INDUSTRIJA NAFTE, d.d.

H1 2012 – REPORT INA GROUP CONSOLIDATED

INA Group (ZB: INA-R-A; LSE: HINA; www.ina.hr) announced its H1 2012 results today. This report contains unaudited consolidated financial statements for the period ending 30 June 2012 as prepared by the management in accordance with the International Financial Reporting Standards.

INA Group financial results (IFRS)

HRK mln.	Q1 2012	Q2 2012	Q2 2011	%	H1 2011	H1 2012	%
Net sales revenues	7,256	7,275	7,817	(7)	14,760	14,531	(2)
EBITDA reported [(1)]	1,297	932	1,804	(48)	3,612	2,229	(38)
EBITDA excl. special items [(2)]	**1,475**	**974**	**1,911**	**(49)**	**3,719**	**2,450**	**(34)**
Operating profit reported	588	(97)	886	n.a.	2,203	491	(78)
Operating profit excl. special items [(2)]	**834**	**343**	**1,149**	**(70)**	**2,514**	**1,177**	**(53)**
Net financial expenses	23	(274)	66	n.a.	310	(251)	n.a.
Net profit/loss for the period [(3)]	412	(304)	695	n.a.	1,931	108	(94)
Net profit for the period excl. special items [(2)]	**630**	**33**	**758**	**(96)**	**2,179**	**663**	**(70)**
Operating cash flow	**473**	**1,461**	**1,628**	**(10)**	**848**	**1,934**	**128**
Earnings per share							
Basic and diluted earnings per share (kunas per share)	41.2	(30.4)	69.5	n.a.	193.1	10.8	(94)
Net gearing	37.14	33.95	42.39	(20)	42.39	33.95	(20)

USD mln [(4)]	Q1 2012	Q2 2012	Q2 2011	%	H1 2011	H1 2012	%
Net sales revenues	1,259	1,242	1,523	(18)	2,799	2,502	(11)
EBITDA reported [(1)]	225	159	351	(55)	685	384	(44)
EBITDA excl. special items [(2)]	**256**	**166**	**372**	**(55)**	**705**	**422**	**(40)**
Operating profit reported	102	(17)	173	n.a.	418	85	(80)
Operating profit excl. special items [(2)]	**145**	**59**	**224**	**(74)**	**477**	**203**	**(58)**
Net financial expenses	4	(47)	13	n.a.	59	(43)	n.a.
Net profit/loss for the period [(3)]	72	(52)	135	n.a.	366	19	(95)
Net profit for the period excl. special items [(2)]	**109**	**6**	**148**	**(96)**	**413**	**114**	**(72)**
Operating cash flow	**82**	**249**	**317**	**(21)**	**161**	**333**	**107**
Earnings per share							
Basic and diluted earnings per share (USD per share)	7.2	(5.2)	13.5	n.a.	36.6	1.9	(95)

(1) EBITDA = EBIT + Depreciation + Impairment + Provisions
(2) Excludes special items related to asset impairment, provision, severance payments and special items income. The H1 2012 EBIT was negatively influenced by HRK 686 million special items
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 Q1 2012: 5.7621 HRK/USD; Q2 2011: 5.1325; Q2 2012 – 5.8577 HRK/USD; H1 2011 – 5.2733 HRK/USD; H1 2012 – 5,8084 HRK/USD

In the first half of 2012 INA Group has recorded EBITDA excl. special items of HRK 2,450 million and delivered significant positive results on operating profit and net profit levels excluding special items as well, in the amounts of HRK 1,177 million and HRK 663 million respectively. Operating cash flow more than doubled compared to the previous year and reached a massive level of almost HRK 2.0 billion cash from operations indicating healthy financial position through which sound fundamentals for facilitating business liquidity needs has been created.

The Exploration and Production business remained the major contributor to the Group level results meanwhile the Refining and Marketing and Retail segments contributed negatively to the Group level results mainly as a result of mixed market conditions and unfavourable market developments in Q2 2012.

The changes in the external macro environment, the depressed market demand, regulatory and political changes, and a prolonged economic slowdown in core markets markedly affected company operations in the first half of 2012. While Croatian operations were influenced with regulatory constraints in the respect of the capped natural gas prices for households and small industrial companies, a prolonged economic slowdown had a significant effect on the further depressed marked demand for crude oil products, meanwhile in the international portfolio INA suffered from not receiving revenues Syrian operations. Besides the operational developments, INA's results were negatively influenced by the depreciation of the HRK against USD, resulting in HRK 251 mn financial losses for the first half of 2012.

Despite all these unfavourable, difficult operating conditions and trends affecting the company operations, the management's continuous efforts in increasing operational efficiency in recent years significantly contributed to the H1 2012 results, achieving more than HRK 1.8 bn efficiency improvements compared to the 2008 basis.

Q2 2012 has seen deteriorating environment which reflected EBITDA and operating profit (excl. special items) of HRK 974 million and HRK 343 million respectfully, showing a decrease compared to Q1 2012. Regardless of the market developments strong operating cash flow in Q2 2012 surged from HRK 473 million to HRK 1,461 million. Once again, as a result of constant management efforts in consolidating financial position of the Group, gearing was improved from Q1 result of 37.14 % to 33.95% at the end of Q2 2012.

- **Exploration and Production**: In H1 2012, EBITDA excl. special items of HRK 2.8 billion (USD 482 million) was reached despite no revenues received from Syria due to a "force majeure" announced in February 2012 and decreased hydrocarbon production. The result for the first half of 2012 were additionally burdened with the gas price cap prolonged at the end of 2011 for small industrial customers and the losses derived from supplying tariff household customers. In Q2 2012, the maximum prices have been increased through changes in the regulations which will positively contribute to the results later on. These negative factors were partially offset by improved average realized hydrocarbon prices and the strict cost control that resulted in 5% lower unit opex.
- **Refining and Marketing:** Segment recorded improved CCS- based operating performance with a loss in the amount of HRK 585 million (USD 101 million) in comparison to previous periods, due to positive effects of internal factors which were partly offset by mixed external factors. The positive contribution of improved yield of marketable motor fuels, driven by better feedstock selection and the optimization of refineries' operations helped in ending the period with 12% lower CCS-based operating loss compared to H1 2011. Own consumption continued to improve, demonstrating results of continuously optimized operation and internal efficiency improvements. However the result was deteriorated by negative effect of inventory revaluation driven by crude oil price drop, especially towards the end of the quarter, and decreasing Brent-Ural spread in Q2 2012.
- **Retail segment:** generated an EBITDA (excluding special items) in the amount of HRK 55 million (USD 9 million). This result reflects the unfavourable operating environment of increasing prices and shrinking purchase power in Croatia which resulted in reduced sales volumes. However, these negative trends were in part mitigated through sales and operations optimization with introduction of premium CLASS fuel, decreased operating costs and network optimization.
- **Corporate and Other**[1]**:** The segment delivered an operating loss excluding special items of HRK 290 million (USD 54 million) in H1 2012, and was decreased by 3% compared to the same period last year showing results off efforts put into process optimization and cost control.
- **Capital expenditures:** Exploration and Production segment's CAPEX in H1 2012 reached the level HRK 283 million, covering among others: 2D/3D seismic acquisition on South Adriatic, continuation of EOR projects on shore and intensified drilling campaign. Cancellation of all Syrian exploration in line with the announced "force majeure" decreased the international capex and put strong emphasis on domestic exploration. With the significant refinery development programs completed last year, H1 2012 CAPEX was lower compared to previous year (HRK 64.1 million). Further system developments starting this year include HSE and energy efficiency projects aimed at improving internal operational efficiency, as well as project of deep conversion in the Rijeka refinery, when permitting is completed. Modernization program of INA´s Retail network, the so called "Blue Concept" continues with increased intensity this year, with 60 filling stations already modernized and additional 70 expected by the end of the year. Majority of INA's strong investment cycle planned for this year is expected to be realized at the second half of 2012 due to dynamics of capital projects planned.

Mr Zoltán Áldott, President of the Management Board commented the result:

"INA has delivered positive results in the first half of 2012, despite no revenues received from Syria, significant losses generated in the gas trading business due to regulatory constraints, and a decreased regional demand negatively affecting the refining and marketing business, which could not have been achieved without recent year's efforts to improve business processes and operational efficiency.

The exploration and production segment remained the main contributor to the Group results. To maintain the profitability, INA initiated multiple exploration and development projects that will add to the reserve base and generate further production in coming years and will ensure new value to our investors. Besides recently announced significant discovery on Hrastilnica field, our plans in continental Croatia include drilling of further 2-3 exploratory wells this year.

The external developments affected negatively the refining and marketing business. To improve our financial performance INA will invest further to optimize the refineries operations, which will contribute not only to the company results but to the benefit of the local communities. Meanwhile a significant decrease in products demand is visible in the Retail segment results, INA is committed to its intensive modernization program, that will strengthen INA's leading position in Croatia.

The General Assembly's decision to retain the company's profit from 2011 is a major prerequisite for carrying out this year's investment program and in initiating a strong investment cycle for the upcoming period, that will help INA remain one of the most significant economic entities in the region. Besides, the recent changes in the regulations related to pricing of gas are expected to slightly improve INA's operational results in the coming period."

