INA Group (ZSE: INA – R-A; LSE: HINA; homepage: www.ina.hr) announced its results for Q1 2009 today. This report contains consolidated financial statements for the period ended 31 March 2009 as prepared by the management in accordance with International Financial Reporting Standards (IFRS).

Financial highlights

2008 HRK mill	2008 USD mill	INA Group – financial results (IFRS)	Q1 2008 HRK mill	Q1 2008 USD mill[1)]	Q1 2009 HRK mill	Q1 2009 USD mill[1)]	Changes % HRK	Changes % USD[1)]
		CONTINUING OPERATIONS[3)]						
27,144	5,503	Net sales revenues	5,699	1,170	4,504	793	(21.0)	(32.3)
3,564	722	EBITDA	1,020	209	1,013	178	(0.7)	(14.9)
1,310	266	**Operating profit**	597	123	480	84	(19.6)	(31.1)
(780)	(158)	Net financial gain (expenses)	377	77	(809)	(142)	(314.6)	(283.9)
352	71	**Profit for the year from continuing operations**	774	159	(266)	(47)	(134.4)	(129.5)
		DISCONTINUED OPERATIONS[3]						
(1,450)	(294)	**Loss for the year from discontinued operations**	(178)	(37)	(306)	(54)	71.9	47.3
		ALL OPERATIONS[3)]						
(1,099)	(223)	**Net profit/loss[2]**	596	122	(572)	(101)	(195.9)	(182.2)
2.629	533	**Operating cash flow**	(583)	(120)	215	38	(136.8)	(131.5)

[1)] In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q1 2008: 4.8694 HRK/USD, for Q1 2009: 5.6817 HRK/USD, all calculated as an arithmetic mean.
[2)]INA Group net income attributable to equity holder.
[3)] Explained in the text that follows.

Dr.sc. Tomislav Dragičević, Chairman of INA, d.d. commented:

Negative trends in global market, which began in 2008 and continued in Q1 2009, strongly influenced INA's overall performance. Slowdown of economic activities, as a direct consequence of the recession at both global and national levels, affected INA's operations in all segments. Decrease of crude oil prices reflected in the fall of sales prices and margins (crack spread) of oil products in Q1 which substantially decreased net sales revenues and had a negative effect on the financial results of Q1 where INA recorded net loss of HRK 572 million. Exchange rate fluctuations, i.e. depreciation of the Croatian kuna against the US dollar and increased indebtedness resulted in total HRK 833 mill loss from financial activities. The gas business, which will be divested, recorded a loss of HRK 306 mill, much higher than in Q1 2008, primarily due to a higher negative difference between the import and selling prices of natural gas.
Despite challenging market conditions in Q1 2009 INA continued with investment activities and even increased total investments in comparison with the same period 2008, primarily due to the increased scope of activities in Syria and intensified activities on refinery modernization programme.

Operations in 1Q 2009 were influenced by unfavourable margins, higher price of imported natural gas and USD appreciation

On 30 January 2009 the Government of the Republic of Croatia and the Hungarian oil company - MOL signed a Master Agreement on Natural Gas Business (a framework agreement regulating some of the basic issues regarding the future of natural gas market and the supply of natural gas in Croatia). Based on the contract the Government or an entity designated by the Government for this purpose will take over the gas storage and trading during 2009.
Since the gas trading activity represents a major line of business, the Company presents relating results and cash flows as profit and cash flows from discontinued operations..
Through the implementation of the Master Agreement on Natural Gas Business, gas business will gradually be separated from INA, d.d. Pursuant to its business strategy, INA, d.d will keep onshore and offshore gas exploration and production activities in the Republic of Croatia.
Gas trading business separations is in progress in accordance with planned activities.

Continuing operations
In Q1 2009 the Group had HRK 480 mill (USD 84 mill) operating profit from continuing operations, HRK 117 mill down quarter-on-quarter. Lower hydrocarbon production, unfavourable market spreads with unfavourable product yield, lower domestic and B&H sale with higher sale on other markets, had a negative effect on the result. The above mentioned unfavourable effects were partly offset by absence of the negative price cap effect[1] and higher sale of oil products (in volume terms), with the wholesale growth partly offset by the retail decline.
As a result of increased indebtedness and US dollar appreciation in Q1 2009 the Group had HRK 809 mill loss from financial activities (continuing operations), against HRK 377 profit from financial activities quarter-on-quarter.

Discontinued operations
The operating loss on gas business (discontinued operations) increased quarter-on-quarter by HRK 157 mill to HRK 359 mill. Higher negative differential between sales and import prices had a substantial negative effect on the result. From financial activities HRK 24 mill loss was generated due to embedded derivatives, HRK 3 mill higher loss quarter-on-quarter.

All operations
In the context of all operations in Q1 2009 INA Group had a HRK 572 mill loss for the year (versus HRK 596 mill net profit in Q1 2008), within which the loss on gas business (discontinued operations) amounted to HRK 306 mill and that from continuing operations to HRK 266 mill.

[1] Price cap on oil products in Q1 2008 amounted to HRK 90 mill and it was equally divided between Refining & Marketing and Retail

- **Exploration & Production**

Segment's operating profit from continuing operations in Q1 2009 decreased by HRK 179 mill quarter-on-quarter to HRK 783 mill (USD 138 mill). The negative effect of lower crude oil price on average terms (BRENT FOB decreased by 54.0%) and lower hydrocarbon production was partly offset by higher CROSCO's operating profit.

- **Refining & Marketing**

In Q1 2009 the segment reported HRK 120 mill operating loss (USD 21 mill), HRK 12 mill down quarter-on-quarter primarily due to a 29% lower average refining margin[2] (lower market spreads and less favourable yield) partly offset by higher sales (in volume terms) and absence of the negative price cap effect.

- **Retail**

Total sales volumes in Q1 2009 were down by 6.9% and the average throughput per site by 8.8%. Following INA's retail strategy the segment increased the number of stations by 5 in comparison with March 31, 2008, i.e. it operated 488 petrol stations. In the reporting period the segment had HRK 4 mill (USD 1 mill) operating loss, which compares favourably by HRK 30 mill quarter-on-quarter. The positive effect of HRK 47 mill higher retail margin quarter-on-quarter was offset by HRK 15 mill higher negative effect of asset adjustment under IAS 36[3] and HRK 2 mill higher other costs.

