

ENCLOSURE 1

Reporting period:

1 January 2012

to

31 March 2012

Quarterly Financial Report TFI-PODTax number (MB): **03586243**Registration number (MBS): **080000604**Personal identification
number (OIB): **27759560625**Issuer: **INA - Industrija nafte d.d.**Postal code and location: **10000****Zagreb**Street and number: **Avenija Većeslava Holjevca 10**E-mail: investitori@ina.hrInternet address: www.ina.hrCode and city / municipality: **133** **Zagreb**Code and county: **21** **Grad Zagreb**Number of employees: **8821**
(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 servisi d.o.o.; Zagreb; Član INA Grupe**Contact person: **Ratko Marković dipl.oec.**
(Name and surname of contact person)Telephone: **01 612-3143**Telefaks: **01 612-3115**E-mail: Ratko.Markovic@trs.ina.hrName 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 31 March 2011

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

Item	AOP	Previous period	Current period
1	2	3	4
A) SUBSCRIBED CAPITAL UNPAID	001		
B) NON CURRENT ASSETS (003+010+020+029+033)	002	22.421.000.000	21.673.000.000
I. INTANGIBLE ASSETS (004 do 009)	003	888.000.000	854.000.000
1. Research & Development expenditure	004	76.000.000	65.000.000
2. Patents, licences, royalties, trade marks, software&similar rights	005		
3. Goodwill	006		
4. Prepayments for intangible assets	007	12.000.000	58.000.000
5. Intangible assets under construction	008	800.000.000	731.000.000
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 do 019)	010	18.576.000.000	17.924.000.000
1. Land	011	987.000.000	1.000.000.000
2. Property	012	8.203.000.000	8.038.000.000
3. Plants and equipment	013	6.181.000.000	6.173.000.000
4. Tools, plants&vehicles	014	352.000.000	351.000.000
5. Biological asset	015		
6. Prepayments for tangible assets	016	21.000.000	24.000.000
7. Assets under construction	017	2.823.000.000	2.329.000.000
8. Other tangible assets	018	3.000.000	3.000.000
9. Investments property	019	6.000.000	6.000.000
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	2.191.000.000	1.987.000.000
1. Investments in subsidiaries	021	1.033.000.000	1.005.000.000
2. Loans to subsidiaries	022	444.000.000	375.000.000
3. Participating interests (stakes)	023	40.000.000	40.000.000
4. Loans to participating interest	024		
5. Investments in securities	025		
6. Loans & deposits	026	349.000.000	187.000.000
7. Other non-current financial assets	027	325.000.000	380.000.000
8. Investment accounted by equity method	028		
IV. TRADE RECEIVABLES (030 do 032)	029	174.000.000	171.000.000
1. Receivables from subsidiaries	030	48.000.000	48.000.000
2. Receivables from credit sales	031	126.000.000	123.000.000
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033	592.000.000	737.000.000
C) CURENT ASSETS (035+043+050+058)	034	7.320.000.000	8.394.000.000
I. INVENTORIES (036 do 042)	035	3.030.000.000	3.511.000.000
1. Raw materials & consumables	036	1.026.000.000	823.000.000
2. Work in progress	037	1.150.000.000	1.530.000.000
3. Products	038	695.000.000	1.110.000.000
4. Merchandise	039	159.000.000	48.000.000
5. Prepayments for inventories	040		
6. Other available-for-sale assets	041		
7. Biological asset	042		
II. RECEIVABLES (044 do 049)	043	3.748.000.000	3.986.000.000
1. Receivables for trade debt of subsidiaries	044	1.588.000.000	1.891.000.000
2. Trade receivables	045	1.781.000.000	1.578.000.000
3. Receivables for trade debts of participating entities	046		
4. Amounts receivable from employees	047	3.000.000	5.000.000
5. Receivables from government agencies	048	234.000.000	388.000.000
6. Other receivables	049	142.000.000	124.000.000
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	313.000.000	303.000.000
1. Investments in subsidiaries	051		
2. Loans to subsidiaries	052	239.000.000	266.000.000
3. Participating interests (stakes)	053		
4. Loans to participating interest	054		
5. Investments in securities	055	4.000.000	3.000.000
6. Loans & deposits	056	21.000.000	21.000.000
7. Other financial assets	057	49.000.000	13.000.000
IV. CASH ON HAND AND IN THE BANK	058	229.000.000	594.000.000
D) PREPAYMENTS AND ACCRUED INCOME	059	54.000.000	163.000.000
E) TOTAL ASSETS (001+002+034+059)	060	29.795.000.000	30.230.000.000
F) OFF-BALANCE SHEET ITEMS	061		

EQUITY AND LIABILITIES			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	14.282.000.000	14.871.000.000
I. SHARE CAPITAL	063	9.000.000.000	9.000.000.000
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	2.239.000.000	1.988.000.000
1. Legal reserves	066		
2. Reserves for own shares	067		
3. Own shares and stakes (less)	068		
4. Statutory reserves	069	287.000.000	36.000.000
5. Other reserves	070	1.952.000.000	1.952.000.000
IV. REVALUATION RESERVES	071		45.000.000
V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074)	072	1.076.000.000	3.043.000.000
1. Retained earnings	073	1.076.000.000	3.043.000.000
2. Loss brought forward	074		
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	075	1.967.000.000	795.000.000
1. Profit for the financial year	076	1.967.000.000	795.000.000
2. Loss for the financial year	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	2.899.000.000	3.014.000.000
1. Provisions for redundancy costs	080	66.000.000	63.000.000
2. Provisions for tax obligations	081		
3. Other provisions	082	2.833.000.000	2.951.000.000
C) NON-CURRENT LIABILITIES (084 do 092)	083	5.662.000.000	5.453.000.000
1. Amounts payable to subsidiaries	084		
2. Liabilities for loans, deposits and other	085		
3. Liabilities towards banks and other financial institutions	086	5.555.000.000	5.348.000.000
4. Amounts payable for prepayment	087		
5. Trade payables	088		
6. Amounts payable for securities	089		
7. Liabilities toward participating interests	090		
8. Other non-current liabilities	091	107.000.000	105.000.000
9. Deferred tax	092		
D) CURRENT LIABILITIES (094 do 105)	093	6.904.000.000	6.808.000.000
1. Amounts payable to subsidiaries	094	646.000.000	470.000.000
2. Liabilities for loans, deposits and other	095		
3. Liabilities towards banks and other financial institutions	096	3.601.000.000	3.707.000.000
4. Amounts payable for prepayment	097	24.000.000	21.000.000
5. Trade payables	098	1.111.000.000	786.000.000
6. Amounts payable for securities	099		
7. Liabilities toward participating interests	100		
8. Amounts payable to employees	101	72.000.000	69.000.000
9. Liabilities for taxes and contributions	102	1.349.000.000	1.708.000.000
10. Dividend payables	103		
11. Liabilities directly associated with the assets classified as held for sale	104		
12. Other current liabilities	105	101.000.000	47.000.000
E) ACCRUAL AND DEFERRED INCOME	106	48.000.000	84.000.000
F) TOTAL LIABILITIES (062+079+083+093+106)	107	29.795.000.000	30.230.000.000
G) OFF-BALANCE SHEET ITEMS	108		
ANNEX TO THE BALANCE SHEET (to be filled in by entrepreneur submitting consolidated financial report)			
A) CAPITAL AND RESERVES			
1. Attributable to equity holders of the parent company's capital	109		
2. Attributable to minority interest	110		