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

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Management discussion
*Exploration and Production**

Q1 2012	Q2 2012	Q2 2011	%	Segment IFRS results (HRK mln)	H1 2011	H1 2012	%
3,767	2,773	3,178	(13)	Net sales revenues	6,414	6,540	2
1,281	1,359	2,291	(41)	EBITDA reported	4,151	2,640	(36)
1,426	1,398	2,318	(40)	EBITDA excl. special items**	4,178	2,824	(32)
806	673	1,837	(63)	Operating profit reported	3,308	1,479	(55)
1,032	1,057	1,739	(39)	Operating profit excl. special items**	3,314	2,089	(37)
72	156	140	11	CAPEX	331	228	(31)

* Exploration and Production refers to the Upstream of INA, d.d. and following subsidiaries: Crosco Group, INA Naftaplin IE&PL, Guernsey, Adriagas S.r.l. Milano, Prirodni plin d.o.o.
** The H1 2012 performance was negatively influenced by HRK 610 million special items.

Q1 2012	Q2 2012	Q2 2011	%	Hydrocarbon production*	H1 2011	H1 2012	%
12,699	**12,357**	**15,519**	(20)	**Crude oil production (boe/d)***	**15,688**	**12,528**	(20)
8,721	8,889	9,317	(5)	Croatia	9,352	8,805	(6)
439	0	3,009	n.a.	Syria	3,134	220	(93)
1,924	1,963	1,624	21	Egypt	1,653	1,944	18
1,615	1,505	1,570	(4)	Angola	1,550	1,560	1
44,330	**32,226**	**50,352**	(36)	**Natural gas production (boe/d)**	**49,896**	**38,278**	**(23)**
18,774	16,523	22,136	(25)	Croatia - offshore	22,633	17,648	(22)
16,394	15,704	14,160	11	Croatia - onshore	14,395	16,049	11
9,163	0	14,056	n.a.	Syria	12,867	4,582	(64)
5,571	**2,719**	**11,009**	(75)	**Condensate (boe/d)**	**10,639**	**4,145**	**(61)**
2,767	2,719	6,757	(60)	Croatia	6,907	2,743	(60)
2,804	0	4,252	n.a.	Syria	3,732	1,402	(62)
62,601	**47,302**	**76,880**	**(38)**	**Total hydrocarbon production (boe/d)**	**76,223**	**54,951**	**(28)**
Q1 2012	**Q2 2012**	**Q2 2011**	**%**	**Average realised hydrocarbon price****	**H1 2011**	**H1 2012**	**%**
100	96	107	(10)	Crude oil and condensate price (USD/bbl)	98	98	(0)
72	78	72	9	Average realised gas price (USD/boe)	67	74	11
78	84	84	0	Total hydrocarbon price (USD/boe)*	75	80	7
Q1 2012	**Q2 2012**	**Q2 2011**	**%**	**Natural gas trading - mln cm**	**H1 2011**	**H1 2012**	**%**
367	244	138	77	Natural gas imports	355	610	72
964	525	543	(3)	Total natural gas sales - domestic market	1,512	1,489	(2)
Q1 2012	**Q2 2012**	**Q2 2011**	**%**	**Natural gas price differential to import prices (HRK/000 cm)**	**H1 2011**	**H1 2012**	**%**
(666)	(638)	(405)	58	Total price	(248)	(667)	169

*Excluding separated condensate
** Calculated based on total external sales revenue including natural gas selling price as well

Second quarter 2012 vs. first quarter 2012 results

In Q2 2012, **operating profit excluding special items in the amount of** HRK 1,057 million, level just above Q1, was backed by strong oil prices however several factors have affected the results negatively, namely:

- Drop in hydrocarbon production as a result of natural depletion of Croatian fields and no production booked from the Syria operations due to "force majeure";
- Negative contribution of the gas trading operations which recorded an EBIT loss of HRK 250 million in Q2 2012 mainly resulting from capped gas prices for industrial customers and tariff household customers significantly below import prices;
- Lower sales of domestic crude oil and condensate to Sisak Refinery in line with optimised refinery operations for meeting market requirements in a decreased demand environment.

Reported operating profit for the second quarter 2012 amounted to HRK 673 million and was negatively affected with HRK 384 million of special items (most of which relate to provisions made for the Service Agreement in Iran due to expired exploration phase).

Second quarter 2012 vs second quarter 2011 results

In Q2 2012, **operating profit, excluding special items** decreased compared to Q2 2011 reflecting: Negative effects of (1) temporary suspended activities in Syria and lack of revenue from the country, (2) lower domestic production, partly due to natural depletion and lower entitlement share of INA from Adriatic off-shore production and (3) strong deteriorating contribution of gas trading business coming from increased import volumes and purchase prices meanwhile significant part of the sales has been made under regulated, capped prices below the import price level.

H1 2012 vs H1 2011 results

Upstream H1 2012 **operating profit**, excluding special items shows a decrease compared to the same period last year driven by the effects of (1) 28% decreased hydrocarbon production mainly resulting from lack of Syrian production volumes, (2) 72% increased volumes of imported natural gas combined with (3) higher negative natural gas price differential coming from increased natural gas purchase prices and capped sales prices (Prirodni plin delivered an EBIT loss of HRK 630 million in H1 2012) and (4) decreased domestic sales to refineries. In H1 2011, the Company recorded revenues of HRK 1.2 billion from an average daily hydrocarbon production in Syria at the level of 20 Mboe/d, which are absent in the reporting period. Positive trends of improved average realized hydrocarbon price and the

positive contribution of strict cost control that resulted in 5% lower unit opex, couldn't compensate the negative effects. Upstream six months result was additionally positively affected by Crosco Group improved contribution resulting from optimised operations.
Reported operating profit for the first half 2012 amounted to HRK 1,479 million and was negatively affected with HRK 610 million of special items.
Total **natural gas** production was 23% lower reflecting (1) decreased offshore production due to severe weather conditions, natural decline and water cut cut as well as lower entitlement share of INA in the frame of Production Sharing Agreements of on North Adriatic, (2) onshore net gas production decrease of 7%, due to the natural depletion of mature fields and (3) strong unfavourable influence of the "force majeure" declared in Syria.

Croatian **crude production** declined in H1 2012 due to natural depletion of the fields[2]. International crude production in Egypt was 18% higher due to good results of workover activities on North Bahariya and drilling activities on West Abu Gharadig and in Angola higher due to wells' performance in 2012 coming from wells interventions executed in 2H 2011. Crude production for Syria is significantly lower (with no production recorded in Q2) compared to the same period last year as the company temporarily suspended Syrian activities in line with international and domestic regulation and local developments in Syria.

As a result of the above trends, Upstream sales revenues remained relatively flat with a modest 2% increase reflecting (1) 28% decreased hydrocarbon production on one side and (2) 7% increased average realised hydrocarbon price and (3) positive exchange rate effect due to deterioration of the HRK against USD.

In H1 2012 Upstream expenditures increased over 50% to the level of HRK 5.0 billion, driven by increased uncontrollable costs relating to natural gas imports and already mentioned special items. Strong increase of imported natural gas quantities (with almost 70%) and increased import price, as a result of international market movements, were the main driver of uncontrollable costs increase. Higher imported natural gas volumes of 610 mcm (+72%) were necessary to maintain continuity of supply and stability of the domestic energy system following a technical disruption of deliveries, caused by severe weather conditions, decrease in domestic production and additional imports required for covering peak consumption during periods of exceptionally low temperatures.

Exploration and Production capital expenditures

Exploration and Production segment's CAPEX in H1 2012 amounted to HRK 283 million (o/w HRK 54 million exploration one off opex). Capital investments in Croatia amounted HRK 179 million, abroad HRK 42 million and CROSCO's investment amounted to HRK 50 million. Lower capital investments are mainly coming from cancellation of all exploration and development activities in Syria.

E&P CAPEX H1 2012 (HRK million)	Croatia	Syria	Egypt	Angola
Exploration	85.3	3.4	0	0
Exp. one off opex	54.5			
Development	84.7	5.8	20.9	8.4
Exploration (including Iran): 92.0 (32.6%) Development: 119.8 (42.4%) Other: 70.8 (25.1%)	Exploration: On Central and South Adriatic 2D/3D seismic acquisition was finished in March 2012 and it was acquired 1215 Skm of 3D area and 843 km of 2D line. On onshore drilling of exploration well Hrastilnica-3 finished in March and drilling of second exploration well Đeletovci-1Z finished at the end of April. Development: On Adriatic investments were related to IVANA K platform overhaul. On onshore in scope of EOR project started construction activities of new CO2 Ethan Plant and Molve Plant compressor stations and construction of new CO2 Ivanić and Žutica pipelines. Drilling of development well Kalinovac-4 R started in May. The main of the rest development activities were related to well general workowers.	All planned activities cancelled due to political situation. Investments represent allocated G&A costs and construction activities for the period Jan-Feb 26th before Force Majeure announcement.	On North Bahariya concession drilling of Abrar-4, Abrar-5 and Abrar-7 development wells was completed. Drilled wells are oil producers and were put in production. Drilling of fourth development well Ganna-3 started at the end of 2Q and it is expected that drilling will be finished in Q3 2012. In addition, Workover operations were completed on Abrar South-1 and Rawda-1 wells. On Ras Qattara and West Abu El Gharadig concessions workower operations were performed in order of optimizing production level.	2012 Q1 and Q2 investments on block 3/05a were related to FEED (front engineering and design) activities on Punja and Caco Gazela Fields. On block 3/05 investments were related to FSO Palanca dry dock maintenance and GLCC-LLCC separator construction activities. On both blocks planned activities were in delay.

