3,711 million, primarily due to increased value of inventories by HRK 1,809 million and lower liabilities (HRK 1,258 million). Mentioned factors resulted in HRK 2,179 million net cash inflow from operating activities that INA d.d. generated in Q1-Q3 2011 period.

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

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

Q2 2011	Q3 2011	Q3 2010	%	(HRK mln)	Q1-Q3 2010	Q1-Q3 2011	%
				<b>Sales</b>			
2,742	2,284	2,002	14	Exploration & Production	5,957	7,013	18
4,797	4,652	4,619	1	Refining & Marketing	10,814	13,401	24
1,819	2,165	1,808	20	Retail	4,398	5,383	22
6	5	4	25	Corporate and Other	14	16	14
(1,989)	(1,717)	(1,864)	(8)	Inter-segment revenue	(4,591)	(5,315)	16
<b>7,375</b>	<b>7,389</b>	<b>6,569</b>	<b>12</b>	<b>Sales</b>	<b>16,592</b>	<b>20,498</b>	<b>24</b>
				<b>Operating expenses, net other income from operating activities</b>			
(617)	(937)	(884)	6	Exploration & Production	(1,972)	(2,126)	8
(5,248)	(4,933)	(4,814)	2	Refining & Marketing	(11,819)	(14,236)	20
(1,807)	(2,123)	(1,919)	11	Retail	(4,494)	(5,369)	19
(159)	(149)	(272)	(45)	Corporate and Other	(632)	(465)	(26)
1,989	1,717	1,864	(8)	Inter-segment eliminations	4,591	5,315	16
<b>(5,842)</b>	<b>(6,425)</b>	<b>(6,025)</b>	<b>7</b>	<b>Expenses</b>	<b>(14,326)</b>	<b>(16,881)</b>	<b>18</b>
				<b>Profit from operations</b>			
2,125	1,347	1,118	20	Exploration & Production	3,985	4,887	23
(451)	(281)	(195)	44	Refining & Marketing	(1,005)	(835)	(17)
12	42	(111)	n.a.	Retail	(96)	14	n.a.
(153)	(144)	(268)	(46)	Corporate and Other	(618)	(449)	(27)
0	0	0	n.a.	Inter-segment eliminations	0	0	n.a.
<b>1,533</b>	<b>964</b>	<b>544</b>	<b>77</b>	<b>Profit from operations</b>	<b>2,266</b>	<b>3,617</b>	<b>60</b>
				<b>Net profit/(loss) from financial activities</b>			
101	(433)	554	n.a.	Net profit/(loss) from financial activities	(169)	(34)	(80)
<b>1,634</b>	<b>531</b>	<b>1,098</b>	<b>(52)</b>	<b>Profit before taxation</b>	<b>2,097</b>	<b>3,583</b>	<b>71</b>
(257)	(78)	(227)	(66)	Income tax	(374)	(683)	83
<b>1,377</b>	<b>453</b>	<b>871</b>	<b>(48)</b>	<b>Profit for the year</b>	<b>1,723</b>	<b>2,900</b>	<b>68</b>

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

Q2 2011	Q3 2011	Q3 2010	%	Operating Profit Excluding Special Items (HRK mln)	Q1-Q3 2010	Q1-Q3 2011	%
2,131	1,359	1,262	8	Exploration & Production	3,795	4,944	30
(459)	(268)	3	n.a.	Refining & Marketing	(692)	(739)	7
13	59	54	9	Retail	69	48	(30)
(143)	(137)	(139)	(1)	Corporate and Other	(489)	(412)	(16)
0	0	0	n.a.	Inter-segment eliminations	0	0	n.a.
1,542	1,013	1,180	(14)	Total	2,683	3,841	43
Q2 2011	Q3 2011	Q3 2010	%	Depreciation (HRK mln)	Q1-Q3 2010	Q1-Q3 2011	%
499	592	271	118	Exploration & Production	783	1,381	76
90	90	76	18	Refining & Marketing	210	248	18
21	20	19	5	Retail	56	62	11
25	25	26	(4)	Corporate and Other	80	74	(8)
636	726	392	85	Total	1,129	1,765	56
Q2 2011	Q3 2011	Q3 2010	%	EBITDA* (HRK mln)	Q1-Q3 2010	Q1-Q3 2011	%
2,432	2,032	1,508	35	Exploration & Production	5,035	6,589	31
(327)	(201)	174	n.a.	Refining & Marketing	(461)	(403)	(13)
35	74	33	122	Retail	109	111	2
(118)	(133)	(110)	21	Corporate and Other	(382)	(326)	(15)
0	0	0	n.a.	Inter-segment eliminations	0	0	n.a.
2,022	1,771	1,605	10	Total	4,301	5,971	39
Q2 2011	Q3 2011	Q3 2010	%	EBITDA Excluding Special Items* (HRK mln)	Q1-Q3 2010	Q1-Q3 2011	%
2,451	2,043	1,508	35	Exploration & Production	5,035	6,619	31
(309)	(195)	289	n.a.	Refining & Marketing	(346)	(379)	10
49	83	(24)	n.a.	Retail	52	134	156
(90)	(131)	(110)	19	Corporate and Other	(382)	(296)	(23)
0	0	0	n.a.	Inter-segment eliminations	0	0	n.a.
2,101	1,799	1,663	8	Total	4,359	6,078	39