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

PROFIT AND LOSS

for the period 01 January 2012 to 31 March 2012

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
I. OPERATING INCOME (112+113)	111	5.989.000.000	5.989.000.000	6.004.000.000	6.004.000.000
1. Sales revenue	112	5.734.000.000	5.734.000.000	5.891.000.000	5.891.000.000
2. Other operating income	113	255.000.000	255.000.000	113.000.000	113.000.000
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	4.854.000.000	4.854.000.000	5.095.000.000	5.095.000.000
1. Changes in inventories of finished products and work in	115	-980.000.000	-980.000.000	-811.000.000	-811.000.000
2. Material costs (117 do 119)	116	4.674.000.000	4.674.000.000	4.372.000.000	4.372.000.000
a) Cost of raw materials & consumables	117	3.958.000.000	3.958.000.000	3.521.000.000	3.521.000.000
b) Cost of goods sold	118	385.000.000	385.000.000	443.000.000	443.000.000
c) Other costs	119	331.000.000	331.000.000	408.000.000	408.000.000
3. Staff costs (121 do 123)	120	365.000.000	365.000.000	344.000.000	344.000.000
a) Net salaries	121	211.000.000	211.000.000	199.000.000	199.000.000
b) Employee income tax	122	101.000.000	101.000.000	95.000.000	95.000.000
c) Tax on payroll	123	53.000.000	53.000.000	50.000.000	50.000.000
4. Depreciation and amortisation	124	403.000.000	403.000.000	585.000.000	585.000.000
5. Other expenditures	125	240.000.000	240.000.000	443.000.000	443.000.000
6. Value adjustment (127+128)	126	38.000.000	38.000.000	65.000.000	65.000.000
a) non-current assets (without financial assets)	127	-17.000.000	-17.000.000	-15.000.000	-15.000.000
b) current assets (without financial assets)	128	55.000.000	55.000.000	80.000.000	80.000.000
7. Provisions	129	114.000.000	114.000.000	97.000.000	97.000.000
8. Other operating expenses	130				
III. FINANCIAL INCOME (132 do 136)	131	428.000.000	428.000.000	249.000.000	249.000.000
1. Interest income, foreign exchange differences, dividends and other financial	132	62.000.000	62.000.000	95.000.000	95.000.000
2. Interest income, foreign exchange differences, dividends and other financial income related to third parties	133	358.000.000	358.000.000	152.000.000	152.000.000
3. Part of income from associates and participating interests	134				
4. Unrealized gains (income) from the financial assets	135				
5. Other financial income	136	8.000.000	8.000.000	2.000.000	2.000.000
IV. FINANCIAL COSTS (138 do 141)	137	145.000.000	145.000.000	178.000.000	178.000.000
1. Interest, foreign exchange differences and other expenses	138	10.000.000	10.000.000	4.000.000	4.000.000
2. Interest, foreign exchange differences and other expenses related to third parties	139	66.000.000	66.000.000	50.000.000	50.000.000
3. Unrealized loss (expenses) from the financial assets	140				
4. Other financial expenses	141	69.000.000	69.000.000	124.000.000	124.000.000
V. SHARE OF INCOME OF ASSOCIATES	142				
VI. SHARE OF LOSS OF ASSOCIATES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142 + 144)	146	6.417.000.000	6.417.000.000	6.253.000.000	6.253.000.000
X. TOTAL EXPENSES (114+137+143 + 145)	147	4.999.000.000	4.999.000.000	5.273.000.000	5.273.000.000
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	1.418.000.000	1.418.000.000	980.000.000	980.000.000
1. Profit before tax (146-147)	149	1.418.000.000	1.418.000.000	980.000.000	980.000.000
2. Loss before tax (147-146)	150	0	0	0	0
XII. INCOME TAX EXPENSE	151	348.000.000	348.000.000	185.000.000	185.000.000
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	1.070.000.000	1.070.000.000	795.000.000	795.000.000
1. Profit for the period (149-151)	153	1.070.000.000	1.070.000.000	795.000.000	795.000.000
2. Loss for the period (151-148)	154	0	0	0	0
ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to owners of the company	155				
2. Attributable to non-controlling interests	156				
STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	1.070.000.000	1.070.000.000	795.000.000	795.000.000
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do	158	11.000.000	11.000.000	-206.000.000	-206.000.000
1. Exchange differences arising from foreign operations	159			-251.000.000	-251.000.000
2. Revaluation of non-current assets and intangible assets	160				
3. Gains or loss available for sale investments	161	11.000.000	11.000.000	45.000.000	45.000.000
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				
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR	167	11.000.000	11.000.000	-206.000.000	-206.000.000
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD	168	1.081.000.000	1.081.000.000	589.000.000	589.000.000

CASH FLOW STATEMENT - Indirect method
in the period 01 January 2012 to 31 March 2012

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

Item	AOP	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before taxation	001	1.418.000.000	980.000.000
2. Depreciation and amortisation	002	403.000.000	585.000.000
3. Increase of non-current liabilities	003		
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other increase of cash flow	006	599.000.000	346.000.000
I. Total increase of cash flow from operating activities (001 do 006)	007	2.420.000.000	1.911.000.000
1. Decrease of non-current liabilities	008		164.000.000
2. Increase of current receivables	009	105.000.000	702.000.000
3. Increase of inventories	010	1.510.000.000	520.000.000
4. Other decrease of cash flow	011	2.491.000.000	279.000.000
II. Total decrease of cash flow from operating activities (008 do 011)	012	4.106.000.000	1.665.000.000
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	246.000.000
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	1.686.000.000	0
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Proceeds from sale of non-current assets	015	2.000.000	0
2. Proceeds from sale of ownership and debt instruments	016		
3. Proceeds from interest rates	017		
4. Proceeds from dividends	018	57.000.000	
5. Other proceeds from investment activities	019		323.000.000
III. Total cash proceeds from investment activities (015 do 019)	020	59.000.000	323.000.000
1. Purchase of non-current assets	021	96.000.000	142.000.000
2. Payments for acquiring ownership and debt financial instruments	022		
3. Other payments from investment activities	023	219.000.000	18.000.000
IV. Total cash payments from investment activities (021 do 023)	024	315.000.000	160.000.000
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	025	0	163.000.000
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	026	256.000.000	0
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Proceeds from issuing of ownership and debt financial instruments	027		
2. Proceeds from loan principal, debentures, loans and other borrowing	028	5.251.000.000	4.140.000.000
3. Other proceeds from financial activities	029	5.000.000	
V. Total proceeds from financial activities (027 do 029)	030	5.256.000.000	4.140.000.000
1. Repayment of loan principal and bonds	031	3.285.000.000	4.122.000.000
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	22.000.000	62.000.000
VI. Total payments from financial activities (031 do 035)	036	3.309.000.000	4.184.000.000
C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	037	1.947.000.000	0
C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	038	0	44.000.000
Total increase of cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	5.000.000	365.000.000
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	260.000.000	229.000.000
Increase of cash and cash equivalents	042	5.000.000	365.000.000
Decrease of cash and cash equivalents	043	0	
Cash and cash equivalents at the end of the period	044	265.000.000	594.000.000

IZVJEŠTAJ O NOVČANOM TIJEKU - Direktna metoda
u razdoblju 01.01.2011. do 31.12.2011.

Obveznik: _____			
Naziv pozicije	AOP oznaka	Prethodno razdoblje	Tekuće razdoblje
1	2	3	4
NOVČANI TIJEK OD POSLOVNIH AKTIVNOSTI			
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 osnovne povrata poreza	004		
5. Ostali novčani primici	005		
I. Ukupno novčani primici od poslovnih aktivnosti (001 do 005)	006	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		
II. Ukupno novčani izdaci od poslovnih aktivnosti (007 do 012)	013	0	0
A1) NETO POVEĆANJE NOVČANOG TIJEKA OD POSLOVNIH	014	0	0
A2) NETO SMANJENJE NOVČANOG TIJEKA OD POSLOVNIH	015	0	0
NOVČANI TIJEK OD INVESTICIJSKIH AKTIVNOSTI			
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		
III. Ukupno novčani primici od investicijskih aktivnosti (016 do 020)	021	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		
IV. Ukupno novčani izdaci od investicijskih aktivnosti (022 do 024)	025	0	0
B1) NETO POVEĆANJE NOVČANOG TIJEKA OD INVESTICIJSKIH	026	0	0
B2) NETO SMANJENJE NOVČANOG TIJEKA OD INVESTICIJSKIH	027	0	0
NOVČANI TIJEK OD FINANCIJSKIH AKTIVNOSTI			
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		
V. Ukupno novčani primici od financijskih aktivnosti (028 do 030)	031	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		
VI. Ukupno novčani izdaci od financijskih aktivnosti (032 do 036)	037	0	0
C1) NETO POVEĆANJE NOVČANOG TIJEKA OD FINANCIJSKIH	038	0	0
C2) NETO SMANJENJE NOVČANOG TIJEKA OD FINANCIJSKIH	039	0	0
Ukupno povećanje novčanog tijeka (014 – 015 + 026 – 027 + 038 – 039)	040	0	0
Ukupno smanjenje novčanog tijeka (015 – 014 + 027 – 026 + 039 – 038)	041	0	0
Novac i novčani ekvivalenti na početku razdoblja	042		
Povećanje novca i novčanih ekvivalenata	043		
Smanjenje novca i novčanih ekvivalenata	044		
Novac i novčani ekvivalenti na kraju razdoblja	045	0	0