Croatian natural gas trading business environment

The application of the maximum level of the natural gas price for the eligible customers of 2.13 HRK per cm was in force throughout the H1, meanwhile the gas prices for household tariff customers were set at 1.70 HRK per cm until 01 May 2012. Mainly as a result of these regulations, Prirodni Plin d.o.o. suffered an EBIT loss of HRK 250 mn in Q2 2012. However, the Government has approved an increase of the tariff household prices to the level of 2.20 HRK per cm (from 01 May 2012) and increased the capped price to the level of 2.75 HRK per cm for small industrial customers applicable for Q3 this year, which is expected to have a more modest effect on INA's operational results due to smaller difference in between import purchase prices and regulated sales prices.

[2] Due to the different methodology the condensate production in Q1 2012 compared to total production with NGL (C2+) in Q1 2011 show decrease of 60 %. Decrease of 60 % is caused by 10% lower condensate production and remaining 50% is caused by modified production process due to discontinued ethane production and in fact results in an increase of Panon natural gas production.

INDUSTRIJA NAFTE, d.d.

*Refining and Marketing**

Q1 2012	Q2 2012	Q2 2011	%	Segment IFRS results (HRK mln)	H1 2011	H1 2012	%
4,095	5,091	4,927	3	Revenues	9,000	9,186	2
131	(338)	(361)	(6)	EBITDA reported	(261)	(207)	(21)
142	(351)	(338)	4	EBITDA excl. special items**	(238)	(209)	(12)
(52)	(558)	(615)	(9)	Operating loss reported	(734)	(610)	(17)
(35)	(568)	(464)	22	Operating loss excl. special items**	(492)	(603)	23
155	(166)	37	n.a.	Replacement modification	235	(11)	n.a.
24	(27)	(74)	(64)	Impairment on inventories	(155)	(3)	(98)
11	(15)	21	n.a.	Foreign exchange rate differences	94	(4)	n.a.
(225)	(360)	(448)	(20)	CCS-based R&M operating loss	(666)	(585)	(12)
38	27	104	(74)	CAPEX and investments (w/o acquisition)	202	65	(68)

*Refers to Refining & Marketing INA. d.d. and following subsidiaries: Maziva Zagreb, Proplin (until October, 2011), Osijek Petrol, Interlna Ljubljana, INA BH Sarajevo, Holdina Sarajevo, INA Hungary, INA -Crna Gora, INA Beograd, INA Kosovo
**The H1 2012 performance includes HRK 7 million negative special items
***Starting from Q2 2011 effect of inventories impairment excluded from Estimated CCS-based Operating profit/(loss)

Q1 2012	Q2 2012	Q2 2011	%	Refinery processing (kt)	H1 2011	H1 2012	%
136	117	100	18	Domestic crude oil	210	254	21
572	552	804	(31)	Imported crude oil	1,695	1,124	(34)
20	40	33	22	Condensate	67	61	(10)
220	359	216	66	Other feedstock	378	579	53
949	**1,069**	**1,153**	**(7)**	**Total refinery throughput**	**2,350**	**2,018**	**(14)**
Q1 2012	**Q2 2012**	**Q2 2011**	**%**	**Refinery production (kt)**	**H1 2011**	**H1 2012**	**%**
51	66	68	(3)	LPG	126	117	(7)
194	373	241	54	Motor gasoline	473	567	20
225	420	289	46	Diesel	537	645	20
56	22	29	(23)	Heating oil	94	78	(17)
16	31	33	(6)	Kerosene	51	47	(8)
24	15	32	(53)	Naphtha	53	38	(27)
97	100	168	(41)	Fuel oil	335	196	(41)
0	11	33	(65)	Bitumen	49	11	(77)
155	(110)	84	n.a.	Other products*	276	44	(84)
818	**928**	**976**	(5)	**Total**	**1,996**	**1,746**	**(13)**
6	8	9	(11)	Refinery loss	17	14	(19)
125	133	168	(21)	Own consumption	336	258	(23)
949	**1,069**	**1,153**	(7)	**Total refinery production**	**2,350**	**2,018**	**(14)**
Q1 2012	**Q2 2012**	**Q2 2011**	**%**	**Refined product sales by country (kt)**	**H1 2011**	**H1 2012**	**%**
413	423	466	(9)	Croatia	898	836	(7)
104	122	137	(11)	B&H	268	226	(16)
176	334	378	(12)	Other markets	696	509	(27)
693	**879**	**981**	(10)	**Total**	**1,862**	**1,571**	**(16)**
Q1 2012	**Q2 2012**	**Q2 2011**	**%**	**Refined product sales by product (kt)**	**H1 2011**	**H1 2012**	**%**
59	68	76	(11)	LPG	141	126	(10)
177	301	264	14	Motor gasoline	478	478	(0)
269	315	316	(0)	Diesel	580	584	1
51	28	36	(24)	Heating oil	100	78	(22)
12	35	34	3	Kerosene	46	47	2
24	15	33	(54)	Naphtha	55	40	(28)
83	82	143	(42)	Fuel oil	325	165	(49)
6	15	35	(58)	Bitumen	50	21	(58)
12	20	44	(55)	Other products*	87	32	(63)
693	**879**	**981**	**(10)**	**Total**	**1,862**	**1,571**	**(16)**
214	258	204	26	o/w Retail segment sales	435	472	8

*Other products = FCC gasoline, petrol components, other gasoline, benzene-rich cut, other diesel fuels and components, liquid sulphur, coke, motor oils. Ind, lubricants, base oils, spindle oil, waxes, blend. gas oil "M", atmosp, residue, intermediaries and other

<u>Second quarter 2012 vs. first quarter 2012</u>

In Q2 2012, Refining & Marketing segment **'clean' CCS-based operating loss**[3] amounted to HRK 360 million still impacted by domestic crude supply mechanism. The **operating loss (excluding special items)** amounted to HRK 568 million in Q2 2012 driven by strong negative effect of inventory devaluation caused by the drop in crude oil prices, especially toward the end of the Q2 2012 plus the increasing energy prices of the refinery operations.

[3] excluding effects of special items, inventory revaluation and foreign exchange differences on debtors and creditors

Q2 2012 result was negatively influenced by: (1) decrease of crude oil price which turned Q1 2012 gain on inventory revaluations[4] to a loss in Q2, only partly reflected in the CCS replacement modification due to methodological reasons, (2) Brent-Ural spread which was slightly below Q1 2012 (3) and cost of purchased energy (natural gas, electricity).
The negative effects were moderated by: (1) improved yield of marketable motor fuels to over 70% especially gasoline which increased by 179 kt driven by better feedstock selection and the optimization of refineries' operations (2) increased sales by 186 kt due to seasonal demand keeping the high share of white product in total sales and (3) efficiency improvement program (strict costs control and logistics network rationalization).
In Q2 2012 motor fuel sales over performed Q1 by 200 kt while the share of low value residual products was maintained on low level.
The reported Q2 2012 operating loss in the amount of HRK 558 million was positively affected by HRK 10 million special items.

Second quarter 2012 vs. second quarter 2011

R&M segment's **'clean' CCS-based operating loss** is improved compared to Q2 2011 and recorded a level of HRK 360 million in Q2 2012 (including the increased depreciation of new assets on stream), mainly resulting from internal efforts made by the management on (1) production yield restructuring, (2) better feedstock selection and (3) on demand refineries operation. Q2 2012 amidst markets in contraction R&M improved motor fuel sales by 36 kt.

In Q2 2012, R&M segment's operating loss (excluding special items) was HRK 568 million, increased by HRK 104 million in comparison with Q2 2011 operating loss, mainly as a result of already mentioned negative trends and unfavourable FX movements. These negative effects were just moderated by positive effects of: (1) reaching 100% of euro V quality of mogas and 82% of gasoil production, (2) lower own consumption cost derived from better feedstock selection and utilization of new plants (3) higher mogas and gasoil sales by 36 kt with favourable crack spreads and lower fuel oil sales by 61 kt.

The total refinery throughput was 7% lower compared to Q2 2011. The main reason for lower processing is on demand refinery operations together with block operations in Rijeka. Usage of domestic crude mix was increased from 12% to 15%, lowering the total usage of imported crude. Other feedstock usage ratio increased from 18% to 32%, resulting mainly from Rijeka refinery block operations and Vacuum Gas Oil feedstock usage. In spite of the lower sales by 102 kt, significantly improved sales structure contributed strongly to results.

H1 2012 vs. H1 2011 results

Despite unfavourable external environment during second quarter of 2012, estimated CCS-based operating loss[5] in H1 2012 compared to the same period previous year improved by HRK 81 million (fully including the increase depreciation of new assets on stream). Amidst strongly contracting markets, segments motor sales slightly improved.