\* EBITDA = EBIT + Depreciation + Impairment + Provisions



**INA—INDUSTRIJA NAFTE d.d. ZAGREB**  
**INA, d.d. Unconsolidated Income Statement**  
**For the period ended 30 September 2010 and 2011**  
**(HRK millions)**

Q2 2011	Q3 2011	Q3 2010	%		Q1-Q3 2010	Q1-Q3 2011	%
				Sales revenue			
3,839	4,345	3,914	11	a) domestic	10,564	11,633	10
3,536	3,044	2,655	15	b) exports	6,028	8,865	47
7,375	7,389	6,569	12	Total sales revenue	16,592	20,498	24
1	1	1	0	Income from own consumption of products and services	5	2	(60)
261	47	175	(73)	Other operating income	1,286	1,066	(17)
7,637	7,437	6,745	10	Total operating income	17,883	21,566	21
				Changes in inventories of finished products and work in progress	420	838	100
(132)	(10)	(54)	(81)	Cost of raw materials and consumables	(9,334)	(11,702)	25
(3,967)	(3,777)	(3,901)	(3)	Depreciation and amortization	(1,129)	(1,765)	56
(636)	(726)	(392)	85	Other material costs	(1,026)	(1,078)	5
(358)	(389)	(357)	9	Service costs	(978)	(694)	(29)
(298)	(182)	(52)	250	Staff costs	(1,282)	(1,241)	(3)
(434)	(401)	(406)	(1)	Cost of other goods sold	(1,382)	(1,718)	24
(426)	(907)	(370)	145	Impairment and charges	(278)	(429)	54
93	(75)	(73)	3	Provisions for charges and risks	(628)	(160)	(75)
54	(6)	(596)	(99)	Operating expenses	(15,617)	(17,949)	15
(6,104)	(6,473)	(6,201)	4	Profit from operations	2,266	3,617	60
1,533	964	544	77	Share in the profit of associated companies			
				Finance income	351	392	12
172	(208)	16	n.a.	Finance costs	(520)	(426)	(18)
(71)	(225)	538	n.a.	Net (loss) / profit from financial activities	(169)	(34)	(80)
101	(433)	554	n.a.	Profit before tax	2,097	3,583	71
1,634	531	1,098	(52)	Income tax expense	(374)	(683)	83
(257)	(78)	(227)	(66)	Profit for the year	1,723	2,900	68
1,377	453	871	(48)	Attributable to			
				Owners of the Company	1,723	2,900	68
1,377	453	871	(48)	Non-controlling interests	0	0	n.a.
0	0	0	n.a.	Earnings/(loss) per share (in HRK)			
1,377	453	871	(48)	Basic and diluted earnings/(loss) per share (kunas per share)	172.3	290.0	68
137.7	45.3	87.1	(48)				

**INA—INDUSTRIJA NAFTE d.d. ZAGREB**  
**INA, d.d. Unconsolidated Statement of Comprehensive Income**  
**For the period ended 30 September 2010 and 2011**  
**(HRK millions)**

Q2 2011	Q3 2011	Q3 2010	%		Q1-Q3 2010	Q1-Q3 2011	%
1,377	453	871	(48)	Profit for the year	1,723	2,900	68
				Other comprehensive income/(loss):			
(673)	560	0	n.a.	Exchange differences arising from foreign operations	0	(113)	n.a.
(6)	(62)	14	n.a.	(Loss)/gains on available-for-sale investments, net	(12)	(57)	375
(679)	498	14	3,454	Other comprehensive (loss)/income, net	(12)	(170)	1,320
698	951	885	7	Total comprehensive income for the year	1,711	2,730	60

**INA-INDUSTRIJA NAFTE, d.d.**  
**INA, d.d. Unconsolidated Statement of Financial Position**  
**At 30 September 2010 and 2011**  
**(HRK millions)**