CHANGES IN EQUITY

for the period 1.1.2012 to 31.3.2012

Item	AOP	Previous period	Current period
1	2	3	4
1. Share capital	001	9.000.000.000	9.000.000.000
2. Capital reserves	002		
3. Profit reserves	003	1.952.000.000	1.988.000.000
4. Retained earnings or loss carried forward	004	1.556.000.000	3.043.000.000
5. Profit or loss of the current year	005	1.070.000.000	795.000.000
6. Revaluation of fixed tangible assets	006		
7. Revaluation of intangible assets	007		45.000.000
8. Revaluation of financial financial property available for sale	008	37.000.000	
9. Other revaluation	009		
10. Total capital and reserves (AOP 001 do 009)	010	13.615.000.000	14.871.000.000
11. Foreign exchange differences from net investments in foreign operations	011	11.000.000	-206.000.000
12. Current and deferred taxes (part)	012		
13. Cash flow hedge	013		
14. Changes in accounting policies	014		
15. Correction of significant mistakes from the previous period	015		
16. Other equity changes	016	1.070.000.000	795.000.000
17. Total equity increase or decrease (AOP 011 do 016)	017	1.081.000.000	589.000.000
17 a. Attributable to equity holders of the parent company's capital	018		
17 b. Attributable to minority interest	019		

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.

Q1 2012 – REPORT INA, D.D. NON-CONSOLIDATED

INA, d.d. financial results (IFRS)

HRK mln.	2011	Q4 2011	Q1 2011	Q1 2012	%
Net sales revenues	26,291	5,793	5,734	5,891	3
EBITDA reported ⁽¹⁾	6,602	1,259	1,690	1,656	(2)
EBITDA excl. special items ⁽²⁾	6,752	1,302	1,690	1,830	8
Operating profit reported	3,143	(489)	1,135	909	(20)
Operating profit excl. special items ⁽²⁾	4,019	163	1,301	1,137	(13)
Net financial expenses	(578)	(529)	283	71	(75)
Net profit/(loss) ⁽³⁾	1,967	(933)	1,070	795	(26)
Net profit/(loss) excl. special items ⁽²⁾	2,190	134	1,203	1,006	(16)
Operating cash flow	2,314	135	(1,686)	246	n.a.
Earnings per share					
Basic and diluted earnings/(loss) per share (kunas per share)	197	(93)	107	80	(26)
Net gearing	38.46	38.46	43.97	36.26	(18)
USD mln ⁽⁴⁾	2011	Q4 2011	Q1 2011	Q1 2012	%
Net sales revenues	4,920	1,043	1,060	1,022	(4)
EBITDA ⁽¹⁾	1,236	227	312	287	(8)
Operating profit	588	(88)	210	158	(25)
Operating profit excl. special items ⁽²⁾	752	29	240	197	(18)
Net financial expenses	(108)	(95)	52	12	(76)
Net profit/(loss) ⁽³⁾	368	(168)	198	138	(30)
Net profit/(loss) excl. special items ⁽²⁾	410	24	222	175	(21)
Operating cash flow	433	24	(312)	43	n.a.
Earnings per share					
Basic and diluted earnings/(loss) per share (USD per share)	36.8	(16.8)	19.8	13.8	(30)

⁽¹⁾ EBITDA = EBIT + Depreciation + Impairment + Provisions

⁽²⁾ Excludes special items related to asset impairment, provision and severance payments. The Q1 2012 EBIT was negatively influenced by HRK 228 million special items

⁽³⁾ INA d.d. net income attributable to equity holder

⁽⁴⁾ In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q4 2011: 5.5564 HRK/USD; Q1-Q4 2011: 5.3435 HRK/USD; Q1 2011: 5.4119 HRK/USD; Q1 2012: HRK/USD 5.7621

Q1 2012 results

INA d.d. improved its results in Q1 2012 mainly due to the positive contribution of Exploration and Production segment's result, which remained stable compared to last quarter of 2011. Refining and Marketing segment significantly improved its results and had a positive contribution at the EBITDA level, which was supported by management's effort in improving operational efficiency and market reach as well as slightly improving environment (improved crack spreads compared to the previous quarters). In spite of not received revenues from Syrian operations in the first quarter of 2012 and the tightened market demand for crude oil products INA d.d. delivered strong EBITDA excluding special items of HRK 1,830 million and operating profit excluding special items of HRK 1,137 million.

Q1 2012 net profit was significantly better compared to Q4 2011, with HRK 795 million net profit compared to HRK 933 million net loss in the last quarter of 2011. Q1 2012 net financial profit of HRK 71 million was mainly a result of net foreign exchange gains related to the appreciation of HRK against USD.

INA d.d. capital expenditures amounted to HRK 93 million and were lower compared to the same period last year, mainly as a result of later scheduling of projects within the year, compared to previous years, and no investments made in Syria due to an announced "force majeure". Majority of INA d.d. capital expenditures were spent on Exploration and Production activities (HRK 49 million), Refining and Marketing investments were mostly related to the development of the refining system, while Retail segment's investment were allocated to network modernisation and revitalisation.

INA d.d. Exploration and Production

Despite no revenues have been realized from the Syrian operations, operating profit, excluding special items amounted to HRK 1,316 million (USD 228 million) in Q1 2012. The result was backed with 15% higher average sales price as well as 9% lower unit OPEX resulting from the achievements in the management's effort to rationalize costs.

INA d.d. Refining and Marketing

Amidst continuously challenging market environment, the segment recorded improved positive contribution of HRK 146 million (USD 25 million) to the INA d.d. level EBITDA figure, meanwhile operating losses have been lowered to HRK 36 million (USD 6 million) compared to previous periods. The improved performance was a result of a more favorable product slate (resulting from the modernization of the refineries and from their continuously optimized operation), improving external environment, while gain on own produced inventories and internal efficiency improvements added to the decrease of the reported loss. The result was negatively influenced by higher oil price leading to higher costs of own consumption, and by the upward trends in purchased energy prices.

INA d.d. Retail segment

In Q1 2012, the segment generated operating loss (excluding special items) in the amount of HRK 5 million (USD 1 million). As a result of optimized sales and operations with introduction of premium CLASS fuel, decreased operating costs and network optimization (mostly staff costs and costs of value adjustments and provisions), the results improved compared to previous periods despite the drop in sales as a result of decreasing market demand.

INA d.d. Corporate Functions

The segment delivered an operating loss excluding special items of HRK 138 million (USD 24 million) in Q1 2012. This represents higher operating loss by HRK 17 million compared to the same period last year.

Income statement

In Q1 2012, INA d.d. **total sales revenues** increased by 3% to HRK 5,891 million compared to Q1 2011, mainly as a result of increased realized hydrocarbon prices. However, hydrocarbon sales volumes were lower in comparison to the same period last year.

Costs of raw materials and consumables decreased by 11% and amounted to HRK 3,521 million as a result of 36% lower volumes of imported crude, while average import price of crude rose by 20% compared to Q1 2011. In order to meet the market demand, lower processing of crude oil was mitigated with higher import of crude oil products.

Costs of goods sold rose by 15% to HRK 443 million mainly as a result of higher purchase volumes of crude oil products due to series of unplanned shutdowns related to unfavorable weather in February.

Within the **other operating costs** incurred in Q1 2012:

- Other material costs increased by 23% to HRK 408 million.
- The costs of services increased by 94% to HRK 397 million mainly due to higher royalty and increased VAT costs.
- Depreciation of HRK 585 million was at the higher level by 45% after more assets were put in operation in H2 2011, i.e. new upstream facilities in Syria and new units at Rijeka Refinery.
- Adjustments and provisions in the amount of HRK 162 million were higher by HRK 10 million compared to Q1 2011.

Staff costs decreased by 3% to HRK 390 million due to workforce optimization in the frame of redundancy program. The headcount as at 31 March 2012 was 8,821 compared to the 8,930 employees as at 31 March 2011.

