

INA Group

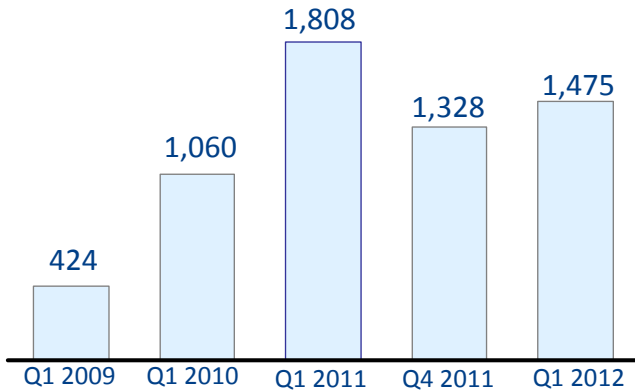
Results and activities in Q1 2012



1 *Despite a challenging external environment, INA Group delivered strong, stable results in Q1 2012 compared to previous periods, even without incomes from Syria...*

Total EBITDA of INA Group (q-o-q)

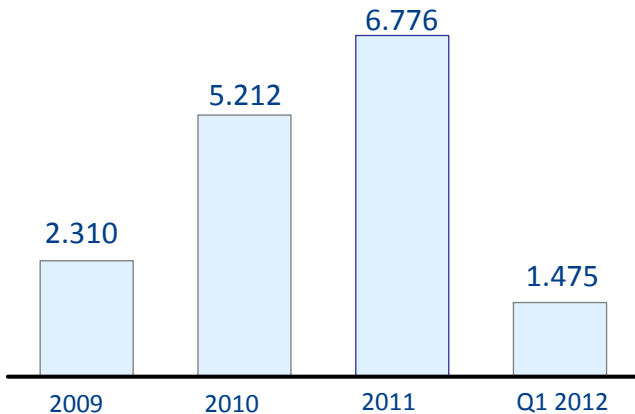
HRK millions (excluding special items)



- As a result of management's efforts to increase operational efficiency and financial stability, INA could overcome the challenges deriving from several unfavorable market conditions
 - **deteriorating market demand** for crude oil products in INA's core markets
 - **regulatory constraints** resulting in a loss of HRK 382 million (capped natural gas prices for households and small industrial companies)
 - **inability to receive any revenues from Syrian operations** in the first quarter of 2012

Total EBITDA of INA Group (y-o-y)

HRK millions (excluding special items)



- Despite the above factors, **INA Group EBITDA** (the key financial performance indicator in the oil and gas industry) **was** relatively **stable** compared to previous periods
- Results were led by Exploration and Production segments' contribution, despite the losses generated by the gas trading business
- At the net profit level (excluding special items) **in Q1 2012**, the result improved over Q4 2011, with **HRK 630 million net profit achieved** compared to HRK 248 million net profit in Q4 2011

...significant contribution to the results was achieved due to recent years' operational efficiency improvement with significant contribution of OptINA and PSO projects

Improved operational performance

Exploration & Production

- ▶ Improving operational efficiency through decreasing unit production cost by 9 %
- ▶ Introducing new projects and technologies to further support long-term growth and efficiency

Refining & Marketing

- ▶ More favorable product slate resulting from modernized refinery system contributing to results
- ▶ Continuously optimized operations and optimized feedstock selection

Retail

- ▶ Optimized sales and operations
- ▶ Introduction of EURO V fuels in parallel with additized (CLASS) fuels
- ▶ Network optimization
- ▶ Retail modernization process initiated

Increasing efficiency through a series of saving measures and special projects

OptINA

- ▶ HRK 1,6 bn EBIT improvements delivered compared to 2008 baseline with more than HRK 1,1 bn in recurring cost savings
- ▶ Additional improvements expected to add further to INA's profitability

Procurement Spending Optimization (PSO)