- **Corporate and Other**[4]

In Q1 2009 the segment had HRK (179) mill operating result, USD (32) mill, HRK 44 mill more favourable result quarter-on-quarter primarily due to lower operating costs resulting from the implemented cost cutting measures.

- **Capital expenditures**

Capital expenditures in Q1 2009 increased by HRK 376 mill to HRK 984 mill (USD 173 mill). Expenditures for intangible assets (HRK 32 mill) decreased by 14% and the expenditures for property, plant and equipment (HRK 952 mill) were higher by 67% primarily due to higher expenditures for development activities in Syria and refinery modernisation programme.

[2] Average refining margin calculated based on INA's yield according to Platt's (FOB Med) quotations
[3] Negative effect on profit due to the expected lower profitability of petrol stations
[4] Corporate and Other includes corporate functions, subsidiaries providing safety and security services, maintenance and other services, and corporate support and other services

Overview of the environment

The last quarter of 2008 and early 2009 were characterised by a significant slowdown of economic activities and a massive drop of trading at a global level accompanied by a negative growth rate of global economy. Such a trend had a negative effect on industrial production of both developed and emerging economies, particularly the OECD countries where exports constitute a major source of growth. Despite numerous measures and some signs of a mild recovery, the financial system is still burdened with insufficient liquidity and asset-related problems of financial institutions and banks. The lack of funds is most present in emerging markets because of the withdrawal of foreign investors and lower exports. On IMF projections, a negative growth of world economy and a drop of trading are expected in 2009, and a recovery and stabilisation of world economy, depending on the success of the measures taken, are expected during 2010.[5]

In January-March 2009, the price of Brent crude FOB Med was mainly moving in the range between 40 and 50 US dollars per barrel, with the average price of 44.5 USD/bbl far below the Q1 2008 average of 96.7 USD/bbl. The OPEC decision to cut the supply and government measures for stimulating national economies have contributed to the stabilisation of crude oil prices. Although the price of crude has slightly recovered in comparison with Q4 2008, the slowdown of economic activities and the drop of demand for crude oil are keeping its price at current levels.

The Platt's average refinery spread (FOB Med - Italy) for Jan-March 2009 of 29.1 USD/t was 28.5% down on the Jan-March 2008 average of 40.7 USD/t. In Q1 2009, the margin for unleaded premium (50ppm) was 25.2% down on Q1 2008 (101.5 USD/t in 2008 and 75.9 USD/t in 2009), and the gas oil EN590 50 PPM margin was down by 43.5% (from 162.7 USD/t in 2008 to 92.0 USD/t in 2009). The negative margin for fuel oil was reduced by 61.9% (from -292.2 USD/t in 2008 to -111.3 USD/t in 2009).

In 2008, the Croatian GDP grew 2.4% in real terms, slower than in 2007 (when the growth was 5.6%), and slower than the ten-year average of 4.1% (1997-2007). The slowdown of economic growth in 2008, particularly in Q4 when it was 0.2%, is a result of intensified inflationary pressures, higher costs of living and production, and a lower demand as a consequence of global crisis. The slowing down of consumption growth, particularly of personal consumption representing a significant part of GDP, has been partly caused by a lower net credit growth of personal loans. During the first two months of 2009, a decline of industrial production was recorded in most industries resulting in a total decline of 13.3% in comparison with the same previous year period, as well as a lower retail turnover.[6]

The prices of products and services have grown by 2.1% since the beginning of the year, while the inflation in March, measured by the consumer prices index, amounted to 3.8% at the annual level, i.e. 5.5% in terms of the annual average, mainly due to higher prices of food, housing, water, energy, gas and fuel.[7]

The rate of HRK against the Euro has weakened by 2.8% (from 7.26 at the end of March 2008 to 7.46 at the end of March 2009) and its rate against the US dollar by 23.3% (from 4.59 HRK for one US dollar in 2008 to 5.66 HRK for one US dollar in 2009). On average, the rate of HRK against the Euro and the US dollar has weakened by 17% and 1.6% respectively compared to the same period in 2008. Since the beginning of the year the kuna has depreciated both against the euro and the US dollar 1.8 percent and 9.8 per cent respectively.

5 IMF; World Economic Outlook; April 2009
6 Croatian chamber of economy; Economic trends; April 2009
7 Croatian bureu of statistics; Consumer price indices; number 13.1.1/3, 14 April 2009

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Exploration & production *

FY 2008 HRK	FY 2008 USD	Segment IFRS results in mill	Q1 2008 HRK	Q1 2008 USD	Q1 2009 HRK	Q1 2009 USD	Changes % HRK	Changes % USD
		Revenues:						
8,273	1,677	- continuing operations	1,974	405	1,710	301	(13.4)	(25.8)
1,664	337	– discontinued operations	543	112	730	128	34.4	15.2
		Operating profit:						
3,528	715	- continuing operations	962	198	783	138	(18.6)	(30.2)
(1,702)	(345)	– discontinued operations	(202)	(41)	(359)	(63)	77.7	52.3
2,552	517	**CAPEX**	518	106	816	144	57.5	35.0

FY 2008	HYDROCARBON PRODUCTION	Q1 2008	Q1 2009	Ch %
6.0	**Crude oil production (MMbbl)**	**1.4**	**1.3**	**(7.3)**
4.1	Croatia	1.0	1.0	(4.9)
1.9	Abroad	0.3	0.3	(14.4)
3.0	**Condensate (MMbbl)**	**0.8**	**0.7**	**(11.3)**
75.3	**Natural gas production (Bcf)**	**18.8**	**18.4**	**(2.3)**
71.9	Croatia	17.9	16.9	(5.3)
39.8	- onshore	10.8	9.5	(12.1)
32.0	- offshore	7.1	7.4	5.0
3.5	Syria	0.9	1.5	54.2
58.9	**Average hydrocarbon prod./day (Mboe/d)**	**58.3**	**56.1**	**(3.7)**
43.3	**Natural gas imports (Bcf)**	9.9	9.9	(0.7)
108.1	**Natural gas sales on domestic market (Bcf)**	**32.5**	**30.1**	**(7.4)**

FY 2008	Realised hydrocarbon price	Q1 2008	I-III.2009	Prom. %
88.1	Average realised crude oil price (USD/bbl)	86.0	37.6	(56.3)
53.4	Average realised total hydrocarbon price (USD/boe)	50.2	43.7	(13.0)

*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

Exploration & production segment's operating profit from continuing operations in Q1 2009 decreased by HRK 179 mill to HRK 783 mill in comparison with the same period 2008 due to the negative effect of a decrease in crude oil price (BRENT FOB decreased by 54.0% quarter-on-quarter) and lower daily hydrocarbon production. Crosco Group had HRK 76 mill operating profit, HRK 130 mill better result than in Q1 2008 is mainly due to project in Mexico (initial project costs incurred in H1 2008; the platform was put in operation on June 9, 2008).