Net financial expenses, positive in the amount of HRK 71 million were recorded in Q1 2012, compared to the net financial profit of HRK 283 million in Q1 2011. The difference primarily reflects decreased net foreign exchange gains and slightly higher interest expenses.

In Q1 2012, **income tax expense** decreased by HRK 163 million to the amount of HRK 185 million.

Balance sheet

INA d.d. **total assets** amounted to HRK 30,230 million as at 31 March 2012 and were slightly higher compared to 31 December 2011. **Property, plant and equipment** recorded a decrease of 4% because the depreciation was higher than the investments in non-current assets.

Trade receivables increased by 3% to HRK 3,470 million compared to 31 December 2011, as a result of higher intercompany trade receivables.

As at 31 March 2012 **total liabilities** amounted to HRK 15,359 million (1% lower than on 31 December 2011), mainly as an effect of lower trade payables. **Trade payables** decreased by 29% to HRK 1,256 million, because of better liquidity which enabled the payment of liabilities.

INA d.d. **net indebtedness** amounted to HRK 8,461 million as at 31 March 2012, which is a decrease of 5% compared to the end of 2011 primarily because INA managed to reduce its long-term debt as a result of higher own cash generating capabilities. **Gearing ratio**¹ was 36.3% as at 31 March 2012, decreasing from 38.5% as at 31 December 2011.

Cash flow

The operating cash-flow before changes in working capital amounted to HRK 1,680 million in Q1 2012, representing an increase of HRK 104 million compared to Q1 2011.

Changes in working capital affected the operating cash flow negatively by HRK 1,386 million, due to:

- Increased value of inventories by HRK 520 million
- Lower liabilities by HRK 164 million
- Higher receivables by HRK 702 million

Tax payment affected operating cash flow by HRK 48 million. Mentioned factors resulted in HRK 246 million net cash inflow from operating activities that INA d.d. generated in Q1 2012.

¹ Net debt / net debt plus equity incl. minority interests

INA, d.d. Summary Segmental Results of Operations

2011	(HRK mln)	Q4 2011	Q1 2011	Q1 2012	%
Sales					
9,516	Exploration & Production	2,503	1,987	2,301	16
17,450	Refining & Marketing	4,049	3,953	4,023	2
7,057	Retail	1,674	1,399	1,485	6
21	Corporate and Other	5	5	13	160
(7,753)	Inter-segment revenue	(2,438)	(1,610)	(1,931)	20
26,291	Sales	5,793	5,734	5,891	3
Operating expenses, net other income from operating activities					
(2,969)	Exploration & Production	(843)	(571)	(1,209)	112
(19,688)	Refining & Marketing	(5,452)	(4,054)	(4,059)	0
(6,996)	Retail	(1,627)	(1,438)	(1,493)	4
(1,248)	Corporate and Other	(798)	(146)	(152)	4
7,753	Inter-segment eliminations	2,438	1,610	1,931	20
(23,148)	Expenses	(6,282)	(4,599)	(4,982)	8
Profit (loss) from operations					
6,547	Exploration & Production	1,660	1,416	1,092	(23)
(2,238)	Refining & Marketing	(1,403)	(101)	(36)	(64)
61	Retail	47	(39)	(8)	(79)
(1,227)	Corporate and Other	(793)	(141)	(139)	(1)
0	Inter-segment eliminations	0	0	0	n.a.
3,143	Profit from operations	(489)	1,135	909	(20)
Share in the profit of associate companies					
(578)	Net loss from financial activities	(529)	283	71	(75)
2,565	Profit/(loss) before taxation	(1,018)	1,418	980	(31)
(598)	Income tax	85	(348)	(185)	(47)
1,967	Profit/(loss) for the year	(933)	1,070	795	(26)

INA, d.d. Summary Segmental Results of Operations

2011	Operating Profit Excluding Special Items (HRK mln)	Q4 2011	Q1 2011	Q1 2012	%
6,613	Exploration & Production	1,669	1,455	1,316	(10)
(1,532)	Refining & Marketing	(793)	(10)	(36)	259
119	Retail	71	(23)	(5)	(78)
(1,181)	Corporate and Other	(784)	(121)	(138)	14
0	Inter-segment eliminations	0	0	0	n.a.
4,019	Total	163	1,301	1,137	(13)
2011	Depreciation (HRK mln)	Q4 2011	Q1 2011	Q1 2012	%
1,765	Exploration & Production	384	290	401	38
447	Refining & Marketing	199	68	137	101
83	Retail	21	21	22	5
102	Corporate and Other	28	24	25	4
2,397	Total	632	403	585	45
2011	EBITDA* (HRK mln)	Q4 2011	Q1 2011	Q1 2012	%
8,119	Exploration & Production	2,025	1,720	1,617	(6)
(1,059)	Refining & Marketing	(609)	100	146	46
89	Retail	(10)	(2)	11	n.a.
(547)	Corporate and Other	(147)	(128)	(118)	(8)
0	Inter-segment eliminations	0	0	0	n.a.
6,602	Total	1,259	1,690	1,656	(2)
2011	EBITDA Excluding Special Items* (HRK mln)	Q4 2011	Q1 2011	Q1 2012	%
8,155	Exploration & Production	2,031	1,720	1,760	2
(1,021)	Refining & Marketing	(595)	100	157	57
130	Retail	8	(2)	22	n.a.
(512)	Corporate and Other	(142)	(128)	(109)	(15)
0	Inter-segment eliminations	0	0	0	n.a.
6,752	Total	1,302	1,690	1,830	8

* EBITDA = EBIT + Depreciation + Impairment + Provisions

INA—INDUSTRIJA NAFTE d.d. ZAGREB
INA, d.d. Unconsolidated Income Statement
For the period ended 31 March 2011 and 2012
(HRK millions)

2011		Q4 2011	Q1 2011	Q1 2012	%
	Sales revenue				
15,820	a) domestic	4,187	3,449	4,093	19
10,471	b) exports	1,606	2,285	1,798	(21)
26,291	Total sales revenue	5,793	5,734	5,891	3
5	Income from own consumption of products and services	3	0	2	n.a.
560	Other operating income	137	255	111	(56)
26,856	Total operating income	5,933	5,989	6,004	0
	Changes in inventories of finished products and work in progress	(489)	980	811	(17)
(13,814)	Cost of raw materials and consumables	(2,112)	(3,958)	(3,521)	(11)
(2,397)	Depreciation and amortization	(632)	(403)	(585)	45
(1,514)	Other material costs	(436)	(331)	(408)	23
(965)	Service costs	(286)	(205)	(397)	94
(1,666)	Staff costs	(425)	(400)	(390)	(3)
(2,644)	Cost of other goods sold	(926)	(385)	(443)	15
(1,306)	Impairment and charges (net)	(1,291)	(38)	(65)	71
244	Provisions for charges and risks (net)	175	(114)	(97)	(15)
(23,713)	Operating expenses	(6,422)	(4,854)	(5,095)	5
3,143	Profit from operations	(489)	1,135	909	(20)
	Share in the profit of associated companies				
355	Finance income	(37)	428	249	(42)
(933)	Finance costs	(492)	(145)	(178)	23
(578)	Net loss from financial activities	(529)	283	71	(75)
2,565	Profit before tax	(1,018)	1,418	980	(31)
(598)	Income tax expense	85	(348)	(185)	(47)
1,967	Profit for the year	(933)	1,070	795	(26)
	Attributable to				
1,967	Owners of the Company	(933)	1,070	795	(26)
0	Non-controlling interests	0	0	0	n.a.
1,967		(933)	1,070	795	(26)
	Earnings per share				
196.7	Basic and diluted earnings/(loss) per share (kunas per share)	(93.3)	107.0	79.5	(26)

INA—INDUSTRIJA NAFTE d.d. ZAGREB
INA, d.d. Unconsolidated Statement of Comprehensive Income
For the period ended 31 March 2011 and 2012
(HRK millions)

2011		Q4 2011	Q1 2011	Q1 2012	%
1,967	Profit/(loss) for the year	(933)	1,070	795	(26)
	Other comprehensive income:				
287	Exchange differences arising from foreign operations	400	0	(251)	n.a.
(27)	Gains/(loss) on available-for-sale investments, net	30	11	45	309
260	Other comprehensive income, net	430	11	(206)	n.a.
2,227	Total comprehensive income/(loss) for the year	(503)	1,081	589	(46)

