

INA Group

Results and activities in Q4 2010 and Q1-Q4 2010



Improved results while also providing security of supply to Croatia

Foundation set for future growth for INA and the economy of Croatia

1

INA Q4 2010 and 2010 full year results at a glance:

Delivering profits after overcoming a challenging period

2

Activities and financial overview:

Increased efficiency and stabilized financials

3

INA in Croatia:

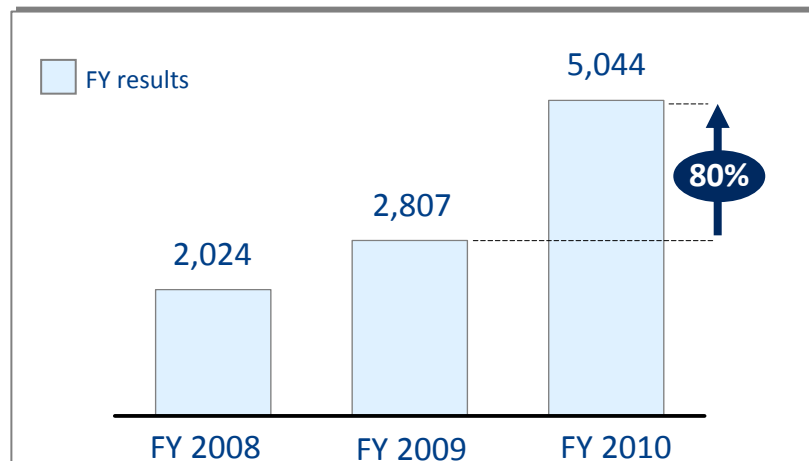
Securing energy supply and being the major investor and employer

1

Operating results improved driven by management's efforts and better external environment, however negative contribution of gas trading remained

Total EBITDA of INA Group¹

HRK millions

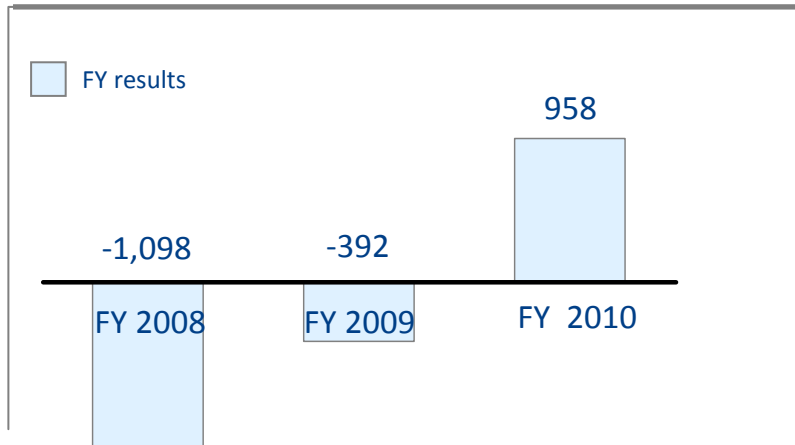


EBITDA increase of 80 % compared to 2009 mainly coming from:

- Higher hydrocarbon production
- Key investments have already started to positively contribute to the result
- Better product slate in refineries
- Improving external environment driven by economic activity recovery

Total net income of INA Group²

HRK millions



Net income reflects positive effects of:

- Higher operational efficiency driven by efficiency improvement programs

But still experienced negative contribution of

- HRK 757 mn special items for environmental and redundancy provisions and impairment
- Depressed domestic market demand
- HRK 335 mn on gas trading business

1: EBITDA-including special items 2: Net income-including special items

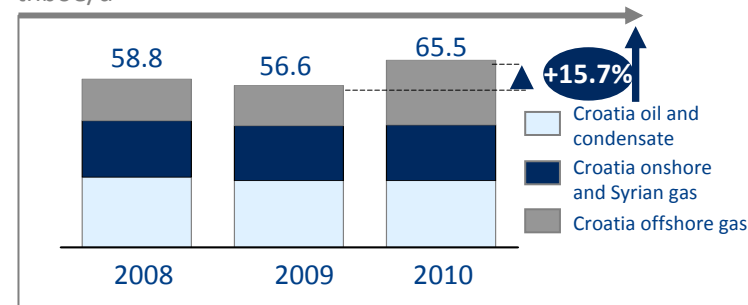
1 Financial and Operational results at a glance

(HRK million)	2009	2010	Ch %
Net sales revenues	22,331	25,863	15.8
EBITDA	2,807	5,044	79.7
Operating profit	(205)	2,127	n.a.
Operating profit excl. special items	252	2,884	1,044.4
Net financial gain (expenses)	(284)	(810)	185.2
Net profit/loss	(392)	958	n.a.
Net profit/loss excl. special items	72	1,558	2,075.4
Operating cash flow	2,960	1,618	(45.3)

- Increased hydrocarbon production (15.7%)
- Decreased sales volumes in wholesale (-9.6 %) and retail (-5.9 %)
- Negative contribution of gas trading business
- Increasing hydrocarbon prices (27.9%)
- Moderate upturn of realized refinery margins
- Enhanced operational efficiency
- Significant cost savings
- Negative contribution of financial expenses
- Special items decreased the result with HRK 757 mn