From discontinued operations the segment recorded HRK 359 mill operating loss, HRK 157 mill up quarter-on-quarter. Higher loss was mainly due to higher price of imported natural gas.

Hydrocarbon production cost

USD/Boe	Q1 2008	Q1 2009
Croatia - onshore	10.88	9.86
Croatia - offshore	10.76	15.74
Angola	0.00	0.00
Egypt	16.94	11.96
Sirya	5.30	3.54
Average	**10.90**	**10.98**

Hydrocarbon production

Mboe/day	Q1 2008	Q1 2009
Crude Oil	15.0	14.06
Natural Gas condensate	8.9	7.97
Natural Gas	34.4	34.01
o/w North Adriatic	13.0	13.75
Total	**58.3**	**56.04**

Average daily hydrocarbon production in Q1 2009 declined by 3.7% to 56.1 Mboe/daily, mainly due to the natural production decline on crude oil, condensate and natural gas onshore fields and crude oil production abroad.

Average cost of production in Q1 2009 increased by 0.7% to 10.98 USD/boe. Cost of production in North Adriatic (offshore Croatia) was increased by activation of new investments (higher depreciation and higher costs with lower initial production), while the domestic onshore production cost was lower mainly due to depreciation of Croatian kuna against US dollar. Costs on concessions abroad decreased, in Egypt production cost was lower mostly due to operating stoppages on North Bahariya concession as a result of change of the operator, and in Syria due to higher hydrocarbon production.

Average lifting cost was 1.8 USD/boe, against 1.7 USD/boe in Q1 2008.

Regulated natural gas prices on domestic market had a negative effect on the Upstream's result from discontinued operations. The average import price of natural gas in Q1 2009 increased by 63% amounting to 2.958 HRK/Mcm/33,34 MJ (with 17% weaker Croatian kuna against US dollar).

Price Differential to Import Prices

HRK/Mcm /33.34 MJ	Q1 2008	Q1 2009
Eligible customers' price	(755.23)	(1,049.26)
Tariff customers' price	(742.33)	(1,640.06)
Total price	(747.72)	(1,453.48)

Upstream CAPEX in Q1 2009 increased by HRK 298 mill reaching HRK 816 mill, quarter-on-quarter. Investments into tangible assets were HRK 303 mill higher mainly caused by higher investments in development on Syrian projects, while the investments into intangible assets were HRK 5 mill lower.

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Refining & marketing*

2008.		Segment IFRS results	Q1 2008		Q1 2009		Promjene %	
HRK	USD	in mill	HRK	USD	HRK	USD	HRK	USD
19,888	4,032	**Revenues**	4,325	888	2,671	470	(38.2)	(47.1)
(1,266)	(257)	**Operating profit**	(108)	(22)	(120)	(21)	11.1	(4.8)
1,571	318	**CAPEX**	56	12	148	26	164.3	126.5

FY 2008	REFINERY PROCESSING Kt	Q1 2008	Q1 2009	Ch %
570	Domestic crude oil	176	135	(23.2)
3,567	Imported crude oil	930	1,016	9.3
168	Condensates	51	37	(27.4)
308	Other feedstock	123	115	(6.8)
4,614	**TOTAL REFINERY THROUGHPUT**	**1,281**	**1,303**	**1.8**

FY 2008	REFINERY PRODUCTION Kt	Q1 2008	Q1 2009	Ch %
4,614	**TOTAL REFINERY PRODUCTION**	**1,281**	**1,303**	**1.8**

FY2008	REFINED PRODUCT SALES Kt	Q1 2008	Q1 2009	Ch %
2,825	Croatia	690	668	(3.1)
701	B&H	156	123	(21.0)
892	Other markets	166	289	74.6
4,417	**TOTAL CRUDE OIL PRODUCT SALES**	**1,012**	**1,081**	**6.8**

FY2008	REFINED PRODUCT SALES Kt	Q1 2008	Q1 2009	Ch %
1,050	Motor gasoline	226	277	22.9
2,564	Gas and heating oils	613	640	4.4
803	Other products	173	164	(5.4)
4,417	**TOTAL CRUDE OIL PRODUCT SALES**	**1,012**	**1,081**	**6.8**

*Refers to Refining&Marketing INA. d.d. and following subsidiaries: Maziva Zagreb, Proplin, Crobenz, Osijek Petrol, InterIna Ljubljana, INA BH Sarajevo, Holdina Sarajevo, INA Hungary, FPC London, INA-Crna Gora, INA Beograd, INA Kosovo, Interina Holding London, Holdina Guernsey.

In Q1 2009 the **R&M segment** recorded HRK 120 mill **operating loss,** which compares unfavourably by HRK 12 mill quarter-on-quarter. The negative effect of 29% lower average refinery margin[8] based on lower market spreads and less favourable yield was partly offset by higher sale volumes and absence of negative price cap effect.[9]. Increased demand for fuel oils was driven by natural gas deficiency due to problems in supply from Russia. The Segment's result which was negative in January due to stoppages in Sisak Refinery was followed by a positive result both in February and March.

Total sales volumes in Q1 2009 of 1,081 kt, represent a 6.8% increase on the same period 2008. Increased sale on other markets with lower sale on domestic and B&H market was unfavourable for INA because margins on other markets are lower. Sale of EURO IV motor fuels decreased by 2.5% (7 kt), with higher sale of EURO IV diesel and lower sale of EURO IV motor gasoline partly as a result of transfer to autogas. In spite of 3.8% decrease in production of EURO IV fuels no additional import was necessary in the observed period and the products from inventories were sold.

INA's strong market position continued in spite of a market share decline. In the domestic wholesale market INA's share slightly decreased from 77% to 76% in Q1 2009, while in B&H market sharply decreased from 44% to 37%, primarily as a result of putting in production refinery in Bosanski Brod which won a substantial market share with its products and terms of sale.