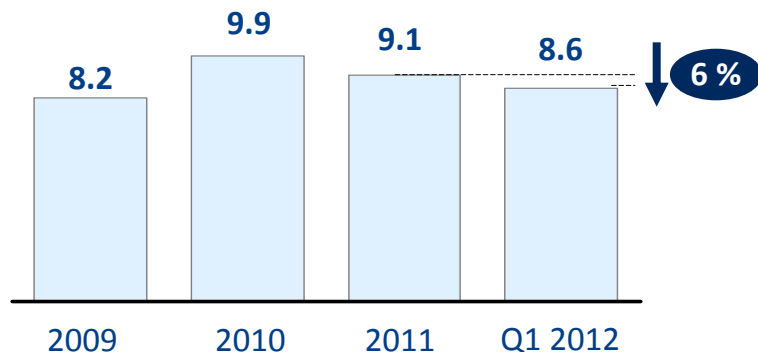
- ▶ Reviewed contracts/procurement spend
- ▶ Identified more than 350 new Croatian suppliers, retendered more than 300 contracts

3

The management is committed to further improve the financial position of the company to ensure the basis for a strong investment cycle ahead of the company...

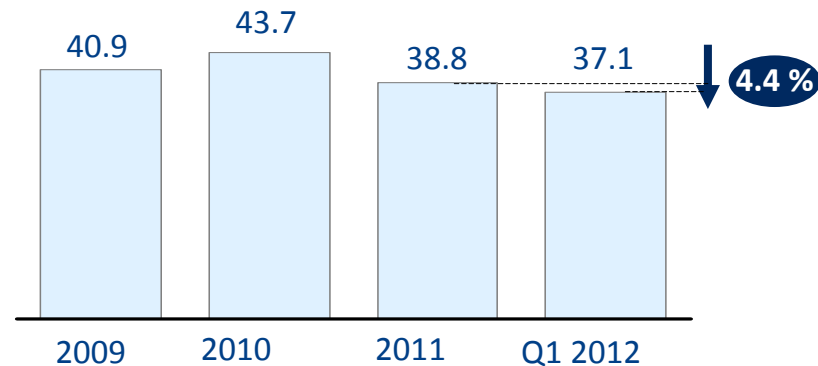
Net debt of INA Group

HRK billions



Gearing of INA Group

Percentage



Net debt was further reduced by 6% and resulted in an improving but still high **gearing ratio** that was at the level of 37.1% as at 31 March 2012 (compared to 38.8% as at 31 December 2011).

4 ...which will support further development of the Company through value creating investments in all business segments in the benefit of Croatia

Investment programs strongly focusing on development of the Croatian economy

Exploration & Production	Refining & Marketing	Retail
<ul style="list-style-type: none">▶ Drilling 5-6 exploratory wells in Croatia in 2012▶ Carrying our Zutica EOR project (with over HRK 500 mn investments in 3 year period)▶ Completing Middle and South Adriatic 2D/3D seismic	<ul style="list-style-type: none">▶ Implementation of a refinery development concept creating value to shareholders▶ Preparing the project for a deep conversion facility in the Rijeka refinery and an oil derivatives pipeline between Rijeka and Sisak refineries	<ul style="list-style-type: none">▶ Retail modernization program carried out at an intensified way▶ By the end of 2012, INA will have the largest number of new or modernized filling stations in Croatia - by far more than any of our competitors

Further benefits for the citizens of Croatia

Exploration & Production	Refining & Marketing	Retail
<ul style="list-style-type: none">▶ Stable income of municipalities and the state▶ Securing energy supply	<ul style="list-style-type: none">▶ Reduction of emission	<ul style="list-style-type: none">▶ Improved services provided to customers