INA-INDUSTRIJA NAFTE, d.d.
INA, d.d. Unconsolidated Statement of Financial Position
At 31 March 2011 and 2012
(HRK millions)

31 March 2011	1 January 2012	31 March 2012	%
Assets			
Non-current assets			
835	876	796	(9)
19,392	18,555	17,900	(4)
0	0	0	n.a.
1,220	1,033	1,005	(3)
45	34	34	(0)
506	799	568	(29)
306	207	253	22
0	0	0	n.a.
210	592	737	24
431	325	380	17
22,945	22,421	21,673	(3)
Current assets			
3,664	3,030	3,511	16
1,579	1,781	1,579	(11)
1,627	1,588	1,891	19
505	379	516	36
0	0	0	n.a.
257	313	303	(3)
170	54	163	202
265	229	594	159
8,067	7,374	8,557	16
12	0	0	n.a.
8,079	7,374	8,557	16
31,024	29,795	30,230	1
Equity and liabilities			
Capital and reserves			
9,000	9,000	9,000	0
38	0	45	n.a.
1,952	2,239	1,988	(11)
2,626	3,043	3,838	26
13,616	14,282	14,871	4
0	0	0	n.a.
13,616	14,282	14,871	4
Non-current liabilities			
6,772	5,556	5,348	(4)
114	106	105	(1)
85	61	60	(2)
2,605	2,665	2,719	2
9,576	8,388	8,232	(2)
Current liabilities			
3,930	1,784	1,973	11
247	1,817	1,734	(5)
31	0	0	n.a.
649	646	470	(27)
1,552	1,111	786	(29)
970	1,349	1,708	27
117	197	137	(30)
73	48	84	75
7	5	3	(40)
255	168	232	38
7,831	7,125	7,127	0
0	0	0	n.a.
7,831	7,125	7,127	0
17,408	15,513	15,359	(1)
31,024	29,795	30,230	1

INA—INDUSTRIJA NAFTE d.d. ZAGREB
INA, d.d. Unconsolidated Statement of Cash Flow
For the period ended 31 March 2011 and 2012
(HRK millions)

2011		Q4 2011	Q1 2011	Q1 2012	%
1,967	Profit/(loss) for the year	(933)	1,070	795	(26)
	Adjustments for:				n.a.
2,397	Depreciation and amortisation	632	403	585	45
598	Income tax (benefit)/expenses recognized in (loss)/profit	(85)	348	185	(47)
1,838	Impairment charges	1,409	447	131	(71)
(532)	Reversal of impairment	(876)	(409)	(66)	(84)
(3)	Gain on sale of property, plant and equipment	0	(2)	(7)	250
0	Gain on sale investments and shares	0	0	0	n.a.
79	Foreign exchange loss/(gain)	147	(311)	(140)	(55)
231	Interest expense	285	(105)	(26)	(75)
137	Other financial expense recognised in profit	338	(33)	12	n.a.
0	Decommissioning interests	(86)	0	0	n.a.
(237)	Increase in provisions	(228)	128	179	40
0	Reversal of impairment	0	0	0	n.a.
118	Decommissioning interests	118	27	24	(11)
0	Other non-cash items	(18)	13	8	(38)
6,593	Operating cash flow before working capital changes	703	1,576	1,680	7
	Movements in working capital				
(934)	(Increase)/decrease in inventories	875	(1,510)	(520)	(66)
(745)	(Increase)/decrease in receivables and prepayments	(101)	273	(702)	n.a.
(2,125)	(Decrease)/increase in trade and other payables	(867)	(2,025)	(164)	(92)
0	Decrease/(increase) in provisions	0	0	0	n.a.
2,789	Cash generated from operations	610	(1,686)	294	n.a.
(475)	Taxes paid	(475)	0	(48)	n.a.
2,314	Net cash inflow from operating activities	135	(1,686)	246	n.a.
	Cash flows used in investing activities				
(1,267)	Payments for property, plant and equipment	(504)	(77)	(82)	6
(121)	Payment for intangible assets	(67)	(18)	(60)	233
0	Proceeds from sale of non-current assets	(6)	2	0	n.a.
0	Payment related to sale of subsidiaries	0	0	0	n.a.
0	Acquisition of investments in associates and joint ventures and other companies	0	0	(18)	n.a.
0	Dividends received from companies classified under available for sale and other companies	0	57	0	n.a.
8	Proceeds from profit of companies	0	0	1	n.a.
164	Interest received	0	0	0	n.a.
0	Investments and loans to third parties	813	(219)	322	n.a.
(159)					
(1,375)	Net cash (outflow) used for investing activities	236	(255)	163	n.a.
	Cash flows from financing activities				
80	Additional long-term borrowings	55	25	0	n.a.
(1,290)	Repayment of long-term borrowings	1	(1,200)	(196)	(84)
17,727	Additional short-term borrowings	3,263	5,224	4,140	(21)
(16,818)	Repayment of short term borrowings	(3,821)	(2,085)	(3,926)	88
(480)	Payment dividends	0	0	0	n.a.
(56)	Interest paid on long-term loans	(56)	0	(24)	n.a.
(9)	Other long-term liabilities	(3)	(2)	(2)	0
(135)	Interest paid on short term loans and other financing charges	(60)	(23)	(27)	17
(981)	Net cash from financing activities	(621)	1,939	(35)	n.a.
(42)	Net (decrease)/increase in cash and cash equivalents	(250)	(2)	374	n.a.
260	At 1 January	482	260	229	(12)
11	Effect of foreign exchange rate changes	(3)	7	(9)	n.a.
229	At the end of period	229	265	594	124

INA – INDUSTRIJA NAFTE, d.d.
INA d.d. Unconsolidated Statement of Changes in Equity
For the period ended 31 March 2011 and 2012
(HRK million)

	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total
Balance as at 1 January 2011	9,000	1,952	27	1,556	12,535
Profit for the year	0	0	0	1,070	1,070
Other comprehensive loss, net	0	0	11	0	11
Total comprehensive profit for the year	0	0	11	1,070	1,081
Dividends payable	0	0	0	0	0
Balance as at 31 March 2011	9,000	1,952	38	2,626	13,616
	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total
Balance as at 1 January 2012	9,000	2,239	0	3,043	14,282
Profit for the year	0	0	0	795	795
Other comprehensive loss net	0	(251)	45	0	(206)
Total comprehensive income for the year	0	(251)	45	795	589
Dividends paid	0	0	0	0	0
Balance as at 31 March 2012	9,000	1,988	45	3,838	14,871

Capital Expenditure

2011	Capital Expenditures (HRK mln)	Q4 2011	Q1 2011	Q1 2012	%
659	Exploration & Production	244	163	49	233
577	Refining & Marketing	250	98	38	158
106	Retail	50	8	2	300
47	Corporate & other	26	(4)	4	n.a.
1,389	Total	570	265	93	185
2011	Capital Expenditures - Tangible Assets (HRK mln)	Q4 2011	31 March 2011	31 March 2012	%
586	Exploration & Production	206	138	37	273
569	Refining & Marketing	243	98	38	158
105	Retail	49	8	2	300
8	Corporate & other	6	(4)	2	n.a.
1,268	Total	504	240	79	204

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
MOL Plc.	2,500,001	2,500,001	4,715,538	4,715,538	4,715,538	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
Private and institutional investors	2,319,632	3,015,081	800,910	800,910	800,910	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

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 April 11, 2012 Ábel Galács and József Simola were recalled and Szabolcs I. Ferencz and Ferencz Horváth were appointed Supervisory Board members with the term of office until June 10, 2013.