Segment's capital expenditures increased in Q1 2009 by HRK 92 mill to HRK 148 mill.
Within the scope of refinery modernization program the following activities have been undertaken in Sisak refinery: the construction and installation of HDS FCC unit was finished and detailed engineering, procurement of equipment and construction works on Isomerisation unit are in progress. As part of the second phase, all encompassing technical documentation for Basic design and FEED for MHC/HDS unit has been delivered, negotiations for concluding the Contract for Basic design for Coking unit are in progress and FEED documents have been delivered. In Rijeka refinery the construction works are in progress on sulphur recovery unit, HC/HDS unit and hydrogen generation unit while the Environmental impact study for Heavy residue processing unit was submitted to the relevant Ministry.

[8] Average refining margin calculated based on INA's yield according to Platt's (FOB Med) quotations.
[9] Negative price cap effect in Q1 2008 amounted to HRK 45 million.

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Retail*

2008 HRK	2008 USD	Segment IFRS results in mill	Q1 2008 HRK	Q1 2008 USD	Q1 2009 HRK	Q1 2009 USD	Changes % HRK	Changes % USD
8,221	1,667	**Revenues**	1,669	343	1,147	202	(31.3)	(41.1)
(98)	(20)	**Operating profit**	(34)	(7)	(4)	(1)	(88.2)	(89.9)
143	29	**CAPEX**	16	3	10	2	(37.5)	(46.4)

Key Segment operating data

REFINED PRODUCT RETAIL SALES Kt	Q1 2008	Q1 2009	Ch %
Croatia	272	254	(6.5)
B&H	9	8	(11.1)
Other markets	4	4	(16.0)
TOTAL OIL PRODUCT RETAIL SALES	**285**	**266**	**(6.9)**

FY 2008	REFINED PRODUCT RETAIL SALES Kt	Q1 2008	Q1 2009	Ch %
477	Motor gasoline	105	95	(9.3)
777	Gas and heating oils	167	156	(6.7)
58	LPG	13	14	11.3
4	Other products	1	1	(2.8)
1,316	**TOTAL OIL PRODUCT RETAIL SALES Kt**	**285**	**266**	**(6.9)**

* Refers to Retail INA d.d and Petrol Rijeka and retail of subsidiaries: Proplin, Crobenz, Osijek Petrol, Interina Ljubljana, INA BH Sarajevo, Holdina Sarajevo, INA - Crna Gora

In Q1 2009 the Retail segment had HRK 4mill **operating loss**, which compares favourably with Q1 2008 by HRK 30 million, primarily due to HRK 47 mill higher retail margin (HRK 44 mill positive effect of higher margin from fuel sale due to the absence of negative price cap effect and HRK 3 mill higher margin from sale of non-fuel products). The positive effect was partly offset by HRK 15 mill negative effect of IAS 36[10] and HRK 2 mill other negative changes in costs.

As at March 31, 2009 the Segment operated 488 petrol stations (437 in Croatia; 44 in B&H, 6 in Slovenia and 1 in Montenegro). In comparison with 2008 that is an increase by 5 (3 stations at home, 1 in B&H and 1 in Montenegro).

Total sales volumes went down 6.9% compared to the same period last year due to negative market trends and increasingly competitive environment. The average throughput per site went down by 8.8% in comparison with the same period last year.

Diesel and motor gasoline sales volumes decreased by 7.7% (of which diesel sales decreased by 6.6% and motor gasolines by 9.3%). Heating oil sales volume went down by 8.6%. Increased sale of lubricants and other products by 10.3% is the result of a 11.3% higher sale of LPG and industrial lubricants by 2.4%, while the sale of motor car lubricants went down by 6.3% due to the competitive environment.

Shop sales revenues in Q1 2009 increased by 18.2%. **Gross margin of other products per litre of fuel sold** on petrol stations increased by 18.8% quarter-on-quarter.

Capital expenditures in Q1 2009 amounted to HRK 10 mill (against HRK 16 mill in the same period 2008). Investments in the first three months mainly refer to construction of new petrol stations (HRK 5 mill) and realization of small projects relating to technological improvements, construction upgrades and equipping of shops.

[10] Negative effect on profit due to the expected lower profitability of petrol stations

Financial overview

Operations

On January 30, 2009 the Government of Croatia and MOL Plc. signed the Gas Master Agreement following which the Croatian Government or the 100% state-owned company, set up for the purpose, shall, during 2009, take over natural gas storage and trading activities. As gas business is a dominant business activity the company separately presented its results and cash flows from discontinued operations in 2008 and 2007.

Continuing operations

INA Group[11] net sales revenues in Q1 2009 decreased by 21% to HRK 4.5 billion, in comparison with the same period 2008 mostly due to lower sales prices and lower sale of crude oil (13%), partly offset by 6% higher sale of oil products.

In Q1 2009 the company applied maximum retail prices according to the effective formula for retail pricing on the domestic market. Following that there was no negative price cap effect against the same period 2008 when the negative price cap effect amounted to HRK 90 mill.

The cost of raw materials, consumables and energy in Q1 2009 decreased by 37% in comparison with the same period 2008, of which the cost of crude oil decreased by 40% as a result of a 45% lower average price of imported crude oil for INA's refineries (the FOB price on average decreased by 54%) with 9% higher refining volume. Decreased value of finished product inventories and WIP inventories in the total of HRK 122 mill increased costs incurred in the period, versus HRK 141 lower costs in the same period last year. The cost of other goods sold decreased by 12% to HRK 337 mill, mostly because there was no import of EURO IV quality fuels. Cost of services decreased by HRK 128 mill to HRK 728 mill mainly as a result of implemented cost optimisation measures, lower costs for ENI's tax and lower excess recovery petroleum and initial costs on project in Mexico in the same period 2008. Depreciation increased by 22% to HRK 390 mill mostly due to capitalized finished projects. Adjustments and provisions increased by HRK 39 mill to HRK 143 mill mainly contributable to higher negative effect of IAS 36. Total staff costs increased by 2% due to average gross salary increase by 7.5% (INA, d.d. 7.2% and subsidiaries 8.2%), partly offset by lower amount of incentive severances paid.

Loss from financial activities in Q1 2009 was HRK 809 mill, against HRK 377 mill gain in the same period previous year. As a result of increased indebtedness and US dollar appreciation HRK 714 mill foreign exchange losses were recorded (mostly due to HRK 427 mill long-term loans and HRK 303 mill trade creditors negative impact partly offset by HRK 70 -million trade debtors positive effect), versus HRK 437 mill foreign exchange gains in Q1 2008. Interest payable amounted HRK 55 mill, HRK 15 mill up on the same period previous year, while the other financial expenditures amounted to HRK 40 mill or HRK 20 mill up.