30 Sept 2010	30 Sept 2010	30 Sept 2011	%
<b>Assets</b>			
<b>Non-current assets</b>			
827	761	824	8
19,522	19,235	18,637	(3)
0	0	0	n.a.
1,224	1,233	1,109	(10)
51	189	36	(81)
437	459	1,462	219
341	393	293	(25)
0	0	0	n.a.
223	232	255	10
417	381	346	(9)
<b>23,042</b>	<b>22,883</b>	<b>22,962</b>	<b>0</b>
<b>Current assets</b>			
2,218	3,135	3,902	24
1,816	1,800	1,467	(19)
2,229	2,952	1,500	(49)
287	412	440	7
0	7	52	643
253	197	393	99
99	307	354	15
260	1,302	482	(63)
<b>7,162</b>	<b>10,112</b>	<b>8,590</b>	<b>(15)</b>
12	0	0	n.a.
<b>7,174</b>	<b>10,112</b>	<b>8,590</b>	<b>(15)</b>
<b>30,216</b>	<b>32,995</b>	<b>31,552</b>	<b>(4)</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
9,000	9,000	9,000	0
27	(2)	(30)	1,400
1,952	1,952	1,838	(6)
1,556	(211)	1,076	n.a.
0	1,723	2,900	68
<b>12,535</b>	<b>12,462</b>	<b>14,784</b>	<b>19</b>
0	0	0	n.a.
<b>12,535</b>	<b>12,462</b>	<b>14,784</b>	<b>19</b>
<b>Non-current liabilities</b>			
7,148	6,607	5,362	(19)
117	119	109	(8)
84	74	83	12
2,563	2,697	2,836	5
<b>9,912</b>	<b>9,497</b>	<b>8,390</b>	<b>(12)</b>
<b>Current liabilities</b>			
838	2,099	2,344	12
1,233	1,360	1,757	29
0	0	0	n.a.
3,056	4,489	601	(87)
1,611	1,704	2,177	28
650	703	1,097	56
114	140	219	56
58	65	70	8
8	8	6	(25)
201	468	107	(77)
<b>7,769</b>	<b>11,036</b>	<b>8,378</b>	<b>(24)</b>
0	0	0	n.a.
<b>7,769</b>	<b>11,036</b>	<b>8,378</b>	<b>(24)</b>
<b>17,681</b>	<b>20,533</b>	<b>16,768</b>	<b>(18)</b>
<b>30,216</b>	<b>32,995</b>	<b>31,552</b>	<b>(4)</b>

**INA—INDUSTRIJA NAFTE d.d. ZAGREB**  
**INA, d.d. Unconsolidated Statement of Cash Flow**  
**For the period ended 30 September 2010 and 2011**  
**(HRK millions)**