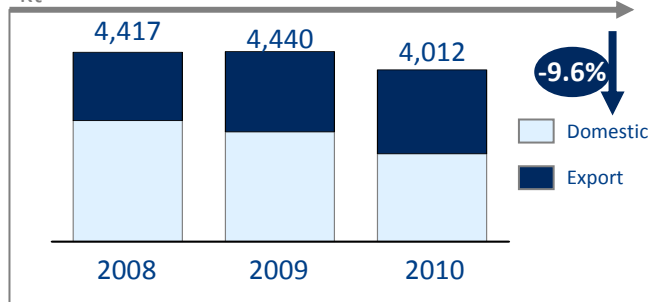
Average hydrocarbon production

thboe/d



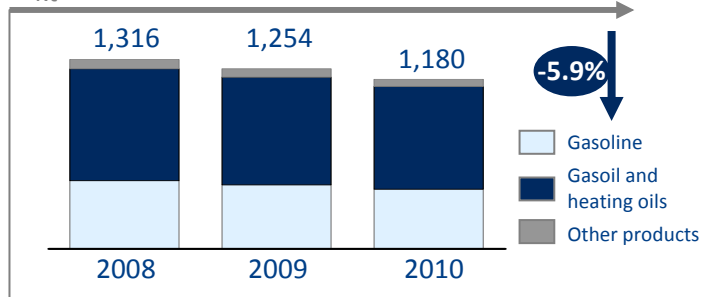
Total sales of refined products

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Total sales in retail

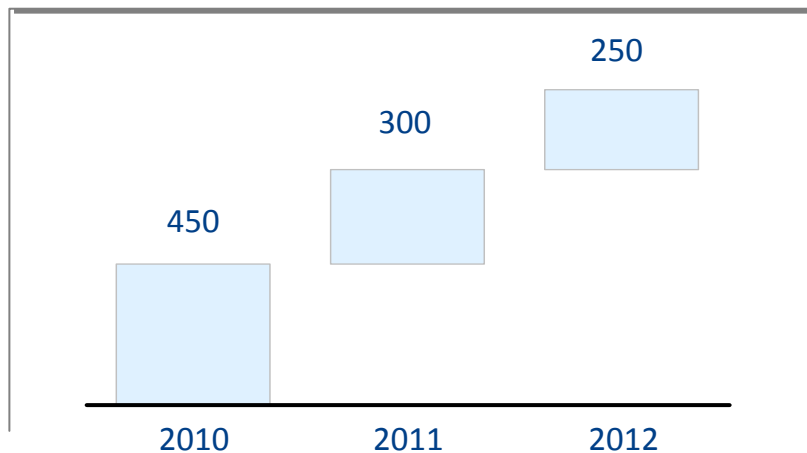
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INA increased efficiency through launching a series of savings measures while implementing the first redundancy program in the last 5 years

Cost savings planned in INA Group in 2010-12

HRK millions



Significant cost savings achieved as planned by:

- Achieving lower cost levels closer to industrial benchmarks resulting from cost related efficiency improvements above HRK 450 mn
- Revision of contracts and introducing new, more efficient tendering process targeting more than HRK 100 mn savings annually

Further cost savings (more than HRK 550 mn) planned to be achieved until 2012

Redundancy program launched after the crisis period with severance payment for employees

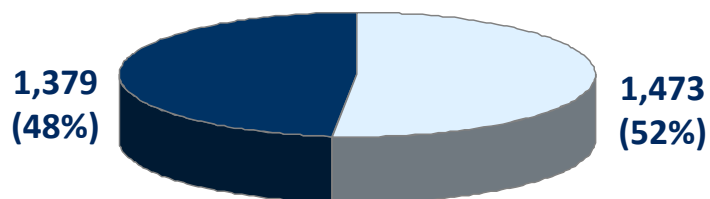
- Cost of this comprehensive programme including ~1,500 amounted to HRK 389 mn

Radical improvement of financial situation by fully resolving overdue tax liabilities, while adjusting CAPEX levels to the current financial position

Capital expenditure

HRK millions

- Exploration & Production
- Refining & Marketing and Retail Services

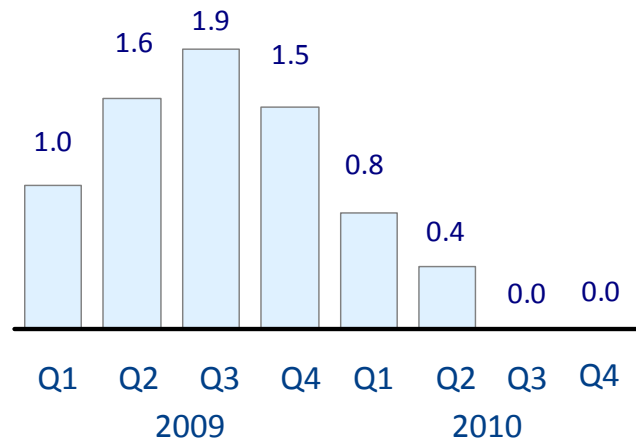


Capital expenditures were driven by key programmes showing commitment for ensuring future growth

Key investment programmes already contributing to results

Overdue liabilities to the state

HRK billions



Financial consolidation driven by resolving overdue tax liabilities towards the state and suppliers.