The segment improved its EBITDA contribution to the Group level in H1 2012, but operating loss (excluding special items) is higher by HRK 111 mln and amounted to HRK 603 mln resulting from:

- Negative effects of: (1) crude oil price increase (2) decreased Brent-Ural spread, (3) USD appreciation, (4) motor fuel consumption decline in core markets, (5) higher energy cost mainly due to increased natural gas prices.
- Positive effects of: (1) higher average crack spread, and (2) LPG and fuel oil domestic market demand increase (3) better feedstock selection and lower own consumption and (4) on-demand operation mode of refineries resulting in (5) in high white product yields in both refineries, and (6) strong cost control moderating negative effects.

Reported operating loss for the first half 2012 amounted to HRK 610 million and was negatively affected with HRK 7 million of special items.

Both gasoline and diesel markets are in contraction for the third consecutive year with the strong impact on INA Retail performance. Reduced GDP (estimated -1.5%) and reduced spending are stressed through industry, mostly construction and transport. In spite of the decreased motor fuel sales on domestic market, market share of motor fuel sales has been reinforced as the efforts of the company resulted in sales volumes decrease well below the contraction of the market.

Refining and Marketing capital expenditures

A large scale refinery development program has been completed in 2011. As a result, in H1 2012 the CAPEX spending was lower compared to the same period of the previous year (HRK 65 mln vs. 202 mln). The successful start-up and putting on-stream of the Isomerization unit in Sisak Refinery significantly improves the octane pool in gasoline blending was the most important project in H1 2012. In line with the preparation for the upcoming significant development programs, numerous growth projects and HSE/sustainable type of projects are in definition and approval phase with realisation initiation expected by the end of 2012.

[4] Decreased crude price in Q2 turned Q1 2012 gain on inventory revaluations of HRK 524 million to a loss of HRK 174 million.
[5] Q1 2012 CCS based Operating profit/(loss) includes positive effect of processing domestic crude oil stored during the shutdown of Sisak Refinery in the second half of 2011 in the amount of approx. HRK 370 mln, while in Q2 2012 effect was significantly lower and amounts HRK 67 mln

INDUSTRIJA NAFTE, d.d.

Retail Services*

Q1 2012	Q2 2012	Q2 2011	%	Segment IFRS results (HRK mln)	H1 2011	H1 2012	%
1,617	1,966	1,976	(1)	Revenues	3,498	3,583	2
13	31	18	72	EBITDA reported	16	44	175
24	32	33	(5)	EBITDA excl. special items**	31	55	77
(9)	(20)	(1)	1,900	Operating profit/(loss) reported	(42)	(29)	(31)
(7)	(12)	1	n.a.	Operating profit/(loss) excl. special items**	(24)	(19)	(21)
2	34	33	3	CAPEX and investments (w/o acquisition)	41	36	(12)

* Refers to Retail INA. d.d. and Petrol Rijeka and retail of subsidiaries: Proplin (until October 3, 2011), Osijek Petrol, Interina Ljubljana, Holdina Sarajevo, INA - Crna Gora
**The H1 2012 performance was negatively influenced by HRK 10 million special items

Q1 2012	Q2 2012	Q2 2011	%	Refined product retail sales (kt)	H1 2011	H1 2012	%
75	89	98	(10)	Motor gasoline	182	163	(10)
134	164	179	(8)	Gas and heating oils	326	299	(8)
7	7	9	(17)	LPG	17	14	(16)
1	1	1	(22)	Other products	2	1	(15)
216	**261**	**287**	**(9)**	**Total**	**526**	**477**	**(9)**
Q1 2012	**Q2 2012**	**Q2 2011**	**%**	**Refined product retail sales (kt)**	**H1 2011**	**H1 2012**	**%**
206	249	274	(9)	Croatia	502	455	(9)
7	9	10	(6)	B&H	18	17	(7)
3	3	4	(7)	Other markets	6	6	(2)
216	**261**	**287**	**(9)**	**Total**	**526**	**477**	**(9)**

Q2 2012 vs. Q1 2012 results

At the EBITDA level **Retail Services** improved its contribution to the Group results with HRK 32 million (excl. special items). However**, operating** loss excluding special items in the amount HRK 12 million in Q2 2012, was below the previous quarter result mostly driven by: (1) higher personnel costs including redundancy provisions, (2) impairment of trade receivables and (3) of tangible fixed assets under construction.

Negative impact of higher staff costs and the impairment was partially offset by increased margins in Q2 2012 compared with the Q1 2012.

Q2 2012 vs. Q2 2011 results

Comparing to Q2 2011, higher **operating loss excluding special items** amounting to HRK 12 million was recorded, driven by (1) lower fuel margins, (2) lower sales volumes, and (3) higher negative value adjustments. Retail Services reported operating loss in Q2 2012 was HRK 20 million which includes the negative impact of special items in the amount of HRK 8 million.

H1 2012 vs. H1 2011 results

Segments' **operating loss excluding special items** has decreased by 5 million compared to H1 2011 reflecting following effects on operations: (1) lower fuel margin, (2) decreased sales volumes, and (3) higher negative value adjustments.

Retail Services reported operating loss in H1 2012 was HRK 29 million which includes the negative impact of special items in the amount of HRK 10 million.

Compared to H1 2011, **total retail sales** volumes have shrunk by 9% in H1 2012 reflecting the unfavourable weather conditions during winter 2012 and tightened demand abetted by increasing prices, tightened purchasing power and increasing unemployment rate. Already visible effects of the modernisation programme intended to improve the service level and visual identity of the network partially moderated these unfavourable trends.

Due to the general regional decline, gasoline sales decreased by 10%, gas oil sales fell 8%, while LPG sales dropped by 16%. As a consequence of such sales trend, average throughput per site in H1 2012 was lower by 4% compared to the same period previous year.

At 30 June 2012 INA Group operated a network of 446 filling stations, of which 394 were in Croatia, and 52 in the region (Bosnia and Herzegovina - 45, Slovenia - 6 and Montenegro - 1. The on-going network optimization and expiration of the lease contract with 11 Energoinvest's reduced the number of stations (23 filling stations less) compared to 30 June 2011.

Retail capital expenditures

Retail network modernisation programme, the so called "Blue Concept" has strongly been intensified during 2012 that enables the company to significantly increase the number of renewed stations and to further improve the services. Since the start-up of the program, 60 stations have been modernised (o/w 30 this year) and over 30 are currently in the construction or tendering phase. As a result of the intensified modernization program until the year end INA will have the largest modern filling station network in Croatia.

Capital expenditures in H1 2012 amounted to HRK 36 million and were lower by 12% compared to the same period of 2011, which is a consequence of the different modernization dynamics during this year, which is to be accelerated at the second half of the year.

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Income Statement – INA-GROUP
For the period ended 30 June 2011 and 2012
(in HRK millions)

Q1 2012	Q2 2012	Q2 2011	%		Note	H1 2011	H1 2012	%
				Sales revenue				
5,114	4,252	3,943	8	a) domestic		8,291	9,366	13
2,142	3,023	3,874	(22)	b) exports		6,469	5,165	(20)
7,256	**7,275**	**7,817**	**(7)**	**Total sales revenue**	1	**14,760**	**14,531**	**(2)**
24	59	54	9	Income from own consumption of products and services		89	83	(7)
118	68	154	(56)	Other operating income		362	186	(49)
7,398	**7,402**	**8,025**	**(8)**	**Total operating income**		**15,211**	**14,800**	**(3)**
729	(387)	(215)	80	Changes in inventories of finished products and work in progress		828	342	(59)
(3,402)	(3,764)	(3,824)	(2)	Cost of raw materials and consumables	2	(7,884)	(7,166)	(9)
(628)	(429)	(697)	(38)	Depreciation and amortization	4	(1,166)	(1,057)	(9)
(411)	(430)	(436)	(1)	Other material costs	4	(829)	(841)	1
(441)	(307)	(334)	(8)	Service costs	4	(586)	(748)	28
(619)	(656)	(703)	(7)	Staff costs	5	(1,366)	(1,275)	(7)
(1,957)	(926)	(709)	31	Cost of other goods sold	3	(1,762)	(2,883)	64
12	(312)	(324)	(4)	Impairment and charges (net)		(437)	(300)	(31)
(93)	(288)	103	n.a.	Provisions for charges and risks (net)		194	(381)	n.a.
(6,810)	**(7,499)**	**(7,139)**	**5**	**Operating expenses**		**(13,008)**	**(14,309)**	**10**
588	**(97)**	**886**	**n.a.**	**Profit from operations**		**2,203**	**491**	**(78)**
				Share in the profit of associated companies				
168	18	148	(88)	Finance income		540	80	(85)
(145)	(282)	(82)	243	Finance costs		(230)	(331)	44
23	**(274)**	**66**	**n.a.**	**Net loss from financial activities**	7	**310**	**(251)**	**n.a.**
611	**(371)**	**952**	**n.a.**	**Profit before tax**		**2,513**	**240**	**(90)**
(192)	67	(258)	n.a.	Income tax expense	6	(583)	(125)	(79)
419	**(304)**	**694**	**n.a.**	**Profit for the year**		**1,930**	**115**	**(94)**
				Attributable to				n.a.
412	(304)	695	n.a.	Owners of the Company		1,931	108	(94)
7	0	(1)	n.a.	Non-controlling interests		(1)	7	n.a.
419	**(304)**	**694**	**n.a.**			**1,930**	**115**	**(94)**
				Earnings per share				
41.2	(30.4)	69.5	n.a.	Basic and diluted earnings per share (kunas per share)		193.1	10.8	(94)