Exploration and production activities overview



UPSTREAM PORTFOLIO OVERVIEW

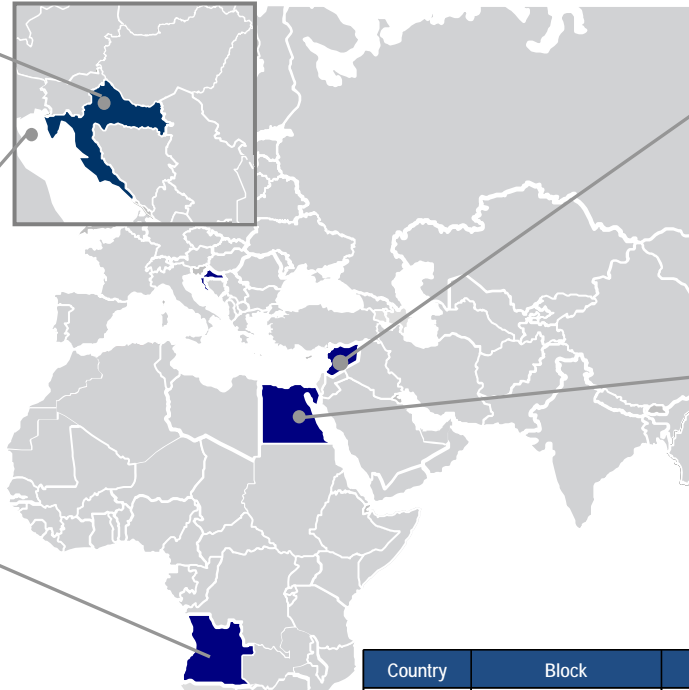
Croatian onshore

Croatian off shore

North Adriatic
Aiza Laura
Izabela

Angola

3/05 A Block,
3/85 Block,
3/91 Block



Syria

Hayan Block
Aphamia Block

Egypt

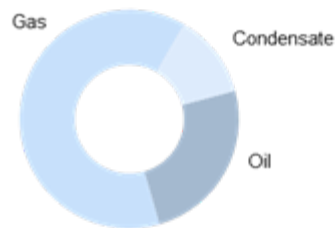
Ras Qattara
West Abu Gharadig
North Bahariya
Sidi Rahman

Production structure outlook for 2012 (without Syria**)

Production by countries



Production by products



Country	Block	Phase	Contract type	Operator	Diluted share * 2011 (%)
Croatia	Onshore, several	Exploration & Development	Concession	Yes	100
	Offshore, North Adriatic	Exploration & Development	Concession	No	50
	Offshore, Aiza Laura	Exploration & Development	Concession	No	50
	Offshore, Izabela	Development	Concession	No	30
Syria	Hayan	Development	PSC	Yes	100
	Aphamia	Exploration	PSC	Yes	100
Egypt	Ras Quattara	Development	PSC	No	25
	West Abu Gharadig	Development	PSC	No	25
	North Bahariya	Development	PSC	No	20
	Sidi Rahman + Rizk	Exploration & Development	PSC	Yes	50
Angola	Block 3/05A	Development	PSC	No	4
	Block 3/05	Development	PSC	No	4
	Block 3/91	Development	PSC	No	5

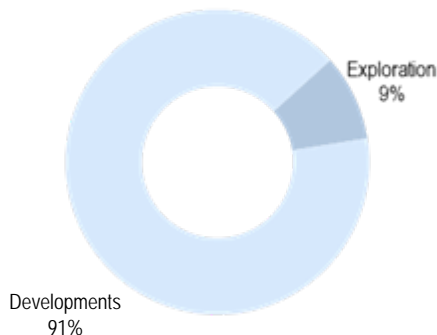
*Diluted share is based on working interest

**Production outlook excludes Syrian contribution due to the announced "force majeure" on 27th February 2012

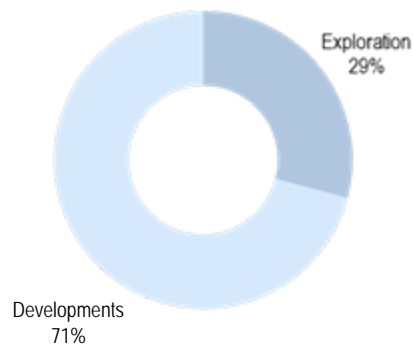
KEY FIGURES OF 2011 E&P ACTIVITIES AND PLANS FOR 2012