Securing financial stability and healthy base for future by:

- Improvement of liquidity
- Improved debt collection

2 Through significant investments INA prepared itself for the challenges of the upcoming period

Refinery modernization

- HRK 4 billion spent on refinery modernization in recent years
- Bringing INA in line with other European refiners
- Introducing Euro V products in the entire retail network
- Start-up of the hydrocracking complex in Rijeka



E&P investments

- Testing of Syrian Hayan gas plant started in December 2010
- Hydrocarbon discoveries made in onshore Croatia (Selec, Dravica)
- Sizeable reserve potential in Croatia under development



Filling station modernization

- Modernization and revitalization of filling stations started
- New visual identity introduced

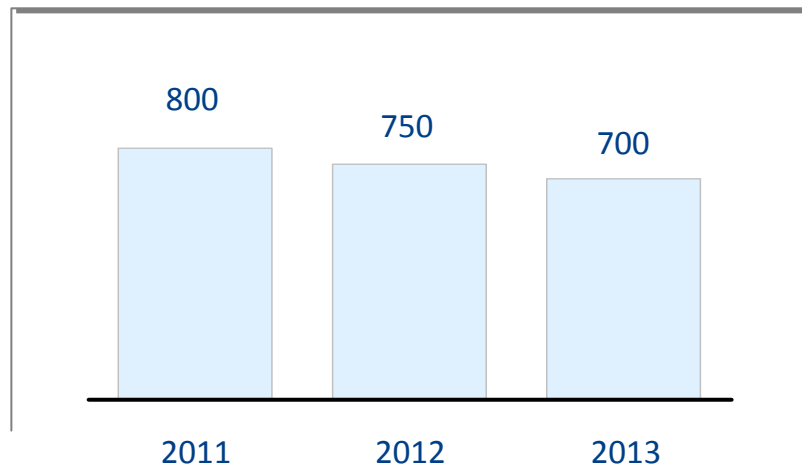


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During Q4 2010 INA has undertaken actions in order to ensure stable and uninterrupted gas supply in Croatia during the heating season

Contracted import volumes for 2011-13

Million cm



Competitive bidding held for future gas import to achieve best terms for Croatia

3-year contract negotiated and signed on 15 December with Eni, a reliable and credible company

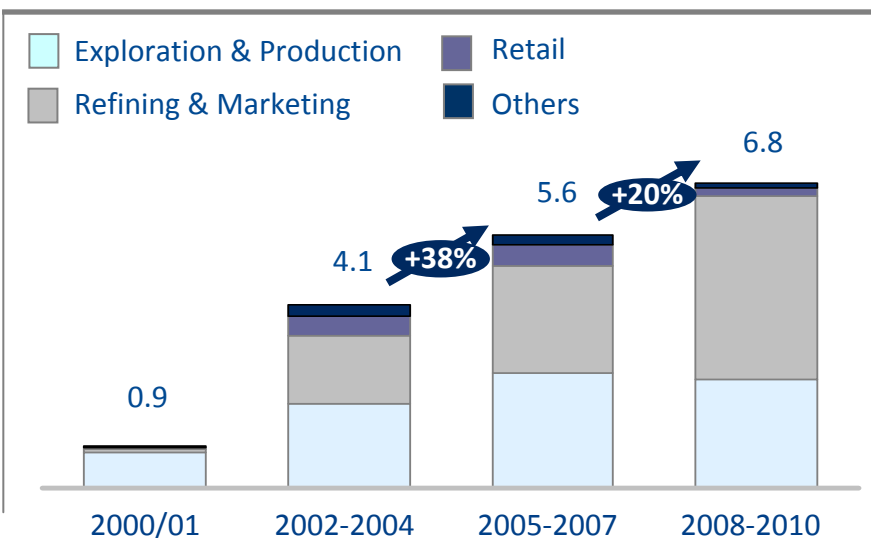
Providing uninterrupted gas supply to the economy by negotiating and signing gas sale contracts with major Croatian industrial consumers (including HEP and Petrokemija) for 2011

3 INA is an economic engine of Croatia

Major investor and the 4th biggest employer in Croatia

Investments made by INA in Croatia (2000-2010)*

HRK billion



INA is the biggest investor in Croatia in the past decade, investing more than HRK 17 bn only in Croatia...

...while investing >HRK 10 bn abroad mainly in Exploration and Production

INA is again one of the most desired employers in Croatia, due to newly introduced:

- Performance oriented culture
- Developed talent management system

Attracting 100+ new talents in 2010 in the frame of the Growww Program (880 registrations for the Program received) while organized Freshhh international competition for senior students from technical and business faculties

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