INA-INDUSTRIJA NAFTE d.d.
Condensed Consolidated Statement of Comprehensive Income – INA-GROUP
For the period ended 30 June 2011 and 2012
(in HRK million)

Q1 2012	Q2 2012	Q2 2011	%		H1 2011	H1 2012	%
419	**(304)**	**694**	**n.a.**	**Profit for the year**	**1,930**	**115**	**(94)**
				Other comprehensive income:			
(255)	462	(680)	n.a.	Exchange differences arising from foreign operations	(689)	207	n.a.
45	(37)	(5)	640	Gains on available-for-sale investments, net	5	8	60
(210)	**425**	**(685)**	**n.a.**	**Other comprehensive income, net**	**(684)**	**215**	**n.a.**
209	**121**	**9**	**1,244**	**Total comprehensive income for the year**	**1,246**	**330**	**(74)**
				Attributable to:			
202	121	10	1,110	Owners of the Company	1,247	323	(74)
7	0	(1)	n.a.	Non- controlling interests	(1)	7	n.a.

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Statement of Financial Position – INA-GROUP
At 30 June 2011 and 2012
(in HRK millions)

	Note	1 January 2012	30 June 2012	%
Assets				
Non-current assets				
Intangible assets	9	880	665	(24)
Property, plant and equipment	10	20,294	20,204	(0)
Goodwill		183	183	0
Investments in associates and joint ventures		34	34	(0)
Other investments		355	179	(50)
Long-term receivables		162	185	14
Derivative financial instruments		5	6	20
Deferred tax		662	967	46
Available for sale assets		325	336	3
Total non-current assets		**22,900**	**22,759**	**(1)**
Current assets				
Inventories	12	3,693	3,899	6
Trade receivables net	13	3,282	2,696	(18)
Other receivables		456	837	84
Derivative financial instruments		2	2	0
Other current assets		76	25	(67)
Prepaid expenses and accrued income		79	202	156
Cash and cash equivalents		337	559	66
Current assets		**7,925**	**8,220**	**4**
Assets classified as held for sale		0	0	n.a.
Total current assets		**7,925**	**8,220**	**4**
Total assets	8	**30,825**	**30,979**	**1**
Equity and liabilities				
Capital and reserves				
Share capital	11	9,000	9,000	0
Revaluation reserve		0	8	n.a.
Other reserves		2,616	2,823	8
Retained earnings / (Deficit)		2,759	2,864	4
Equity attributable to equity holder of the parent		**14,375**	**14,695**	**2**
Non-controlling interests		(10)	0	n.a.
Total equity		**14,365**	**14,695**	**2**
Non-current liabilities				
Long-term loans		5,630	1,329	(76)
Other non-current liabilities		126	136	8
Employee benefits obligation		104	100	(4)
Provisions		2,715	3,222	19
Total non-current liabilities		**8,575**	**4,787**	**(44)**
Current liabilities				n.a.
Bank loans and overdrafts		1,918	1,999	4
Current portion of long-term debt		1,904	4,784	151
Trade payables	15	2,032	2,639	30
Taxes and contributions		1,524	1,138	(25)
Other current liabilities		246	313	27
Accruals and deferred income		48	90	88
Employee benefits obligation		13	10	(23)
Provisions		200	524	162
Current liabilities		**7,885**	**11,497**	**46**
Liabilities directly associated with assets classified held for sale		0	0	n.a.
Total current liabilities		**7,885**	**11,497**	**46**
Total liabilities	14	**16,460**	**16,284**	**(1)**
Total equity and liabilities		**30,825**	**30,979**	**1**

Condensed Consolidated Cash Flow Statement - INA GROUP
For the period ended 30 June 2011 and 2012
(in HRK millions)

Q1 2012	Q2 2012	Q2 2011	%		Note	H1 2011	H1 2012	%
419	(304)	877	n.a.	**Profit/(loss) for the year**		1,930	115	(94)
				Adjustments for:				
628	429	697	(38)	Depreciation and amortisation		1,166	1,057	(9)
192	(67)	258	n.a.	Income tax (benefit)/expenses recognized in (loss)/profit		583	125	(79)
0	0	0	n.a.	(Gain) / loss over / under lifting receivable		0	0	n.a.
137	317	334	(5)	Impairment charges (net)		542	454	(16)
(149)	(5)	5	n.a.	Reversal of impairment		(105)	(154)	47
(2)	0	(8)	n.a.	Gain on sale of property, plant and equipment		(10)	(2)	(80)
0	0	4	n.a.	Gain on sale investments and shares		11	0	n.a.
(136)	186	(122)	n.a.	Foreign exchange loss/(gain)		(443)	50	n.a.
30	36	28	29	Interest expense (net)		52	66	27
36	(1)	(6)	(83)	Other financial expense recognised in profit		12	35	192
97	293	(297)	n.a.	Increase in provisions		(186)	390	n.a.
0	0	0	n.a.	Net book value of sold assets classified as held for sale		0	0	n.a.
24	24	27	(12)	Decommissioning interests		54	48	(12)
24	6	(8)	n.a.	Other non-cash items		2	30	1,400
1,300	**914**	**1,789**	**(49)**	**Operating cash flow before working capital changes**	11	**3,608**	**2,214**	**(39)**
				Movements in working capital	12			
(190)	(60)	(198)	(70)	(Increase)/decrease in inventories		(1,324)	(250)	(81)
19	(30)	(99)	(70)	(Increase)/decrease in receivables and prepayments		146	(11)	n.a.
(602)	1,425	461	209	(Decrease)/increase in trade and other payables		(1,254)	823	n.a.
0	0	0	n.a.	(Decrease)/increase in provisions		0	0	n.a.
527	**2,249**	**1,953**	**15**	**Cash generated from operations**		**1,176**	**2,776**	**136**
(54)	(788)	(325)	142	Taxes paid		(328)	(842)	157
473	**1,461**	**1,628**	**(10)**	**Net cash inflow from operating activities**		**848**	**1,934**	**128**
				Cash flows used in investing activities				
(182)	(140)	(137)	2	Payments for property, plant and equipment		(680)	(322)	(53)
(14)	(16)	(23)	(30)	Payment for intangible assets		(48)	(30)	(38)
2	0	9	n.a.	Proceeds from sale of non-current assets		11	2	(82)
0	0	0	n.a.	Investments of subsidiaries		0	0	n.a.
0	0	22	n.a.	Proceeds from sale of subsidiaries		22	0	n.a.
0	0	0	n.a.	Acquisition of investments in associates and joint ventures and other companies		0	0	n.a.
0	0	0	n.a.	Proceeds from sale of investments		0	0	n.a.
1	0	0	n.a.	Dividends received from companies classified as available for sale and from other companies		1	1	0
7	8	6	33	Interest received and other financial income		13	15	15
153	(8)	(3)	167	Investments and loans to third parties, net		(1)	145	n.a.
(33)	**(156)**	**(126)**	**24**	**Net cash used for investing activities**	13	**(682)**	**(189)**	**(72)**
				Cash flows from financing activities				
67	163	1	n.a.	Additional long-term borrowings		26	230	785
(276)	(1,423)	100	n.a.	Repayment of long-term borrowings		(1,067)	(1,699)	59
4,289	3,771	4,279	(12)	Additional short-term borrowings		10,988	8,060	(27)
(3,935)	(4,063)	(5,378)	(24)	Repayment of short term borrowings		(9,416)	(7,998)	(15)
0	0	(480)	n.a.	Dividends paid		(480)	0	n.a.
(26)	(25)	(4)	n.a.	Interest paid on long-term loans		(5)	(51)	n.a.
(2)	1	(5)	n.a.	Other long-term liabilities, net		(4)	(1)	(75)
(63)	18	(53)	n.a.	Interest paid on short term loans and other financing charges		(133)	(45)	(66)
54	**(1,558)**	**(1,540)**	**1**	**Net cash from financing activities**		**(91)**	**(1,504)**	**1,553**
494	(253)	(38)	573	Net (decrease)/increase in cash and cash equivalents		75	241	220
337	843	363	132	At 1 January		317	337	6
12	(31)	(21)	48	Effect of foreign exchange rate changes		(88)	(19)	(78)
843	559	304	84	At the end of period		304	559	84

INDUSTRIJA NAFTE, d.d.