CAPEX distribution by investment categories

2011 Actual

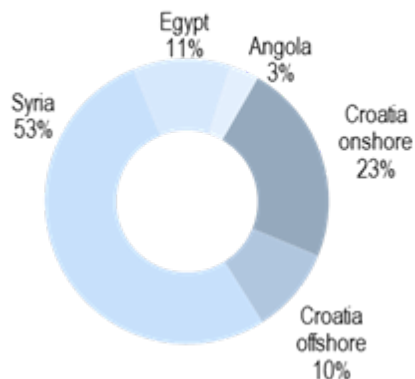


2012 Plan*

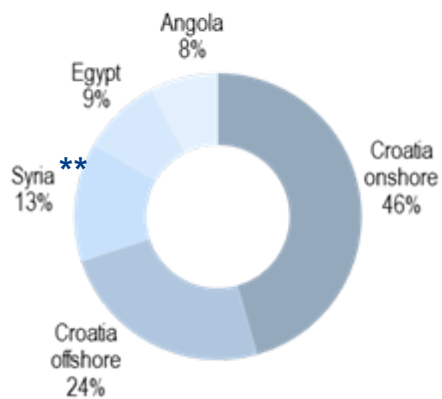


Geographical CAPEX distribution

2011 Actual



2012 Plan*



Summary of tested wells*** in 2011

Country	Syria	Egypt	Angola
Wells tested	2	8	1
o/w exploration/appraisal wells	0	2	0
oil producer	0	1	0
natural gas producer	0	0	0
dry/non-commercial	0	1	0
o/w development wells	2	6	1
oil producer	1	5	1
natural gas producer	1	0	0
dry/non-commercial	0	1	0

* Total CAPEX indicates maximum spending for 2012












** Activities are fully in line with US and EU sanctions; forward looking work program and expenditures are depend on the termination of the "force majeure"

*** Only wells with finished tests. One exploration well in Syria and one development well in Croatia were in progress at the end of 2011

SUMMARY OF TESTED WELLS IN 2011

	Country	Wells	progress / result
exploration	Croatia	Selec-1	Oil & gas producer; 1st int. Qo=30m ³ , Qg= 30.000m ³ ; 3rd Qc=3,6m ³ , Qg= 45.000 m ³ (gas); Well equipped with production tubing and x-mas tree assembly- to be putted in production. Well location and access road finished in June 2011
	Croatia	Hrastilnica-3	Onshore, Oil producer expected
	Syria	Beer As Sib-1	The well will be put in production after NOCD signing
	Syria	Mudawara - 3	Drilling results and logging analyses indicate HC saturation
	Egypt	Zarif Deep-1	No testing, dry, P&A
	Egypt	Abrar South-1	X oil producer. Production start up in July 2011
development	Croatia	Molve-35R	Gas producer; work over in 2011 - removed production equipment, placed cement plugs, prepared for drilling in Q3 2012
	Syria	Mazrur-2	Oil and gas producer; Qo=448 m ³ /day; Qg=165,344 m ³ /day
	Syria	Mazrur-3	Suspended side track due to political situation
	Syria	Jihar-11	Gas producer; 620 554 m ³ /day of gas and 161 m ³ /day of condensate
	Angola	Pac-410	Oil producer; operations finished on 16/12/2011; well test showed Qoil (HH)=923.9 m ³ /day. Ongoing production stable
	Egypt	Raml-23	X oil producer; production start up January 2011
	Egypt	Raml SW-17	X oil producer; production start up January 2011
	Egypt	Raml -24	X oil producer; direct putting into production without testing after finishing of completion; production start up January 2011
	Egypt	Sidi Rahman-3	End of drilling February 2011; not tested; dry hole; T&A; All targets reservoirs were found water bearing but due to possibility for additional works in Middle Bahariya interval - the well was temporary suspended
	Egypt	Zarif-41	X oil producer; direct putting into production without testing after finishing of completion; production start up July 2011
	Egypt	Abrar-2	X oil producer; tested in Q2 2011; production start up in July 2011
	Egypt	Abrar-3	Tested and drilled in Q3 2011; production start up in September 2011
	Egypt	Raml-25	X oil producer; drilled in Q4 2011; direct putting into production without testing, after finishing of completion; production start up in December 2011
Egypt	Raml-26	Drilled in Q4 2011; water injector; completed in December 2011	