Corporate income tax from continuing operations calculated for Q1 2009 amounted to HRK 63 mill against HRK 200 mill tax expense in Q1 2008.

Discontinued operations

Loss for the year from discontinued operations (trading in natural gas) of HRK 306 mill was by HRK 128 mill up on Q1 2008, mainly due to higher negative differential between sales and import prices. Operating loss of HRK 359 mill compares unfavourably to Q1 2008 by HRK 157 mill primarily as a result of higher negative differential between natural gas sales and import prices. From financial activities HRK 24 mill loss was generated due to embedded derivatives, HRK 3 mill higher loss quarter-on-quarter.

[11] External sale to third parties

Balance sheet

As at March 31, 2009 total assets amounted to HRK 27.1 billion, representing a 2% increase on the balance as at December 31, 2008. Non-current tangible and intangible assets increased by 3% mainly as a result of investments into development of gas fields in the North Adriatic and Syria and investments into modernization of refineries in Croatia. Goodwill and investments in associates and joint ventures increased by HRK 69 mill. The decrease in assets available for sale (non-current assets) by HRK 13 mill was primarily the consequence of decreased market value of Janaf d.d. shares. Deferred tax increased by HRK 157 mill, mostly due to a tax loss, offset by the effect of deferred tax from the previous years.
Inventories were up by 3%, totalling HRK 2.5 billion, mainly due to higher volumes of imported crude (higher import portion in total crude processed in Downstream), offset by the positive effects from decreased value of oil products' and WIP inventories (prices) and decreased inventories of consumables. Net trade receivables of HRK 3.0 billion as at March 31, 2009 increased by 4% in comparison with the balance at the end of 2008, primarily as a result of difficulties in collection.

The property and assets available for sale (current assets used in natural gas storaging activities) were decreased by 27%, amounting to HRK 263 million, mostly as a result of lower gas inventories. In December 2008, INA d.d. established the underground gas storage entity Podzemno skladište plina Okoli d.o.o. (a company fully owned by INA,d.d.) and transferred to it all assets necessary for the course of business. On January 30, 2009, INA, d.d., sold its equity share to Plinacro d.o.o., a company fully owned by the Republic of Croatia. Natural gas inventories shall be recorded in INA's balance sheet until the actual unbundling of natural gas commercial activities into the subject subsidiary, and its sale.

As at 31 March 2009 INA Group's total liabilities amounted to HRK 15.6 billion, 7% up on the balance as at December 31, 2008. Increased liabilities were the main driver which increased borrowings to HRK 8.2 billion, in comparison with HRK 7.1 billion on December 31, 2008. The loans were primarily utilized for procurement of crude oil and investing in the Company's Capex programme. Accounts payable decreased by HRK 302 mill, mainly due to settled payables for imported oil products and decreased payables for imported crude oil. Long-term and short-term provisions decreased by HRK 101 mill to HRK 1.5 billion mainly due to lower provisions based on re-estimation of litigation costs.

Total net debt of INA Group amounted to HRK 7.9 billion, versus HRK 6.6 billion at the end of 2008, while the net gearing ratio [12] increased from 35.3% to 40.9% as at March 31, 2009. The increased borrowing combined with a decreasing impact of loss for the year on the value of equity had a negative effect on the gearing ratio.

Cash flow

Operating cash flow before movements in working capital in Q1 2009 amounted to HRK 573 mill, HRK 46 mill down on the same period in 2008, mostly as a result of net financial loss. Increase in working capital decreased the funds by HRK 358 mill, primarily as a result of HRK 283 mill lower trade payables and HRK 110 mill lower provisions. In Q1 2009, due to the loss generated, INA was not subject to income tax.

Net cash outflow for investing activities was HRK 1,037 mill, HRK 412 mill up on net amount in Q1 2008. Increased investments were mainly into projects in Syria and refinery modernization program. Insufficient resources necessary for investment expenditures were ensured from INA's net debt up by HRK 1,365 mill, in comparison with the balance as at December 31, 2008.

[12] Net debt divided by net debt plus shareholders' equity including minority interests

Financial instruments and risk management

The most significant risks include market risks (the currency risk, the interest rate risk and the price risk), the credit risk and the liquidity risk. The Group used derivative instruments for managing those risks to a very limited extent. The Group does not use derivative financial instruments for speculative purposes.

a) Market risks

Commodity Price risks management
INA Group, as an integrated oil and gas company, is exposed to commodity price risk on both the purchasing side and the sales side. The Group purchases crude oil through short-term arrangements in US dollars at spot market prices.

The required quantities of gas are purchased at a price denominated in US dollars in accordance with a formula in the long-term gas supply agreement. The gas purchase price adjusted on a quarterly basis based on a 9-months average of certain oil product quotations; therefore the commodity price risk in gas purchase price is limited to a certain extent.

INA is mostly engaged in the sale of refined products and wholesale of natural gas. Domestic prices of refined products are determined under a pricing formula set out in the Refined Product Pricing Regulation (effective since 2001), enabling refinery products to be repriced every two weeks depending on the market (Platts) prices and the fluctuations of the Croatian kuna against the US dollar. Therefore, the Group, to a large extent, is able to hedge the changes in crude and oil product prices, and the currency risk.

Currency risk management
Forex movements have a complex impact on INA's operating cash-flow and net debt position. As INA's pricing is linked to the commodity prices set in USD for crude and refined products, a weakening HRK can be beneficial for the operating cash-flow of INA. However, a weakening HRK results in unrealised forex losses on the net debt position, as this is predominantly held in USD. The Company follows the basic economic currency risk management principle that the currency mix of our debt is in line with the currency mix of free cash-flow, which provides a natural hedge position for INA.

Interest rate risk management
As an energy company, INA has limited interest rate exposure. INA Group companies use borrowed funds at both fixed and variable interest rates (mostly variable) as well.

Other price risks
The Group is exposed to a limited extent, to equity price risks arising from equity investments held for strategic reasons, nevertheless it has insignificant impact on the overall performance of the company.

b) Credit risks

Credit risk is the risk of trade debtors' non-payment, i.e. default on contractual obligations resulting in possible financial loss for the Group. In line with the adopted Credit Risk Management Procedure, ensuring that sales are made to customers with appropriate credit history and do not exceed an acceptable credit exposure limit. INA, d.d. takes care to obtain security instruments wherever possible in order to hedge against possible financial risks and losses arising from defaults on payment and contractual obligations. Debentures, being the prevailing payment security instrument on the Croatian market, are mainly taken as collateral.

c) Liquidity risks

The Group's liquidity risk is managed by maintaining adequate reserves and credit lines, and by continuously monitoring the projected and actual cash flow, and due dates for amounts receivable and payable. Crude oil and oil products are imported through INA, d.d. foreign subsidiaries Interina London and Interina Guersney. In accordance with international practices, crude is purchased by opening irrevocable documentary letters of credit in favour of the suppliers opened at first-class commercial banks, and by using short-term financing (trade financing).