Condensed Consolidated Statement of Changes in Equity – INA-GROUP
For the period ended 30 June 2011 and 2012
(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 2011	**9,000**	**2,340**	**27**	**1,424**	**12,791**	**2**	**12,793**
Profit for the year	0	0	0	1,931	1,931	(1)	1,930
Other comprehensive income, net	0	(689)	5	0	(684)	0	(684)
Other comprehensive income, net	0	(689)	5	1,931	1,247	(1)	1,246
Dividends payable	0	0	0	(480)	(480)	0	(480)
Balance as at 30 June 2011	**9,000**	**1,651**	**32**	**2,875**	**13,558**	**1**	**13,559**
	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Non controlling interest	Total equity
Balance as at 1 January 2012	**9,000**	**2,616**	**0**	**2,759**	**14,375**	**(10)**	**14,365**
Profit for the year	0	0	0	108	108	7	115
Other comprehensive income, net	0	207	8	(3)	212	3	215
Total comprehensive income for the year	0	207	8	105	320	10	330
Dividends paid	0	0	0	0	0	0	0
Balance as at 30 June 2012	**9,000**	**2,823**	**8**	**2,864**	**14,695**	**0**	**14,695**

Financial overview and notes

Income statement

Notes

H1 2012 results

1 **Total sales revenues** in H1 2012 amounted to HRK 14,531 million or 2% lower compared to H1 2011. This resulted from decreased crude oil and oil derivatives sales volumes, while realized hydrocarbon and oil derivatives prices were slightly higher than in H1 2011.

2 **Costs of raw materials and consumables** decreased by 9% to the amount of HRK 7,166 million due to 34% lower volumes of imported crude, while average import price of crude rose by 15% compared to H1 2011.

3 The **costs of goods sold** increased by 64% to HRK 2,883 million mostly due to combined effect of higher sold volumes of imported natural gas and higher prices compared to H1 2011, additionally backed by higher purchase volumes of crude oil products.

4 Within the **other operating costs** realised in H1 2012:

- Other material costs slightly increased by 1% to the amount of HRK 841 million.
- Service costs in the amount of HRK 748 million recorded an increase of 28% mainly due to higher royalty costs compared to H1 2011.
- Depreciation was lower by 9% and amounted to HRK 1,057 million mainly due to no production in Syria that resulted in no depreciation accounted since February 2012
- Adjustments and provisions of HRK 681 million were by HRK 338 million higher related to international operations.

5 **Staff costs** amounted to HRK 1,275 million, which is a decrease of 7% resulting from workforce optimization compared to H1 2011. Staff costs include net salaries costs in the amount of HRK 630 million, employee income tax costs in the amount of HRK 277 million, tax on payroll in the amount HRK 168 million and other payroll related costs in the amount HRK 200 million for the first six months of 2012.

From 31 December 2011 INA terminated the contracts of 351 employees and severance payments in the total amount of HRK 100 million were made.

6 In H1 2012 **income tax expense** decreased by HRK 458 million to the amount of HRK 125 million.
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 30 June 2012 and 20% for the period ending 30 June 2011.

7 **Net financial expenses** in the amount of HRK 251 million were recorded in H1 2012, compared to the net financial profit of HRK 319 million in the same period 2011.

- Net foreign exchange losses were HRK 62 million in H1 2012 mainly related to the depreciation of HRK against USD, compared to H1 2011 net foreign exchange gains of HRK 330 million
- Interests payable were HRK 85 million in H1 2012, while interest received amounted to HRK 12 million.

Company has recognized revenues in the income statement from hydrocarbon sales in Syria which had been realized, in line with international accounting standards, meaning that the cash principle has been applied since the beginning of 2011. INA until now did not receive the outstanding revenues for its share of hydrocarbon production in Syria neither it expects to realize its production share from its Syrian project for the foreseeable future, i.e. at least until the “force majeure” conditions cease to exist. Following the changes of the parameters for the functional depreciation (INA’s production share during the “force majeure”) on the major part of the Syrian assets and in line with the IFRS, depreciation would not be booked for the cash generating assets from February 2012 till force majeure conditions will cease to exist.
Under current practice and in line with the international accounting standards the company adjusts its receivables that are 180 days or older. Accordingly the company has adjusted a significant amount of its receivables in Egypt that meet these criteria.

Until June 2012, HRK 1,272 million recurring cost savings (1,021 excluding inter-segmental) and HRK 564 million revenue improvements have been achieved compared to the 2008 baseline at INA Group level. Altogether, HRK 1,836 million of recurring EBIT improvement (1,585 excluding inter-segmental) has been delivered since the program’s inception in 2010.

Balance sheet

8 As at 30 June 2012, INA Group **total assets** amounted to HRK 30,979 million and were almost at the same level as at 31 December 2011.

9 In the period ending 30 June 2012, the Group invested HRK 30 million in **intangible assets**. The effect of depreciation equals HRK 35 million. Retranslation caused by U.S. dollar exchange rate differences on oil and gas fields increased net book value of INA Group in amount of HRK 7 million. Value adjusted investments decreased net book value in amount of HRK 103 million. Transfer to Property, Plant & Equipment decreased net book value of intangible assets in amount of HRK 114 million.

10 In the period ending 30 June 2012, INA Group invested HRK 310 million in **property, plant and equipment**. Capitalised decommissioning costs increased the value of assets by HRK 389 million. Retranslation caused by U.S. dollar exchange rate differences on oil and gas fields increased net book value of INA Group in amount of HRK 186 million. Impairment in according with IAS 36 in INA Group equals HRK 31 million. The effect of depreciation reduced net book value of property, plant and equipment in amount of HRK 1.022 million. Value adjusted investments decreased net book value in amount of HRK 51 million. Increase of INA Group net book value is also result of foreign exchange differences in the amount of HRK 16 million. Transfer from intangible assets increased the value of Property, plant & equipment in amount of HRK 114 million. Disposal of assets was HRK 1 million.

11 **Issued capital** at 30 June 2012 amounted to HRK 9,000 million. There were no movements in the issued capital of the Company in either the current or the prior financial reporting.

12 **Inventories** amounted to HRK 3,899 million, which is an increase of 6% compared to 31 December 2011, reflecting both higher volumes and higher prices. Stored up finished products and work in progress inventories from own production increased by 105 kt.

13 **Trade receivables** decreased by 18% as a result of management efforts to collect overdue receivables and decreased sales volumes.

14 As at 30 June 2012 **total liabilities** decreased by 1% to the amount of HRK 16,284 million mostly as an effect of lower indebtedness compared to 31 December 2011 level.
INA Group **net indebtedness** decreased by 17% and amounted to HRK 7,553 million, as INA primarily managed to reduce its long-term debt as a result of higher own cash generating capabilities. **Gearing ratio**[6] decreased from 38.8% as at 31 December 2011, to 33.95% as at 30 June 2012.

15 **Trade payables** increased by 30% to HRK 2,639 million, as a result of higher amount of crude oil purchased compared to 31 December 2011.

Cash flow

16 The **operating cash-flow before changes in working capital** amounted to HRK 2,214 million, in H1 2012, representing a decrease of HRK 1,394 million, or 39%, compared to H1 2011, mainly as a result of lower EBITDA.

17 **Changes in working capital** affected the operating cash flow positively by HRK 562 million, primarily due to:

- Higher liabilities by HRK 838 million related higher crude purchases.
- Increased value of inventories by HRK 265 million (reflecting both higher prices and higher volumes)

Tax payment affected operating cash flow by HRK 842 million. Mentioned factors resulted in HRK 1,934 million net cash inflow from operating activities that INA Group generated in H1 2012.

18 **Net outflows in investing activities** amounted to HRK 189 million, in comparison with HRK 682 million outflows in H1 2011. Positive inflow in the amount of HRK 145 million was recorded coming from repaid loans by subsidiaries of joint ventures. A decrease is resulting from the nature of key projects, some of which were completed, and from current less favourable operating market environment.

[6] Net debt / net debt plus equity incl. minority interests

INDUSTRIJA NAFTE, d.d.

Related party transactions

The company 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 Company's 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 the Company 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.

Product sales between related parties were made at the usual prices of the Group, reduced by discounts and rebates depending on each particular relationship. Purchases of products between related parties were made at market prices, including appropriate discounts depending on each particular relationship. INA d.d. generally seeks collateral for oil product sold to its related parties, except from customers who are state budget beneficiaries or fully owned by the state. The liabilities of the related parties to INA, d.d. are presented net of impairment of for bad and doubtful receivables.

INA-Group	Amounts owed from related parties	Amounts owed to related parties
HRK mln	30 June 2012	30 June 2012
Companies available for sale		
JANAF d.d. Zagreb	0	8
Strategic partner		
MOL Plc	51	35
Companies controlled by strategic partner		
Tifon d.o.o.	49	1
Kalegran Ltd.	21	0
Slovnaft, a.s.	0	21
Slovnaft, Petrochemicals s.r.o.	0	0
Mol Lub Kft.	0	0
MOL SLOVENIJA d.o.o.	18	10
IES-Italiana Energia e Servizi s.p.a.	1	4
TVK Nyrt.	0	1
Geoinform Kft.	0	0
Intermol d.o.o.	0	0
Energopetrol d.d.	25	0
Moltrade Mineralimpex Zrt.	0	102
Companies controlled by the State		
Hrvatska elektroprivreda	100	5
Other	522	21

INA-Group	Sales of goods	Purchase of goods
HRK mln	30 June 2012	30 June 2012
Companies available for sale		
JANAF d.d. Zagreb	0	40
Strategic partner		
MOL Plc	266	227
Companies controlled by strategic partner		
Tifon d.o.o.	407	3
Moltrade Mineralimpex Zrt.	0	102
Slovnaft, a.s.	0	56
Slovnaft, Petrochemicals s.r.o.	0	0
Mol Lub Kft.	0	1
MOL SLOVENIJA d.o.o.	15	45
IES-Italiana Energia e Servizi s.p.a.	8	4
TVK Nyrt.	0	2
Intermol d.o.o.	15	0
Energopetrol d.d.	183	0
Geophysical services Ltd.	0	0
Companies controlled by the State		
Hrvatska elektroprivreda	1,405	80
Other	1,156	305

INDUSTRIJA NAFTE, d.d.