Management Board

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

Management representation

INA Group's consolidated financial statements for Q1, 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 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

INA,d.d.
Uncondensed Interim Financial Statements with Notes for
the period ended 31 March 2012

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INA, d.d.
Condensed Unconsolidated Income Statement
For the period ended 31 March 2012
(all amounts in HRK millions)
(unaudited)

	Notes	Three months ended:		Three months ended:	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011
Sales revenue					
a) domestic		4,093	3,449	4,093	3,449
b) exports		1,798	2,285	1,798	2,285
Total sales revenue	3	5,891	5,734	5,891	5,734
Income from own consumption of products and services		2	-	2	-
Other operating income		111	255	111	255
Total operating income		6,004	5,989	6,004	5,989
Changes in inventories of finished products and work in progress		811	980	811	980
Cost of raw materials and consumables		(3,521)	(3,958)	(3,521)	(3,958)
Depreciation and amortisation		(585)	(403)	(585)	(403)
Other material costs		(408)	(331)	(408)	(331)
Service costs		(397)	(205)	(397)	(205)
Staff costs	5	(390)	(400)	(390)	(400)
Cost of other goods sold		(443)	(385)	(443)	(385)
Impairment and charges (net)		(65)	(38)	(65)	(38)
Provision for charges and risks (net)		(97)	(114)	(97)	(114)
Operating expenses		(5,095)	(4,854)	(5,095)	(4,854)
Profit/(loss) from operations		909	1,135	909	1,135
Finance income		249	428	249	428
Finance costs		(178)	(145)	(178)	(145)
Net profit from financial activities		71	283	71	283
Profit before tax		980	1,418	980	1,418
Income tax expense	6	(185)	(348)	(185)	(348)
Profit for the year		795	1,070	795	1,070
Earnings per share					
Basic and diluted earnings / (loss) per share (kunas per share)	7	79.5	107.0	79.5	107.0

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

INA, d.d.

Condensed Unconsolidated Statement of Comprehensive Income

For the period ended 31 March 2012

(all amounts in HRK millions)

(unaudited)

Notes	Three months ended:		Three months ended:	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Profit for the year	795	1,070	795	1,070
Other comprehensive income:				
Exchange differences arising from foreign operations	(251)	-	(251)	-
Gains on available-for-sale investments, net	45	11	45	11
Other comprehensive income, net	(206)	11	(206)	11
Total comprehensive income for the year	589	1,081	589	1,081

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 31 March 2012

(all amounts in HRK millions)

(unaudited)

ASSETS	Notes	31 March 2012	31 December 2011
Non-current assets			
Intangible assets	8	796	876
Property, plant and equipment	9	17,900	18,555
Investment in subsidiaries		1,005	1,033
Investments in associates and joint ventures		34	34
Other investments		568	799
Long-term receivables		253	207
Deferred tax		737	592
Available for sale assets		<u>380</u>	<u>325</u>
Total non – current assets		<u>21,673</u>	<u>22,421</u>
Current assets			
Inventories		3,511	3,030
Intercompany receivables		1,891	1,588
Trade receivables, net		1,579	1,781
Other receivables		516	379
Other current assets		303	313
Prepaid expenses and accrued income		163	54
Cash and cash equivalents		<u>594</u>	<u>229</u>
Total current assets		<u>8,557</u>	<u>7,374</u>
TOTAL ASSETS		<u>30,230</u>	<u>29,795</u>

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 31 March 2012

(all amounts in HRK millions)

(unaudited)

EQUITY AND LIABILITIES	Notes	31 March 2012	31 December 2011
Capital and reserves			
Share capital	10	9,000	9,000
Revaluation reserve		45	-
Other reserves		1,988	2,239
Retained earnings	11	3,838	3,043
TOTAL EQUITY		14,871	14,282
Non – current liabilities			
Long-term loans		5,348	5,556
Other non-current liabilities		105	106
Employee benefit obligation		60	61
Provisions		2,719	2,665
Total non-current liabilities		8,232	8,388
Current liabilities			
Bank loans and overdrafts		1,973	1,784
Current portion of long-term loans		1,734	1,817
Intercompany payables		470	646
Trade payables		786	1,111
Taxes and contributions		1,708	1,349
Other current liabilities		137	197
Accruals and deferred income		84	48
Employee benefit obligation		3	5
Provisions		232	168
Total current liabilities		7,127	7,125
TOTAL LIABILITIES		15,359	15,513
TOTAL EQUITY AND LIABILITIES		30,230	29,795

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 31 March 2012

(all amounts in HRK millions)

(unaudited)

	Share capital	Other reserves	Revaluation reserves	retained earnings or accumulated deficit	Total
Balance at 1 January 2011	9,000	1,952	27	1,556	12,535
Profit for the year	-	-	-	1,070	1,070
Other comprehensive income, net	-	-	11	-	11
Total comprehensive income for the year	-	-	11	1,070	1,081
Balance at 31 March 2011	9,000	1,952	38	2,626	13,616
Balance at 1 January	9,000	2,239	-	3,043	14,282
Profit for the year	-	-	-	795	795
Other comprehensive income, net	-	(251)	45	-	(206)
Total comprehensive income for the year	-	(251)	45	795	589
Balance at 31 March 2012	9,000	1,988	45	3,838	14,871

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 31 March 2012

(all amounts in HRK millions)

(unaudited)

	Notes	Three months ended:	
		31 March 2012	31 March 2011
Profit for the year		795	1,070
Adjustments for:			
Depreciation and amortisation		585	403
Income tax (benefit)/expense recognized in (loss)/profit		185	348
Impairment charges (net)		131	447
Reversal of impairment		(66)	(409)
Gain on sale of property, plant and equipment		(7)	(2)
Foreign exchange loss		(140)	(311)
Interest expense (net)		(26)	(105)
Other finance expense recognised in profit		12	(33)
Increase in provisions		179	128
Decommissioning interests		24	27
Change in provision for charges and risks and other non-cash items		8	13
		1,680	1,576
Movements in working capital			
Increase in inventories		(520)	(1,510)
Increase in receivables and prepayments		(702)	273
Decrease in trade and other payables		(164)	(2,025)
Cash generated from operations		294	(1,686)
Taxes paid		(48)	-
Net cash inflow from operating activities		246	(1,686)
Cash flows used in investing activities			
Payments for property, plant and equipment		(82)	(77)
Payments for intangible assets		(60)	(18)
Proceeds from sale of non-current assets		-	2
Acquisition for investments in subsidiaries, associates and joint ventures and other companies		(18)	-
Dividends received from companies classified as available for sale and from other companies		-	57
Proceeds from profit of subsidiaries		1	-
Investments and loans to third parties, net		322	(219)
Net cash used for investing activities		163	(255)

INA, d.d.
 Condensed Unconsolidated Cash Flow Statement
 For the period ended 31 March 2012
 (all amounts in HRK millions)
 (unaudited)

Notes	Three months ended:	
	31 March 2012	31 March 2011
Cash flows from financing activities		
Additional long-term borrowings	-	25
Repayment of long-term borrowings	(196)	(1,200)
Additional short-term borrowings	4,140	5,224
Repayment of short-term borrowings	(3,926)	(2,085)
Interest paid on long-term loans	(24)	-
Other long-term liabilities, net	(2)	(2)
Interest paid on short-term loans and other financing charges	(27)	(23)
Net cash from financing activities	(35)	1,939
Net increase in cash and cash equivalents	374	(2)
At 1 January	229	260
Effect of foreign exchange rate changes	(9)	7
At 31 March	594	265

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 consolidated 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 2012. 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 2011.

Adoption of new and revised International Financial Reporting 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:

- **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 - Disclosures”** –Transfer of Financial Assets (effective for annual periods beginning on or after 1 July 2011),
- **Amendments to IAS 12 “Income tax”,** - Deferred tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012),

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the INA Group accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

- **IFRS 9 “Financial Instruments”**, as amended in 2010, (effective for annual periods beginning on or after 1 January 2015),
- **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),
- **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),
- **IFRS 7 “Financial Instruments: Disclosures”**, published in December 2011, amendments enhancing disclosures about offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2013).
- **IFRS 7 “Financial Instruments: Disclosures”** - published in December 2011, amendments requiring disclosures about the initial application of IFRS 9 (effective for annual periods beginning on or after 1 January 2015),
- **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.”** 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).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new and revised standards (continued)

Standards and Interpretations effective in the current period (continued)

- **Amendments to IAS 1 “Presentation of Financial Statements”** - Revising the way of presenting the other comprehensive income (effective for annual periods beginning on or after 1 July 2012).
- **Amendments to IAS 19 “Employee Benefits”** - Improvements to the Accounting for Post-Employment Benefits (effective for annual periods beginning on or after 1 January 2013),
- **IAS 32 “Financial Instruments: Presentation”** - published in December 2011, amendments to application guidance on the offsetting of financial assets and financial instruments (effective for annual periods beginning on or after 1 January 2014),
- **IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”** (effective for annual periods beginning on or after 1 January 2013).