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. An embedded derivative is a component of a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Related party transactions

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 Matica and the Group companies are disclosed below.

INA Matica HRK mill	Amounts owed from related parties	Amounts owed to related parties
	31 March 2009	31 March 2009
Foreign related companies		
Interina Ltd Guernsey	81	139
Holdina Sarajevo	134	3
Interina d.o.o. Mostar (Sarajevo)	1	
Interina d.o.o. Ljubljana	1	
Interina Ltd London	-	1,816
Domestic related companies		
Crosco Grupa	2	34
Osijek Petrol d.d.	106	1
Crobenz d.d. Zagreb	134	1
Proplin d.o.o. Zagreb	75	6
STSI d.o.o. Zagreb	4	364
Maziva Zagreb d.o.o. Zagreb	8	19

INA Matica HRK mill	Revenues from sales of goods and services to related parties	Costs of transactions with related parties
	31 March 2009	31 March 2009
Foreign related companies		
Interina Ltd Guernsey	417	5
Holdina Sarajevo	116	3
Interina d.o.o. Mostar	-	
Interina d.o.o. Ljubljana	4	
Interina Ltd London	-	1.431
Domestic related companies		
Crosco Grupa	1	59
Osijek Petrol d.d.	100	3
Crobenz d.d. Zagreb	95	2
Proplin d.o.o. Zagreb	93	33
STSI d.o.o. Zagreb	2	117
Maziva Zagreb d.o.o. Zagreb	9	19

INA Group Summary Segmental Results of Operations

2008 HRK mill	2008 USD mill		Q1 2008 HRK mill	Q1 2009 HRK mill	Ch. %
		Sales			
8,273	1,677	Exploration & Production – continuing operations	1,974	1,710	(13)
19,888	4,032	Refining & Marketing	4,325	2,671	(38)
8,221	1,667	Retail	1,669	1,147	(31)
1,153	234	Corporate and Other	159	140	(12)
(10,391)	(2,106)	Inter-segment revenue	(2,428)	(1,164)	(52)
27,144	5,503	**Sales – continuing operations**	5,699	4,504	(21)
1,664	337	Exploration & Production – discontinued operations	543	730	34
28,808	5,840	**Total sales**	6,242	5,234	(16)
		Operating expenses, net other income from operating activities			
(4,745)	(962)	Exploration & Production – continuing operations	(1,012)	(927)	(8)
(21,154)	(4,288)	Refining & Marketing	(4,433)	(2,791)	(37)
(8,319)	(1,686)	Retail	(1,703)	(1,151)	(32)
(2,007)	(407)	Corporate and Other	(382)	(319)	(16)
10,391	2,106	Inter-segment eliminations	2,428	1,164	(52)
(25,834)	(5,237)	**Expenses – continuing operations**	(5,102)	(4,024)	(21)
(3,366)	(682)	Exploration & Production – discontinued operations	(745)	(1,089)	46
(29,200)	(5,919)	**Total expenses**	(5,847)	(5,113)	(13)
		Profit from operations			
3,528	715	Exploration & Production - continuing operations	962	783	(19)
(1,266)	(257)	Refining & Marketing	(108)	(120)	11
(98)	(20)	Retail	(34)	(4)	(88)
(854)	(173)	Corporate and Other	(223)	(179)	(20)
1,310	266	**Profit/(loss) form operations – continuing operations**	597	480	(20)
(1,702)	(345)	Exploration & Production – discontinued operations	(202)	(359)	78
(392)	(79)	**Total profit/(loss) form operations**	395	121	(69)
	0	**Share in the profit of associate companies**			
(780)	(158)	Net profit/(loss) from financial activities - continuing operations	377	(809)	(315)
(110)	(22)	Net profit/(loss) from financial activities - discontinued operations	(21)	(24)	14
(890)	(180)	**Net profit/(loss) from financial activities**	356	(833)	(334)
530	107	Profit/(loss) before taxation - continuing operations	974	(329)	(134)
(1,812)	(367)	Profit/(loss) before taxation - discontinued operations	(223)	(383)	72
(1,282)	(260)	**Profit/(loss) before taxation**	751	(712)	(195)
(178)	(36)	Income tax - continuing operations	(200)	63	(132)
362	73	Income tax - discontinued operations	45	77	71
184	37	**Income tax**	(155)	140	(190)
352	71	Profit/(loss) for the period - continuing operations	774	(266)	(134)
(1,450)	(294)	Profit/(loss) for the period - discontinued operations	(178)	(306)	72
(1,098)	(223)	**Profit/loss) for the period**	596	(572)	(196)

Segmental sales include sale between business segments and the costs associated with such sales are therefore included into operating expenses of business segment making the purchase. Inter-segmental transactions are eliminated to arrive at INA Group sales figures and INA Group operating expenses.

INDUSTRIJA NAFTE, d.d.