SCHEDULE OF PLANNED EXPLORATION AND APPRAISAL ACTIVITIES

Country	Block	G&G/Well name	2012 plan				Comment
			Q1	Q2	Q3	Q4	
Croatia	onshore, several	7 wells					drillings and tests
	offshore, North Adriatic	Ilena - 1					
		Ivna-1					
		Irina-SW					optional
Syria *	Aphamia	Beer As Sib-2H					depending on the termination of the "force majeure"

 Well drilling

 Well test

OVERVIEW OF DEVELOPMENT PROGRAM IN 2012

Country	Block	Peak production	Nr. of producing wells at the end of 2011	Program target in 2012
Croatia	Onshore, several	2014	747	5 development wells are planned with the aim of mitigating natural production decline and accelerating hydrocarbon recovery from existing and new reservoirs. Ivanic-Zutica enhanced oil recovery project.
	Offshore, North Adriatic		32	In order to develop remaining potential of the blocks, increasing reserve base and production (Ivna A/K optimisation, Ivna K overhaul, Ilena-1 dir installation of monopod platform and double completion well, Ika-SW installation of one tripod jacket platform and drilling of double completion wells)
	Offshore, Aiza Laura		5	-
Syria *	Hayan		15	Activities are fully in line with US and EU sanctions and depend on the termination of the announced (27th February 2012) "force majeure"
Egypt	Ras Quattara		65	Optimizing production rate through drilling of 3 development wells and one 1 injector well. Upgrading of the production facilities, implementation of Faras Gas Power Generation and Faras Water Disposal Projects.
	West Abu Gharadig		41	Decreasing natural production decline through drilling of 1 development well and 1 water injector well. In addition to drilling and workover activities - production facilities upgrading and several Projects related to the production enhancement are planned.
	North Bahariya		19	Developing of oil fields through development drilling and fracturing jobs. 6 development wells and 3 frac/recompletion jobs are planned. Upgrade of production facilities in order to accommodate the new wells production.
	Sidi Rahman + Rizk		2	Maintain the production on Sidi Rahman Field and to start-up the production on Rizk oil field. There are no drilling activities planned in 2012.
Angola	Block 3/05		96	The Operator will continue with implementing some ongoing, but also started off with some new, major development projects i.e. FSO Palanca hull repair (in period 2011-2013), Topside and Subsea Facilities Upgrade (in period 2012-2015), well interventions.
	Block 3/91		2	The Operator will continue with different well interventions in order to further improve well performance. (Note: Oombo field, the only producing field in the Block, will be transferred to Block 3/05 on January 1st, 2013, in effect terminating Block 3/91.)