INA, d.d. has elected not to adopt these standards, revisions and interpretations in advance of their effective dates.

INA, d.d.

Notes to Condensed Unconsolidated Financial Statements

For the period ended 31 March 2012

(all amounts in HRK millions)

(unaudited)

3. SEGMENT INFORMATION

INA operates through three primary business segments. The strategic business segments offer different products and services.

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

Besides the three above-mentioned business segments, INA business includes a fourth segment the Business Functions that provides services for core activities.

INA, d.d.
Notes to Condensed Unconsolidated Financial Statements
For the period ended 31 March 2012
(all amounts in HRK millions)
(unaudited)

3. SEGMENT INFORMATION (continued)

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

INA, d.d.

	Exploration and production	Refining and marketing	Retail	Corporate and other	Elimination	Total
31 March 2012						
Sales to external customers	1,605	2,788	1,485	13	-	5,891
Inter-segment sales	696	1,235	-	-	(1,931)	-
Total revenue	2,301	4,023	1,485	13	(1,931)	5,891
Operating expenses, net of other operating income	(1,209)	(4,059)	(1,493)	(152)	1,931	(4,982)
Profit/(loss) from operations net of other income	1,092	(36)	(8)	(139)	-	909
Net finance income						71
Profit before tax						980
Income tax expense						(185)
Profit for the year						795

INA, d.d.
Notes to Condensed Unconsolidated Financial Statements
For the period ended 31 March 2012
(all amounts in HRK millions)
(unaudited)

3. SEGMENT INFORMATION (continued)

INA, d.d.

31 March 2011	Exploration and production	Refining and marketing	Retail	Corporate and other	Elimination	Total
Sales to external customers	1,479	2,851	1,399	5	-	5,734
Inter-segment sales	508	1,102	-	-	(1,610)	-
Total revenue	1,987	3,953	1,399	5	(1,610)	5,734
Operating expenses, net of other operating income	(571)	(4,054)	(1,438)	(146)	1,610	(4,599)
Profit/(loss) from operations net of other income	1,416	(101)	(39)	(141)	-	1,135
Net finance income						283
Profit before tax						1,418
Income tax expense						(348)
Profit for the year						1,070

INA, d.d.

Notes to Condensed Unconsolidated Financial Statements

For the period ended 31 March 2012

(all amounts in HRK millions)

(unaudited)

3. SEGMENT INFORMATION (continued)

INA, d.d.

31 March 2012	Exploration and production	Refining and marketing	Retail	Corporate and other	Elimination	Total
Assets and liabilities						
Property, plant and equipment	10,611	6,180	898	211	-	17,900
Intangible assets	716	13	3	64	-	796
Investments in subsidiaries	647	151	18	189	-	1,005
Investments in associates and joint ventures	34	-	-	-	-	34
Inventories	258	3,089	45	119	-	3,511
Trade receivables, net	2,033	1,038	382	17	(1,891)	1,579
Not allocated assets						5,405
Total assets						30,230
Trade payables	267	625	83	281	(470)	786
Not allocated liabilities						14,573
Total liabilities						15,359
Other segment information						
Capital expenditure:	49	38	2	4	-	93
Property, plant and equipment	37	38	2	2	-	79
Intangible assets	12	-	-	2	-	14
Depreciation and amortisation	401	137	22	25	-	585
Impairment losses/(income) PP&E net, recognized in profit and loss	(32)	-	-	-	-	(32)
Other impairment losses/(income) net, recognized in profit and loss	-	22	-	-	-	22
Total impairment losses/(income) net	(32)	22	-	-	-	(10)

INA, d.d.

Notes to Condensed Unconsolidated Financial Statements

For the period ended 31 March 2012

(all amounts in HRK millions)

(unaudited)

3. SEGMENT INFORMATION (continued)

INA, d.d.

31 December 2011	Exploration and production	Refining and marketing	Retail	Corporate and other	Elimination	Total
Assets and liabilities						
Property, plant and equipment	11,124	6,297	916	218	-	18,555
Intangible assets	780	13	4	79	-	876
Investment in subsidiaries	648	169	-	216	-	1,033
Investments in associates and joint ventures	34	-	-	-	-	34
Inventories	349	2,511	50	120	-	3,030
Trade receivables, net	2,037	965	348	19	(1,588)	1,781
Not allocated assets						4,486
Total assets						29,795
Trade payables	325	1,015	166	251	(646)	1,111
Not allocated liabilities						14,402
Total liabilities						15,513
Other segment information						
Capital expenditure:	659	577	106	47	-	1,389
Property, plant and equipment	586	569	105	8	-	1,268
Intangible assets	73	8	1	39	-	121
Depreciation and amortisation	1,765	447	83	102	-	2,397
Impairment losses/(income) PP&E net, recognized in profit and loss	(33)	655	(79)	-	-	543
Other impairment losses/(income) net, recognized in profit and loss	679	(693)	840	(63)	-	763
Total impairment losses/(income) net	646	(38)	761	(63)	-	1,306

4. SEASONALITY OF OPERATIONS

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

In the months of April to December, 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

Staff cost is presenting cost of net salaries in the amount of HRK 199 million, cost of employee income tax in the amount HRK 95 million, tax on payroll in the amount HRK 50 million and other payroll related costs in the amount HRK 46 million for the period ending 31 March 2012. For the period ending 31 March 2011 in staff cost is presented cost of net salaries in the amount in the amount HRK 211 million, cost of employee income tax in the amount HRK 101 million, tax on payroll in the amount HRK 53 million, and other payroll related costs in the amount HRK 35 million.

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 March 2012 and 20% for the period ending 31 March 2011.

7. EARNINGS PER SHARE

	INA, d.d.	
	Three months ended:	
	31 March 2012	31 March 2011
Basic and diluted earnings per share (in HRK)	79.5	105.3

Earnings

	Three months ended:	
	31 March 2012	31 March 2011
Earnings used in the calculation of total basic earnings per share (profit for the period attributable to equity holders of the parent)	795	1,070
	795	1,070

Number of shares

	Three months ended:	
	31 March 2012	31 March 2011
	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 31 March 2012, the INA, d.d. invested HRK 14 million in intangible assets. The effect of depreciation equals HRK 20 million. Retranslation caused by U.S. dollar exchange rate differences on oil and gas fields decreased net book value of INA Group in amount of HRK 27 million. Transfer from tangible assets is HRK 1 million. Transfer to property, plant & equipment decreased net book value of intangible assets in amount of HRK 47 million.

INA, d.d.

Notes to Condensed Unconsolidated Financial Statements

For the period ended 31 March 2012

(all amounts in HRK millions)

(unaudited)

9. PROPERTY, PLANT AND EQUIPMENT

In the period ending 31 March 2012, INA, d.d. invested HRK 79 million in property, plant and equipment. Reversal of capitalised decommissioning costs decreased the value of assets by HRK 8 million. Retranslation caused by U.S. dollar exchange rate differences on oil and gas fields decreased net book value of INA Group in amount of HRK 225 million. Reversal of Impairment in according with IAS 36 in INA Group equals HRK 32 million. The effect of depreciation reduced net book value of property, plant and equipment in amount of HRK 565 million. Reversal of depreciation for a prior year increased net book value in amount of HRK 1 million. Value adjusted investments decreased net book value in amount of HRK 16 million. Transfer from intangible assets increased the value of Property, plant & equipment in amount of HRK 47 million.

10. SHARE CAPITAL

Issued capital as at 31 March 2012 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.
	<u>Retained earning</u>
Balance at 1 January 2012	3,043
Profit for the period	<u>795</u>
Balance at 31 March 2012	<u>3,838</u>

INA, d.d.

Notes to Condensed Unconsolidated Financial Statements

For the period ended 31 March 2012

(all amounts in HRK millions)

(unaudited)

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.

INA, d.d.