Income Statement
- continuing operations -

2008		Q1 2008	Q1 2009	
HRK mill		HRK mill	HRK mill	Ch. %
	CONTINUING OPERATIONS			
	Sales revenue			
16,965	a) Domestic	3,814	2,862	(25)
10,179	b) Exports	1,885	1,642	(13)
27,144	**Total sales revenue**	5,699	4,504	(21)
677	Income from own consumption of products and services	56	33	(41)
638	Other operating income	285	400	40
28,459	**Total operating income**	6,040	4,937	(18)
(51)	Changes in inventories of finished products and work in progress	141	(122)	-
(13,765)	Cost of raw materials and consumables	(3,270)	(2,068)	(37)
(1,371)	Depreciation and amortization	(319)	(390)	22
(4,247)	Cost services	(856)	(728)	(15)
(2,922)	Staff costs	(653)	(669)	2
(3,910)	Cost of other goods sold	(382)	(337)	(12)
(829)	Impairment charges (net)	(93)	(133)	43
(54)	Provisions for charges and risks	(11)	(10)	(9)
(27,149)	**Operating expenses**	(5,443)	(4,457)	(18)
1,310	**Profit from operations**	597	480	(20)
	Share in the profit of associated companies			
411	Finance revenue	539	148	(73)
(1,191)	Finance costs	(162)	(957)	491
(780)	**Net (loss) / profit from financial activities**	377	(809)	-
530	**Profit for the year before taxation**	974	(329)	-
(178)	Income tax	(200)	63	-
352	**Profit / (Loss) for the year**	774	(266)	-
	DISCONTINUED OPERATIONS			
(1,450)	Profit / (loss) for the year – discontinued operations	(178)	(306)	72
(1,098)	**Profit / (loss) for the year**	596	(572)	-
	Attributable to			
(1,099)	Equity holder	596	(572)	-
1	Minority interest			
(1,098)		596	(572)	-
	Earning/(loss) per share (in HRK)			
(109.9)	Basic and diluted earnings/(loss) per share (kuna per share) from continuing and discontinued operations	59.6	(57.2)	-
35.2	Basic and diluted earnings per share (kuna per share) from continuing operations	77.4	(26.6)	-

INDUSTRIJA NAFTE, d.d.

Income Statement
- discontinued operations -

2008		Q1		
		2008	2009	
HRK mill		HRK mill	HRK mill	Ch. %
	DISCONTINUED OPERATIONS			
	Sales revenue			
1,619	a) Domestic	498	730	47
45	b) Exports	45		-
1,664	**Total sales revenue**	543	730	34
	Income from own consumption of products and services			
	Other operating income	24	105	338
1,664	**Total operating income**	567	835	47
	Changes in inventories of finished products and work in progress			
	Cost of raw materials and consumables			
	Depreciation and amortization			
(346)	Cost services	(72)	(142)	97
(5)	Staff costs	(1)	(1)	0
(2,853)	Cost of other goods sold	(696)	(1,051)	51
(162)	Impairment charges (net)			
	Provisions for charges and risks			
(3,366)	**Operating expenses**	(769)	(1,194)	55
(1,702)	**Profit from operations**	(202)	(359)	78
	Share in the profit of associated companies			
	Finance revenue			
(110)	Finance costs	(21)	(24)	14
(110)	**Net (loss) / profit from financial activities**	(21)	(24)	14
(1,812)	**Profit for the year before taxation**	(223)	(383)	72
362	Income tax	45	77	71
(1,450)	**Profit / (Loss) for the year - discontinued operations**	(178)	(306)	72

INDUSTRIJA NAFTE, d.d.

Consolidated Balance Sheet

31 Dec 2008		31 March 2008	31 March 2009	
HRK mill		HRK mill	HRK mill	Ch. %
	Assets			
	Non-current assets			
680	Intangible assets	545	691	27
17,519	Property. plant and equipment	15,291	18,079	18
197	Goodwill	169	197	17
76	Investments in associates and joint ventures	124	76	(39)
83	Investments in other companies	96	152	58
166	Long-term receivables	176	164	(7)
78	Derivative financial instruments	208	57	(73)
341	Deferred tax	58	498	759
201	Available for sale assets	540	188	(65)
19,341	**Total non-current assets**	17,207	20,102	17
	Current assets			
2,390	Inventories	3,190	2,456	(23)
2,914	Trade receivables net	2,907	3,025	4
719	Other receivables	517	693	34
106	Derivative financial instruments	97	86	(11)
38	Other current assets	39	56	44
167	Prepayments and advances	155	102	(34)
579	Cash with bank and in hand	341	308	(10)
359	Available for sale assets		263	-
7,272	**Total current assets**	7,246	6,989	(4)
26,613	**Total assets**	24,453	27,091	11
	Equity and liabilities			
	Capital and reserves			
9,000	Share capital	9,000	9,000	0
(135)	Revaluation reserve	136	(145)	(207)
2,307	Other reserves	2,275	2,335	3
855	Retained earnings / (Deficit)	2,700	283	(90)
12,027	**Equity attributable to equity holder of the parent**	14,111	11,473	(19)
10	Minority interests	9	10	11
12,037	**Total equity**	14,120	11,483	(19)
	Non-current liabilities			
4,554	Long-term loans	2,910	5,916	103
138	Other non-current liabilities	142	132	(7)
107	Employee benefits obligation	96	114	19
1,380	Long-term provisions	1,312	1,276	(3)
6,179	**Total non-current liabilities**	4,460	7,438	67
	Current liabilities			
2,492	Bank loans and overdrafts	2,526	2,226	(12)
98	Current portion of long-term debt	116	96	(17)
3,815	Accounts payable	1,995	3,513	76
1,211	Taxes and contributions	683	1,406	106
342	Other short-term liabilities	243	523	115
237	Accruals and deferred income	227	201	(11)
17	Employee benefits obligation	15	17	13
185	Short-term provisions	68	188	176
8,397	**Total current liabilities**	5,873	8,170	39
14,576	**Total liabilities**	10,333	15,608	51
26,613	**Total equity and liabilities**	24,453	27,091	11

Capital Expenditure

2008		Q1 2008	Q1 2009	
HRK mill		HRK mill	HRK mill	Ch. %
	Exploration & Production:			
2,273	Property, Plant and Equipment	484	787	
279	Intangible Assets	34	29	
2,552	**Total Exploration & Production**	518	816	57.5
	Refining & Marketing			
1,567	Property, Plant and Equipment	54	147	
4	Intangible Assets	2	1	
1,571	**Total Refining & Marketing**	56	148	164.3
	Retail:			
142	Property, Plant and Equipment	15	9	
1	Intangible Assets	1	1	
143	**Total Retail**	16	10	(37.5)
	Corporate & other:			
97	Property, Plant and Equipment	18	9	
8	Intangible Assets	0	1	
105	**Total Corporate & other**	18	10	(44.4)
	Inter-segment elimination:			
	Property, Plant and Equipment			
	Intangible Assets			
	Total Inter-segment elimination			
4,371	**Total Capital Expenditure**	608	984	61.8
	of which:			
4,079	Property, Plant and Equipment	571	952	
292	Intangible Assets	37	32	

INA—INDUSTRIJA NAFTE d.d. ZAGREB
INA GROUP CONSOLIDATED STATEMENT OF CASH FLOW
Period ended 31 March 2008 and 2009
(All amounts in HRK millions)