Q2 2011	Q3 2011	Q3 2010	%		Q1-Q3 2010	Q1-Q3 2011	%
1,377	453	871	(48)	Profit/(loss) for the year	1,723	2,900	(41)
				Adjustments for:			
636	726	392	85	Depreciation and amortisation	1,129	1,765	(36)
257	78	227	(66)	Income tax (benefit)/expenses recognized in (loss)/profit	374	683	(45)
(93)	75	73	3	Impairment charges	278	429	(35)
(108)	452	(8)	n.a.	Reversal of impairment	(686)	344	n.a.
(2)	1	(1)	n.a.	Gain on sale of property, plant and equipment	(5)	(3)	67
0	0	0	n.a.	Gain on sale investments and shares	0	0	n.a.
(52)	295	(949)	n.a.	Foreign exchange loss/(gain)	356	(68)	n.a.
(18)	69	(6)	n.a.	Interest expense	3	(54)	n.a.
(33)	(133)	28	n.a.	Other financial expense recognised in profit	(212)	(201)	5
0	86	108	(20)	Decommissioning interests	108	86	26
(48)	(70)	606	n.a.	Increase in provisions	635	(9)	n.a.
0	0	0	n.a.	Reversal of impairment	0	0	n.a.
24	(54)	(71)	(24)	Decommissioning interests	0	0	n.a.
23	(5)	8	n.a.	Other non-cash items	20	18	11
<b>1,963</b>	<b>1,973</b>	<b>1,279</b>	<b>54</b>	<b>Operating cash flow before working capital changes</b>	<b>3,723</b>	<b>5,890</b>	<b>(37)</b>
				Movements in working capital			
(101)	(198)	(332)	(40)	(Increase)/decrease in inventories	(775)	(1,809)	(57)
15	(554)	(1,172)	(53)	(Increase)/decrease in receivables and prepayments	(2,334)	(644)	262
610	157	53	196	(Decrease)/increase in trade and other payables	(639)	(1,258)	(49)
0	0	0	n.a.	Decrease/(increase) in provisions	0	0	n.a.
<b>2,487</b>	<b>1,378</b>	<b>(173)</b>	<b>n.a.</b>	<b>Cash generated from operations</b>	<b>(25)</b>	<b>2,179</b>	<b>n.a.</b>
0	0	0	n.a.	Taxes paid	0	0	n.a.
<b>2,487</b>	<b>1,378</b>	<b>(173)</b>	<b>n.a.</b>	<b>Net cash inflow from operating activities</b>	<b>(25)</b>	<b>2,179</b>	<b>n.a.</b>
				Cash flows used in investing activities			
(422)	(264)	(505)	(48)	Payments for property, plant and equipment	(1,832)	(763)	140
(30)	(6)	(48)	(88)	Payment for intangible assets	(116)	(54)	115
3	1	2	(50)	Proceeds from sale of non-current assets	6	6	0
0	0	0	n.a.	Payment related to sale of subsidiaries	0	0	n.a.
0	0	0	n.a.	Acquisition of investments in associates and joint ventures and other companies	0	0	n.a.
(56)	7	2	250	Dividends received from companies classified under available for sale and other companies	4	8	(50)
81	83	4	1,975	Proceeds from profit of companies	276	164	68
0	0	0	n.a.	Interest received	0	0	n.a.
(663)	(90)	106	n.a.	Investments and loans to third parties	79	(972)	n.a.
<b>(1,087)</b>	<b>(269)</b>	<b>(439)</b>	<b>(39)</b>	<b>Net cash (outflow) used for investing activities</b>	<b>(1,583)</b>	<b>(1,611)</b>	<b>(2)</b>
				Cash flows from financing activities			
0	(1)	1,245	n.a.	Additional long-term borrowings	1,684	25	6,636
(33)	(58)	(127)	(54)	Repayment of long-term borrowings	(240)	(1,291)	(81)
4,236	5,004	928	439	Additional short-term borrowings	1,950	14,464	(87)
(5,163)	(5,749)	(323)	1,680	Repayment of short term borrowings	(430)	(12,997)	(97)
0	0	(7)	n.a.	Interest paid on long-term loans	(23)	0	n.a.
(2)	(2)	(3)	(33)	Other long-term liabilities	(7)	(6)	17
(480)	(0)	0	n.a.	Payment dividends	0	(480)	n.a.
(30)	(23)	(54)	(57)	Interest paid on short term loans and other financing charges	(101)	(75)	35
<b>(1,472)</b>	<b>(829)</b>	<b>1,659</b>	<b>n.a.</b>	<b>Net cash from financing activities</b>	<b>2,833</b>	<b>(360)</b>	<b>n.a.</b>
(72)	280	1,048	(73)	Net (decrease)/increase in cash and cash equivalents	1,225	208	490
265	180	249	(28)	At 1 January	68	260	(74)
(13)	22	6	267	Effect of foreign exchange rate changes	9	14	(36)
180	482	1,302	(63)	At the end of period	1,302	482	170

**INA – INDUSTRIJA NAFTE, d.d.**  
**INA d.d. Unconsolidated Statement of Changes in Equity**  
**For the period ended 30 September 2010 and 2011**  
**(HRK million)**

	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total
<b>Balance as at 1 January 2010</b>	<b>9,000</b>	<b>1,952</b>	<b>10</b>	<b>(211)</b>	<b>10,751</b>
Profit for the year	0	0	0	1,723	1,723
Other comprehensive loss, net	0	0	(12)	0	(12)
Total comprehensive profit for the year	0	0	(12)	1,723	1,711
Dividends payable	0	0	0	0	0
<b>Balance as at 30 June 2010</b>	<b>9,000</b>	<b>1,952</b>	<b>(2)</b>	<b>1,512</b>	<b>12,462</b>
	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total
<b>Balance as at 1 January 2011</b>	<b>9,000</b>	<b>1,952</b>	<b>27</b>	<b>1,556</b>	<b>12,535</b>
Profit for the year	0	0	0	2,900	2,900
Other comprehensive loss net	0	(113)	(57)	0	(170)
Total comprehensive income for the year	0	(113)	(57)	2,900	2,730
Dividends paid	0	0	0	(480)	(480)
<b>Balance as at 30 June 2011</b>	<b>9,000</b>	<b>1,838</b>	<b>(30)</b>	<b>3,976</b>	<b>14,784</b>