	<u>Sales of goods</u>		<u>Purchase of goods</u>	
	<u>Three months ended:</u>		<u>Three months ended:</u>	
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Foreign related companies				
Holdina Sarajevo	245	164	9	-
INA Crna Gora d.o.o Podgorica	27	10	-	-
INA Beograd d.o.o Beograd	-	13	-	-
Interina d.o.o. Ljubljana	9	10	1	-
Adriagas Milano	-	-	-	-
Interina Ltd Guernsey	-	-	-	-
Interina Ltd London	-	-	-	-
Domestic related companies				
Prirodni plin d.o.o. Zagreb	1,269	1,373	121	80
Osijek Petrol d.d.	26	40	-	-
Maziva Zagreb d.o.o. Zagreb	23	26	17	2
STSI d.o.o. Zagreb	6	4	38	51
Crosco Grupa	3	4	42	26
Sinaco d.o.o. Zagreb	1	1	28	27
Top Računovodstvo Servisi d.o.o. Zagreb	2	-	19	-
ITR d.o.o. Zagreb	-	-	6	6
Companies available for sale				
JANAF d.d. Zagreb	-	-	29	19
Strategic partner				
MOL Plc	139	110	156	153

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.

	<u>Sales of goods</u>		<u>Purchase of goods</u>	
	<u>Three months ended:</u>		<u>Three months ended:</u>	
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Companies controlled by strategic partner				
Tifon d.o.o.	188	146	1	2
Energopetrol d.d.	93	-	-	-
MOL SLOVENIJA d.o.o.	5	-	-	-
IES-Italiana Energia e Servizi s.p.a.	6	-	-	-
Intermol d.o.o.	4	-	-	-
Slovnaft, Petrochemicals s.r.o.	-	-	-	-
Moltrade Mineralimpex Zrt.	-	-	-	-
Slovnaft, a.s.	-	-	15	-
Mol Lub Kft.	-	-	1	-
TVK Nyrt.	-	-	1	-
Geophysical services Ltd.	-	-	-	-
Companies controlled by the State				
Hrvatska elektroprivreda	79	74	45	33
Other	108	85	55	132

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	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
Foreign related companies				
Holdina Sarajevo	125	117	6	7
INA Crna Gora d.o.o Podgorica	16	14	-	-
INA Beograd d.o.o Beograd	8	10	-	-
Interina d.o.o. Ljubljana	3	1	-	-
Adriagas Milano	-	-	1	1
Interina Ltd Guernsey	-	-	132	137
Interina Ltd London	-	-	20	20
Domestic related companies				
Prirodni plin d.o.o. Zagreb	1,870	1,551	88	20
Osijek Petrol d.d.	32	53	2	1
Maziva Zagreb d.o.o. Zagreb	16	19	13	24
STSI d.o.o. Zagreb	5	2	60	257
Crosco Grupa	2	1	34	57
Sinaco d.o.o. Zagreb	-	-	28	35
Top Računovodstvo Servisi d.o.o. Zagreb	2	1	8	3
ITR d.o.o. Zagreb	-	-	9	10
Companies available for sale				
JANAF d.d. Zagreb	-	-	32	25
Strategic partner				
MOL Plc	36	34	37	62
Companies controlled by strategic partner				
Tifon d.o.o.	45	42	2	1
Energopetrol d.d.	28	24	-	-
MOL SLOVENIJA d.o.o.	2	2	-	-
IES-Italiana Energia e Servizi s.p.a.	-	-	-	2
Intermol d.o.o.	-	8	-	-
Slovnaft, Petrochemicals s.r.o.	-	-	-	1
Moltrade Mineralimpex Zrt.	-	-	-	-
Slovnaft, a.s.	-	-	7	5
Mol Lub Kft.	-	-	-	-
TVK Nyrt.	-	-	1	1
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	
	31 March 2012	31 December 2011	31 March 2012	31 December 2011
Companies controlled by the State				
Hrvatska elektroprivreda	10	186	3	14
Other	101	81	9	23

Loans to and from related parties:

INA, d.d.	Amounts of loans owed by related parties		Amounts of loans owed to related parties	
	31 March 2011	31 December 2011	31 March 2011	31 December 2011
Strategic partner				
MOL Plc	-	-	-	979
Companies controlled by strategic partner				
Energopetrol d.d.	163	326	-	-
Rotary	83	83	-	-

13. CONTINGENT LIABILITIES

EDISON INTERNATIONAL S.p.a arbitration procedure

In 2002, EDISON INTERNATIONAL S.p.a. and INA, d.d. concluded the Production Sharing Agreement for the contractual area of north Adriatic, Izabela and Iris/Iva blocks (Agreement).

EDISON INTERNATIONAL S.p.a. initiated the arbitration procedure on 29 June 2011 by delivering the Notice of Arbitration. On 19 July 2011 INA provided its response to the Notice of Arbitration and also set its Counterclaim. On 26 September 2011 INA, d.d. received the decision on the appointment of arbitration panel president in the concerned arbitration procedure, which represents the finalization of the procedure of arbitration panel appointment and formation. In line with the arbitration clause from the Agreement, the seat of the arbitration procedure shall be in Vienna and the procedure shall be conducted in line with UNCITRAL rules.

On 6 December 2011, by the Procedural Decision, the arbitration panel adopted the Agreement between the parties and arbitrators, Special Procedural Rules and the Timetable .

EDISON INTERNATIONAL S.p.a. filed the Statement of Claim on 20 February 2012 and INA, d.d. needs to provide its response to the claim and the counterclaim by 25 May 2012.

EDISON INTERNATIONAL S.p.a. in its claim states that INA essentially did not adhere to the Agreement, i.e. that it breached the obligations arising from the Agreement, and Edison is consequently claiming the amount of EUR 110.5 million.

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 total additional tax liability amounts to approximately HRK 131 million and consist of the following:

- Corporate Income Tax Liability for the year 2008 in the amount of around HRK 63 million, plus late-payment interest of approximately HRK 26 million;
- Corporate Income Tax Liability for the year 2008 in the amount of around HRK 12 million, plus late-payment interest of approximately HRK 4 million;
- Excise duty for the year 2008 in the amount of around HRK 1 million, plus late-payment interest of approximately HRK 500 thousand;
- VAT liability for the year 2009 in the amount of around HRK 19 million, plus late-payment interest of approximately HRK 5 million.

INA d.d. challenges all the findings identified in the Report prepared by the Financial Police of the Ministry of Finance as well as all the additionally imposed liabilities and has filed a complaint against the Report within the legally prescribed deadline.

Namely, INA d.d. considers that the Ministry of Finance, Financial Police, has determined the additional liabilities on the basis of wrongly determined factual findings and misapplication of substantive law and is confident of proving this in the pending administrative proceedings. From the total amount of the potential additional tax, excise duty and penalty interest liabilities identified in the Report, the unpredictable liability amounts to approximately HRK 129 million.

13. CONTINGENT LIABILITIES (continued)

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 from its development areas in 1985.

Angolan Ministry of Finance audited all blocks on which INA, d.d. performs activities and exploits crude oil. The audit was completed for the period from 2003 until 2009. The audit for 2010 is currently ongoing. For the period 2003 - 2009 the Angolan Ministry of Finance imposed to INA, d.d. additional tax and profit oil liabilities. INA, d.d. paid the liabilities relating to the 2003 – 2006 period and made a provision for the additional liabilities imposed for the period 2007 – 2009. Based on the estimation, INA, d.d. made a provision for the potential tax and profit oil liability relating to the ongoing audit for 2010.

Although the Angolan Ministry of Finance did not start the audit of 2011. INA, d.d. estimated the potential contingent liability in this regard in the amount of approximately HRK 33 million.

14. SUBSEQUENT EVENTS

Extraordinary General Assembly held

On 11 April 2012 Extraordinary General Shareholders' Assembly of INA INDUSTRIJA NAFTE, d.d. Zagreb was held attended by 9,500,566 shares or 95.006 % of 10,000,000 shares in total.

Following decisions on the revocation and the election of the members of the Supervisory Board of the Company were passed at the General shareholders assembly, with the necessary majority of votes present.

1. Ábel Galács and József Simola are hereby recalled from the duty of the Supervisory Board member.
2. As new members of the Supervisory Board of INA, d.d. Szabolcs I. Ferencz and Ferencz Horváth are elected.
3. The members of the Supervisory Board of the Company from Article 2 of this Decision are elected as of the date of entry into force of this Decision until 10 June 2013.