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 include the credit risk and the liquidity risk.

a) Market risk

Commodity price risk management

INA purchases crude oil on a spot market price, mostly through short-term credit facility arrangements in US dollars at spot market prices. The required quantities of gas are purchased at a price denominated in US dollars in accordance to 3-year supply contract with Italian ENI. Domestic prices of refined products are determined under the pricing formula set out in the Refined Product Pricing Regulation which, to a limited extent, is hedging the Group from the changes in crude and oil product prices and the foreign currency risk, enabling refinery products to be reprised bi-weekly. INA may also use swap and option 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 operative cash flow position. The Group may use cross currency swaps to adjust the currency mix of the debt portfolio. As of June 30, 2012, there were no open cross currency transactions.

Interest rate risk management

INA Group companies use borrowed funds at both fixed and variable interest rates (mostly variable) and the Group is consequently exposed to the interest rate risk. The Group does not speculate on interest rate developments and primarily chooses floating rates. As of June 30, 2012, 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

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Group. According to existing Credit Risk Management Procedure Group estimates creditworthiness and risk in dealing with customers based on internal model of evaluation 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. In order to extend the available measures for collection of receivables, INA 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 and by continuous monitoring of projected and actual cash flow and due dates for account receivables and payables.

As of June 30, 2012, Group had contracted short-term bank credit lines amounting to USD 309 million (CNB middle rate), 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 revolving credit lines amounting to USD 1,350 million (CNB middle rate).

d) Fair value of financial instruments

The Group has concluded some long-term sale or purchase contracts that contain embedded derivatives as defined by IAS 39.

IRAN Moghan-2 Block

Currently INA, d.d. holds a Service Contract for the Exploration and Development of the Moghan-2 Block in Iran signed on 8 April 2008 with the National Iranian Oil Company (NIOC). The contract came into effect on 1 June 2008 and regulates INA as the operator in the exploration, appraisal and development phase while NIOC will conduct production operations. Minimum exploration work commitments include seismic surveys (2D and 3D) and drilling of one exploration well with minimum financial obligation amounting to USD 40.3 million. Obligatory Exploration phase expired on 31 May 2012. Due to the very complex developments regarding the international regulation for operating in Iran, including restrictive measures, actual project costs as of 30 June 2012 amounted to 4.5 mln USD.
The Company is currently not engaged in any activities that would be in breach of the EU and wider international trade sanctions against Iran and will continue with its efforts to ensure all future activities are carried out in compliance with the aforementioned regulation.

Contingent liabilities

EDISON INTERNATIONAL S.p.a arbitration procedure

EDISON INTERNATIONAL S.p.a. in its claim states that INA essentially did not adhere to the Production Sharing Agreement for the contractual area of north Adriatic, Izabela and Iris/Iva blocks, i.e. that it breached the obligations arising from the Agreement, and Edison is consequently claiming the amount of EUR 110.5 million. Arbitrage is currently underway in regards to the claim. In this proceeding a hearing is scheduled for December 2012.

Findings Report received from the Ministry of Finance

On 20 February 2012 INA d.d. received from the Financial Police at the Ministry of Finance a Report on the findings in connection with the supervision of legality, correctness and timeliness of the calculation, declaration and payment of budgetary revenue for the period 1 January 2008 until 31 December 2009. The inspection covered value-added tax and corporate income tax for the period 1 January 2008 - 31 December 2009. According to the Findings Report, the Company has been imposed additional tax liabilities as well as late-payment interest for the period from 2008 to 2009. The potential tax liability and late penalty interest determined by the tax resolution was decreased compared to the initial liabilities determined in the Report and amounts to approximately HRK 124 million. INA, d.d. is preparing the appeal against the tax resolution.

Angolan Ministry of Finance audit

INA entered the Block 3 Production Sharing Agreement in Angola as member of related contractor groups in 1980 and started crude oil lifting in 1985. The audit of the activities was completed for the period 2003-2009 by the Angolan Ministry of Finance on all blocks on which INA performs activities and additional tax and profit oil liabilities were imposed to INA. The audit for 2010 is currently ongoing with estimated potential contingent liability for 2011 amounting to approximately HRK 33 million.

Subsequent events

Starting from 01 August 2012 Corporate Service Business Function would change its name to Corporate Centre Business Function. As of 01 September 2012 INA's Executive director of Corporate Centre Business Function, Mr. Berislav Gašo will continue his career within MOL Group, and the position of the Executive director for Corporate Centre will be taken over by Mr. Tvrtko Perković.

INDUSTRIJA NAFTE, d.d.

INA Group Summary Segmental Results of Operations

Q1 2012	Q2 2012	Q2 2011	%	(HRK mln)	H1 2011	H1 2012	%
				Sales			
3,767	2,773	3,178	(13)	Exploration & Production	6,414	6,540	2
4,095	5,091	4,927	3	Refining & Marketing	9,000	9,186	2
1,617	1,966	1,976	(1)	Retail	3,498	3,583	2
83	123	136	(10)	Corporate and Other	224	206	(8)
(2,306)	(2,678)	(2,400)	12	Inter-segment revenue	(4,376)	(4,984)	14
7,256	**7,275**	**7,817**	**(7)**	**Sales**	**14,760**	**14,531**	**(2)**
				Operating expenses, net other income from operating activities			
(2,961)	(2,100)	(1,341)	57	Exploration & Production	(3,106)	(5,061)	63
(4,147)	(5,649)	(5,542)	2	Refining & Marketing	(9,734)	(9,796)	1
(1,626)	(1,986)	(1,977)	0	Retail	(3,540)	(3,612)	2
(240)	(315)	(288)	9	Corporate and Other	(553)	(555)	0
2,306	2,678	2,400	12	Inter-segment eliminations	4,376	4,984	14
(6,668)	**(7,372)**	**(6,748)**	**9**	**Expenses**	**(12,557)**	**(14,040)**	**12**
				Profit/(loss) from operations			
806	673	1,837	(63)	Exploration & Production	3,308	1,479	(55)
(52)	(558)	(615)	(9)	Refining & Marketing	(734)	(610)	(17)
(9)	(20)	(1)	1,900	Retail	(42)	(29)	(31)
(157)	(192)	(152)	26	Corporate and Other	(329)	(349)	6
588	**(97)**	**1,069**	**n.a.**	**Profit from operations**	**2,203**	**491**	**(78)**
				Share in the profit of associate companies			
23	**(274)**	**66**	**n.a.**	**Net loss from financial activities**	**310**	**(251)**	**n.a.**
611	**(371)**	**1,135**	**n.a.**	**Profit before taxation**	**2,513**	**240**	**(90)**
(192)	67	(258)	n.a.	Income tax expense	(583)	(125)	(79)
419	**(304)**	**877**	**n.a.**	**Profit for the year**	**1,930**	**115**	**(94)**

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.

INDUSTRIJA NAFTE, d.d.

INA Group Summary Segmental Results of Operations

Q1 2012	Q2 2012	Q2 2011	%	Operating Profit Excluding Special Items (HRK mln)	H1 2011	H1 2012	%
1,032	1,057	1,739	(39)	Exploration & Production	3,314	2,089	(37)
(35)	(568)	(464)	22	Refining & Marketing	(492)	(603)	23
(7)	(12)	1	n.a.	Retail	(24)	(19)	(21)
(156)	(134)	(127)	5	Corporate and Other	(284)	(290)	2
834	**343**	**1,149**	**(70)**	**Total**	**2,514**	**1,177**	**(53)**

Q1 2012	Q2 2012	Q2 2011	%	Depreciation (HRK mln)	H1 2011	H1 2012	%
429	221	534	(59)	Exploration & Production	865	650	(25)
140	157	101	55	Refining & Marketing	178	297	67
24	23	24	(4)	Retail	47	47	0
35	28	38	(26)	Corporate and Other	76	63	(17)
628	**429**	**697**	**(38)**	**Total**	**1,166**	**1,057**	**(9)**

Q1 2012	Q2 2012	Q2 2011	%	EBITDA* (HRK mln)	H1 2011	H1 2012	%
1,281	1,359	2,291	(41)	Exploration & Production	4,151	2,640	(36)
131	(338)	(361)	(6)	Refining & Marketing	(261)	(207)	(21)
13	31	18	72	Retail	16	44	175
(128)	(120)	(144)	(17)	Corporate and Other	(294)	(248)	(16)
1,297	**932**	**1,804**	**(48)**	**Total**	**3,612**	**2,229**	**(38)**

Q1 2012	Q2 2012	Q2 2011	%	EBITDA Excluding Special Items* (HRK mln)	H1 2011	H1 2012	%
1,426	1,398	2,318	(40)	Exploration & Production	4,178	2,824	(32)
142	(351)	(338)	4	Refining & Marketing	(238)	(209)	(12)
24	32	33	(5)	Retail	31	55	77
(116)	(104)	(102)	2	Corporate and Other	(252)	(220)	(13)
1,475	**974**	**1,911**	**(49)**	**Total**	**3,719**	**2,450**	**(34)**

** EBITDA = EBIT + Depreciation + Impairment + Provisions*

INDUSTRIJA NAFTE, d.d.