## Capital Expenditure

Q2 2011	Q3 2011	Q3 2010	%	Capital Expenditures (HRK mln)	Q1-Q3 2010	Q1-Q3 2011	%
133	119	290	(59)	Exploration & Production	1,062	415	156
104	125	232	(46)	Refining & Marketing	948	327	190
33	15	14	7	Retail	22	56	(61)
13	12	2	500	Corporate & other	6	21	(71)
283	271	538	(50)	Total	2,038	819	149

Q2 2011	Q3 2011	Q3 2010	%	Capital Expenditures - Tangible Assets (HRK mln)	30 Sept 2010	30 Sept 2011	%
122	120	260	(54)	Exploration & Production	957	380	152
104	124	232	(47)	Refining & Marketing	948	326	191
33	15	14	7	Retail	22	56	(61)
1	5	2	150	Corporate & other	3	2	50
260	264	508	(48)	Total	1,930	764	153

## 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 March 11	30 June 11	30 Sept 11
MOL Plc.	2,500,001	2,500,001	4,715,538	4,715,538	4,715,538	4,725,620	4,725,620	4,725,620
Government of the Republic 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
Private and institutional investors	2,319,632	3,015,081	800,910	800,910	800,910	790,828	790,828	790,828
<b>Total</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>

Source: Central Clearing Depository Company

## Changes in organisation, Management Board or Supervisory Board

### Supervisory Board

At the Extraordinary General meeting of INA-INDUSTRIJA NAFTE d.d. held on January 17, 2011 Ivan Šuker, Tomislav Ivić and Božidar Pankreć were recalled and Davor Štern, Gordana Sekulić and Damir Vandelić were appointed supervisory board members with the term of office until 13 June 2013. At the meeting held on January 17, 2011 the Supervisory Board of INA-Industrija nafte d.d. Zagreb appointed Mr Davor Štern a new Chairman of the Supervisory Board.

In accordance with the article 163., paragraph 3. of the Labour Act (official Gazette 149/09), in connection with the article 256, paragraph 2 of the Companies Act (official Gazette 118/03) elections for the INA, d.d. Supervisory Board Employee representative were held on 12 May 2011. Mrs Maja Rilović was elected as the Employee representative in the Supervisory Board of INA, d.d. with the term of office starting from May 24, 2011.

### Management Board

During the circular voting procedure on February 10, 2011 INA Supervisory Board appointed three new members of INA Management Board. The new members of INA Management Board are Niko Dalić, Ivan Krešić and Davor Mayer, all three appointed with the mandate starting from 11th February 2011 until 1st April 2015. At the same session Tomislav Dragičević, Josip Petrović and Dubravko Tkalčić were recalled from the duty of the members of INA Management Board as of 10th February 2011. Besides, the term of office of Mr. Attila Holoda and Mr. Lajos Alacs as members of INA Management Board is extended for the period until April 1st, 2015.

On the session of the Supervisory Board of INA-INDUSTRIJA NAFTE d.d. held on June 7th, 2011, two new members of the Management Board were appointed. New Management Board members are dr. Pál Kara and Péter Ratatics, both appointed with the mandate starting as of June 9, 2011 until April 1, 2015. At the same session, Supervisory Board accepted the resignation of Attila Holoda and Lajos Alacs from the position of the members of the Management Board as of June 8, 2011.

The Management Board of INA – Industrija nafte, d.d. at its session held on June 14, 2011 recalled Mr. Bojan Milković from the duties of CEO and Executive director for exploration and production as of June 14, at his own request.

At the same session the Management Board appointed Mr. Želimir Šikonja to the position of Executive director for exploration and production of oil and gas for indefinite period of time.

The Management Board unanimously prolonged authorization of its President, Mr. Zoltán Áldott, for the supervision of functions directly subordinated to Chief Executive Officer for the period of 90 days or until further decision.

The Management Board of INA – Industrija nafte, d.d. at its session held on 14 September 2011 unanimously prolonged authorization of its President, Mr. Zoltán Áldott, for the supervision of functions directly subordinated to Chief Executive Officer until 31 December 2011.

Mr Peter Chmurčiak, Executive Director of INA's Refining & Marketing business division would be leaving the company after the handover of tasks to his successor which is to be selected by the Management Board. The date of the handover is expected to occur on or before 1 January 2012. Mr. Peter Chmurčiak is leaving INA due to private reasons.

### Management representation

INA Group's consolidated financial statements for Q3, 2011 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 of INA Group.

#### Management Board:

Zoltán Áldott	President of INA, d.d. Board
Niko Dalić	Member
Pal Zoltan Kara	Member
Ivan Krešić	Member
Davor Mayer	Member
Peter Ratatics	Member