31.12. 2008		Q1 2008	Q1 2009	% promj.
(1,098)	**Profit for the year**	596	(572)	-
	Adjustments for:			
1,371	Depreciation and amortisation of non-current assets	319	390	22
(184)	Income tax expenses recognized in profit	156	(140)	-
991	Impairment charges (net)	93	132	42
(10)	Gain on sale of property plant and equipment	(8)	(7)	(13)
	Gain on sale of shares or stakes			0
409	Foreign exchange loss/(gain)	(437)	714	-
330	Interest expense (net)	60	77	28
152	Other financial income /(expenses) recognised in profit	20	42	110
(171)	Change in provision for charges and risks and other non-cash items	(180)	(63)	(65)
1,790	**Operating cash flow before working capital changes**	619	573	(7)
	Movements in working capital			
(186)	(Increase)/decrease in inventories	(120)	9	-
269	Increase in receivables and prepayments	221	26	(88)
726	Increase/(decrease) in trade and other payables	(1,294)	(283)	(78)
163	Increase/(decrease) in provisions	53	(110)	-
2,762	**Cash generated from operations**	(521)	215	-
(133)	Taxes paid	(62)		-
2,629	**Net cash inflow from operating activities**	(583)	215	-
	Cash flows used in investing activities			
(4,079)	Payments for property, plant and equipment	(570)	(952)	67
(292)	Payments for intangible assets	(37)	(32)	(14)
	Proceeds from sale of non-current assets	15	9	(40)
	Acquisition of investment in Energopetrol			
2	Dividends received from companies classified under available for sale and other companies	0	2	-
	Interest received	0	3	-
15	Investments and loans to third parties, net	(33)	(67)	103
(4,354)	**Net cash used for investing activities**	(625)	(1,037)	66
	Cash flows from financing activities			
1,331	Additional long-term borrowings	48	968	-
(112)	Repayment of long-term borrowings	(43)	(35)	(19)
	Additional short-term borrowings	4,111	1,914	(53)
	Repayment of short-term borrowings	(3,240)	(2,230)	(31)
(150)	Interest paid on long-term loans	(35)	(44)	26
(6)	Other long-term liabilities, net	(2)	(6)	200
(150)	Dividends paid			
(135)	Interest paid on short term loans and other financing charges	(15)	(19)	27
1,585	**Net cash from financing activities**	824	548	(33)
(140)	Net (decrease)/increase in cash and cash equivalents	(384)	(274)	(29)
720	At beginning of period	720	579	(20)
(1)	Effect of foreign exchange rate changes	5	3	(40)
579	At the end of period	341	308	(10)

INA GROUP CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the period ended 31 March 2008 and 2009
(All amounts in HRK millions)

Attributable to equity holders of the parent

	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Minority interests	Total equity
Balance as at 1 January 2008 (restated)	**9,000**	**2,301**	**649**	**2,104**	**14,054**	**9**	**14,063**
Gains/(losses) on available-for-sale investments			(513)		(513)		(513)
Dividends payable					0		0
Exchange differences on translation of the financial statements of foreign operations		(26)			(26)		(26)
Net profit recognised directly in equity	0	(26)	(513)	0	(539)	0	(539)
Profit for the year				596	596		596
Total recognized income and expense for the period	0	(26)	(513)	596	57	0	57
Balance as at 31 March 2008	**9,000**	**2,275**	**136**	**2,700**	**14,111**	**9**	**14,120**

	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Minority interests	Total equity
Balance as at 01 January 2009	**9,000**	**2,307**	**(135)**	**855**	**12,027**	**10**	**12,037**
Gains/(losses) on available-for-sale investments			(10)		(10)		(10)
Dividends payable					0		0
Exchange differences on translation of the financial statements of foreign operations		28			28		28
Net profit recognised directly in equity	0	28	(10)	0	18	0	18
Profit for the year				(572)	(572)		(572)
Total recognized income and expense for the period	0	28	(10)	(572)	(554)	0	(554)
Balance as at 31 March 2009	**9,000**	**2,335**	**(145)**	**283**	**11,473**	**10**	**11,483**

Announcements in 2009

May 05 2009	Proposal of the Articles of Association of INA-INDUSTRIJA NAFTE d.d.
May 04 2009	General Shareholders' Assembly - June 10^{th} 2009
April 15 2009	INA - INDUSTRIJA NAFTE, d.d. to participate in the investor conference
March 27 2009	MB and SB resolutions on 2008 Accounts
March 27 2009	Consolidated financial statements for the period ended 31 December 2008
March 24 2009	MB and SB meetings/2008 Flash Report release announced
February 27 2009	INA Group unaudited consolidated result for the year ending 31 December 2008
January 30 2009	INA SIGNS AGREEMENT ON SALE OF GAS STORAGE COMPANY
January 30 2009	Government of the Republic of Croatia and INA

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

	31 Dec 06	31 Dec 07	31 Dec 08	31 March 09
MOL Plc.	2,500,001	2,500,001	4,715,538	4,715,538
The Government of Republic of Croatia	5,180,367	4,484,918	4,483,552	4,483,552
Private and institutional investors	2,319,632	3,015,081	800,910	800,910
Total	**10,000,000**	**10,000,000**	**10,000,000**	**10,000,000**

Note: The Voluntary Public Takeover Offer made by MOL Hungarian Oil and Gas Plc to INA – INDUSTRIJA NAFTE d.d. shareholders was closed on 17 October 2008 when the Central Depository Agency reposted the shares deposited with the Agency during the voluntary takeover offer to the account of the Offeror. MOL Hungarian Oil and Gas Plc. and made the disbursements to previous shareholders. MOL Hungarian Oil and Gas Plc. acquired a total of 2.215.537 INA-INDUSTRIJA NAFTE d.d. shares.

Changes in organisation, Management Board or Supervisory Board

In Q1 2009 there were no changes in the Management Board and Supervisory Board.

Changes in organisation

As resolved by the Management Board, Mrs Višnja Bijelić was appointed Treasury Sector director as of 01 March 2009.

Management representation

INA Group's consolidated financial statements for Q1 2009 have been prepared in accordance with 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

Tomislav Dragičević	President of INA, d.d. Board
Zalán Bács	Vice President of the Board and CFO
Mirko Zelić	Management Board member for Exploration & Production
Josip Petrović	Management Board member and Executive Director of Refining & Marketing
Niko Paulinović	Management Board member and Executive Director of Retail services
Darko Markotić	Management Board member and Director of Corporate services
Tomislav Thür	Management Board member and Director of Corporate processes