INA Group Summary Segmental Information

30 June 2012 Assets and liabilities	Exploration and production	Refining and marketing	Retail	Corporate and other	Elimination	Total
Property, plant and equipment	12,578	6,167	976	498	(15)	20,204
Intangible assets	581	15	2	67	0	665
Investments in associates and joint ventures	34	0	0	0	0	34
Inventories	1,272	2,984	66	146	(569)	3,899
Trade receivables, net	1,210	1,188	449	141	(292)	2,696
Not allocated assets						3,481
Total assets						**30,979**
Trade payables	666	1,672	168	425	(292)	2,639
Not allocated liabilities						13,645
Total liabilities						**16,284**
Other segment information						
Capital expenditure:	**228**	**65**	**36**	**23**	**0**	**352**
Property, plant and equipment	215	64	36	7	0	322
Intangible assets	13	1	0	16	0	30
Depreciation and amortisation	**650**	**297**	**47**	**63**	**0**	**1,057**
Impairment losses/(income) PP&E,net recognized in profit and loss	31	0	0	0	0	31
Other impairment losses/(income),net recognized in profit and loss	154	93	21	1	0	269
Total impairment losses/(income), net	**185**	**93**	**21**	**1**	**0**	**300**

31 December 2011 Assets and liabilities	Exploration and production	Refining and marketing	Retail	Corporate and other	Elimination	Total
Property, plant and equipment	12,375	6,417	990	524	(12)	20,294
Intangible assets	782	13	4	81	-	880
Investments in associates and joint ventures	34	-	-	-	-	34
Inventories	1,270	2,598	61	150	(386)	3,693
Trade receivables, net	1,977	985	388	318	(386)	3,282
Not allocated assets						2,642
Total assets						**30,825**
Trade payables	2,504	909	176	386	(1,943)	2,032
Not allocated liabilities						14,428
Total liabilities						**16,460**
Other segment information						
Capital expenditure:	**799**	**575**	**106**	**50**	**-**	**1,530**
Property, plant and equipment	726	567	105	11	-	1,409
Intangible assets	73	8	1	39	-	121
Depreciation and amortisation	**1,894**	**502**	**92**	**152**	**-**	**2,640**
Impairment losses/(income) PP&E,net recognized in profit and loss	(33)	655	(62)	-	-	560
Other impairment losses/(income),net recognized in profit and loss	325	351	9	11	-	696
Total impairment losses/(income), net	**292**	**1,006**	**(53)**	**11**	**-**	**1,256**

SPECIAL ITEMS IN OPERATING PROFIT AND EBITDA
(in HRK mln)

Q1 2012	Q2 2012	Q2 2011		H1 2011	H1 2012
			INA GROUP		
(246)	**(440)**	**(80)**	**Total impact of special items on operating profit**	**(311)**	**(686)**
(178)	**(42)**	**(107)**	**Total impact of special items on EBITDA**	**(107)**	**(221)**
(226)	**(384)**	**98**	**Exploration & Production**	**(6)**	**(610)**
(10)	(39)	(27)	Incentive measures	(27)	(49)
0	0	0	Impairment of assets in Libya (Crosco)	(65)	0
33	(2)	0	Reversal - IAS 36	0	31
(124)	0	0	Angola - oil tax concession	0	(124)
(11)	0	0	Egypt - extra cost of production	0	(11)
(122)	0	0	Provisions - Angola	0	(122)
0	(131)	0	Impairment of assets	0	(131)
8	0	13	Reversal of provisions for incentives	(6)	8
0	(8)	0	Provisions for incentives	0	(8)
0	(204)	0	Provisions for exiting service contract - Iran Moghan-2 Block	0	(204)
0	0	0	Provisions for litigations	(20)	0
0	0	112	Provisions (Prirodni plin tax case)	112	0
(17)	**10**	**(151)**	**Refining & Marketing**	**(242)**	**(7)**
(11)	(2)	(23)	Incentive measures	(23)	(13)
0	0	(152)	Impairment of gas bottles - Proplin	(152)	0
0	0	0	Impairment of assets - Refinery	0	0
11	0	24	Reversal of provisions for incentives	(6)	11
0	(3)	0	Provisions for incentives	0	(3)
0	0	0	Provisions for litigations	(61)	0
0	15	0	Revenues from insurance	0	15
(17)	0	0	Assets under construction	0	(17)
(2)	**(8)**	**(2)**	**Retail**	**(18)**	**(10)**
(11)	(1)	(15)	Incentive measures	(15)	(11)
11	1	13	Reversal of provisions for incentives	(3)	11
0	(8)	0	Provisions for incentives	0	(8)
(2)	0	0	Provisions for litigations	0	(2)
(1)	**(58)**	**(25)**	**Corporate functions**	**(45)**	**(59)**
(12)	(16)	(42)	Incentive measures	(42)	(28)
11	3	17	Reversal of provisions for incentives	(3)	14

Main external parameters

Q1 2012	Q2 2012	Q2 2011	%		H1 2011	H1 2012	%
118.5	108.2	117.4	(7.8)	Brent dtd (USD/bbl)	111.2	113.3	2.0
1,060.4	1,012.7	1,040.6	(2.7)	Premium unleaded gasoline 10 ppm (USD/t)*	980.7	1,036.6	5.7
1,005.7	937.1	987.1	(5.1)	Gas oil – ULSD 10 ppm (USD/t)*	947.6	971.4	2.5
674.1	623.9	619.6	0.7	Fuel oil 3,5% (USD/t)*	584.3	649.0	11.1
1,047.3	801.2	928.4	(13.7)	LPG (USD/t)*	915.5	924.3	1.0
70.8	90.3	25.1	260.0	Average crack spread	17.4	82.2	373.6
164.0	194.3	152.8	27.1	Crack spread – premium unleaded (USD/t)*	139.8	179.1	28.2
109.3	118.6	99.3	19.5	Crack spread – gas oil (USD/t)*	106.6	113.9	6.9
(222.3)	(194.6)	(268.3)	(27.5)	Crack spread - fuel oil 3,5% (USD/t)*	(256.7)	(208.4)	(18.8)
150.9	(17.3)	40.5	n.a.	Crack spread - LPG (USD/t)*	74.6	66.8	(10.4)
5.76	5.86	5.13	14.1	HRK/USD average	5.27	5.81	10.1
5.62	5.97	5.13	16.5	HRK/USD closing	5.13	5.97	16.5
7.55	7.52	7.39	1.8	HRK/EUR average	7.39	7.54	2.0
7.51	7.51	7.37	1.8	HRK/EUR closing	7.37	7.51	1.8
0.51	0.47	0.26	77.9	3m USD LIBOR (%)	0.29	0.49	71.8
1.04	0.69	1.42	(51.0)	3m EURIBOR (%)	1.25	0.87	(30.4)

** FOB Mediterranean*

INDUSTRIJA NAFTE, d.d.

Announcements in 2012

January 19, 2012	Response to query
February 14, 2012	Report for Q4 2011, unaudited, consolidated and unconsolidated
February 24, 2012	The Croatian government decision on restrictive measures against Syria
February 27, 2012	Notice on "force majeure" in Syria
March 02, 2012	Extraordinary General Meeting notice
April 06, 2012	Supervisory Board meeting announcement
April 11, 2012	Extraordinary General Meeting decisions
April 12, 2012	Supervisory Board meeting held
April 12, 2012	Annual report for 2011, audited, consolidated and unconsolidated
April 27, 2012	Report for Q1 2012, unaudited, consolidated and unconsolidated
May 11, 2012	Annual document of disclosed information for 2011
May 11, 2012	General Meeting notice
June 03, 2012	Code of Corporate Governance Questionnaire for 2011
June 04, 2012	Announcement on media statements
June 19, 2012	General Meeting decisions
July 06, 2012	Changes in organizational structure of INA, d.d.

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 March 12	30 June 12
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
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**

Source: Central Clearing Depositary Company As per information available on the MOL Plc. website the Company controls 49.08% of the issue.

Changes in organisation, Management Board or Supervisory Board

Supervisory Board

At the Extraordinary General meeting of INA-INDUSTRIJA NAFTE d.d. held on April 11, 2012 Ábel Galácz and József Simola were recalled and Szabolcs I. Ferencz and Ferenc Horváth were appointed Supervisory Board members with the term of office until June 10, 2013.

Management Board

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

Board of Executive Directors

Starting from 01 August 2012 Corporate Service Business Function would change its name to Corporate Centre Business Function. As of 01 September 2012 INA's Executive director of Corporate Centre Business Function, Mr. Berislav Gašo will continue his career within MOL Group, and the position of the Executive director for Corporate Centre will be taken over by Mr. Tvrtko Perković.

Management representation

INA Group's consolidated financial statements for Q2 and H1 2012 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