* Activities are fully in line with US and EU sanctions; forward looking work program and expenditures are depend on the termination of the "force majeure"

CROATIA ONSHORE



Croatia onshore	
Owners	INA (100%)
Production (mboepd)	29.0
SPE 2P Reserve in 2011 (MMboe)	190.1

Exploration	
Exploration expenditure for 2011 (USD mn)	1.8
Exploration program in 2011	<ul style="list-style-type: none"> • Selec-1 - well test and location restoration completed and finished • Hrastilnica-3 - permitting and location preparation • Dinaridi - geological study completed as preparation for 2D seismic acquisition • Đeletovci-1 Zapad and MURA SGS - postponed for 2012
Exploration expenditure for 2012 (USD mn)	30.0
Exploration program in 2012	<ul style="list-style-type: none"> • Hrastilnica -3 and Đeletovci-1 Z – drilling (delay from 2011) • Drilling 4+1 new exploration wells - Bunjani-1 S, Krunoslavje-2, Antunovac-1, Žutica-186R (unconventional) and 1 exploratory well Zalata-1 East in Hungary (INA 50%) • Preparation Projects: MURA SGS; 2D seismic on Dinaridi; Gravimetric and Magnetometric survey and Geological Study (South Adriatic onshore)
Field development	
Development expenditure for 2011 (USD mn)	22.2
Development program in 2011	<ul style="list-style-type: none"> • Capital workover operations, including hydraulic fracturing, gravel pack and chemical stimulation • Regular workover operations • Well equipment overhauls • Continued implementation of EOR project on Ivanić and Žutica fields • Implementation of production optimisation
Development expenditure for 2012 (USD mn)	94.5
Development program in 2012	<ul style="list-style-type: none"> • 5 new wells (3 new and two reentry wells) • Well workover operations (well equipment repair, matrix acidizing, hydraulic fracturing, gravel pack, etc.) • Regular equipment workover operations and sustain projects • Continued implementation of EOR project on Ivanić and Žutica fields • Continued implementation of Medimurje EOR project • Continued implementation of production optimisation

CROATIA OFF SHORE

Croatia off shore



Croatia offshore	
Block Ivana	
Owners	INA (50%), ENI (50%)
Block Aiza Laura	
Owners	INA (50%), ENI (50%)
Block Izabela	
Owners	INA (30%), Edison (70%)
Croatia offshore TOTAL	
SPE 2P Reserve in 2011 (MMboe)	44.1
Production in 2011 (mboepd)	21.8

Exploration	
Exploration expenditure for 2011 (USD mn)	2.9
Exploration program in 2011	North Adriatic <ul style="list-style-type: none"> • Predrilling activities for two wells • Different studies in order to estimate additional gas potential
Exploration expenditure for 2012 (USD mn)	32.1
Exploration program in 2012	Exploration Block Ivana - Ivana C - SW-1 <ul style="list-style-type: none"> • Drilling Ilena-1 Dir, Ivna-1 and Irina SW (optional) wells

Field development	
Development expenditure for 2011 (USD mn)	7.0
Development program in 2011	Ika SW, Ivana SW (Ilena project), Božica <ul style="list-style-type: none"> • Executed geotechnical location and sealine route surveys • Basic design and feasibility study for production platform has finished. Ivana A/K Optimisation <ul style="list-style-type: none"> • Finished phase 1 of Ivana A/K upgrade • Finished basic engineering for booster compressor and process skid installation Ivana K overhaul <ul style="list-style-type: none"> • Major overhaul on two turbo compressors
Development expenditure for 2012 (USD mn)	34.5
Development program in 2012	IKA SW, Ilena <ul style="list-style-type: none"> • EPIC for engineering, construction of platforms & receiving facilities, offshore installation, pipeline laying and hook up. Ivana A/K optimisation project: <ul style="list-style-type: none"> • EPC for booster compressor and process skid Ivana K overhaul <ul style="list-style-type: none"> • Major overhaul on additional two turbo compressors

SYRIA – IN LINE WITH SANCTIONS MAINTAINING ECONOMIC INTEREST

Force majeure announced



Production (2011): 20.3 mboepd,

Hayan Block: development phase, 100% INA; operator

Aphamia Block: exploration phase, 100% INA

EXPLORATION AND FIELD DEVELOPMENT

► Exploration activity started in 1998 and was completed in 2007. First oil production started in 2005 on Jihar Field, first gas production started in 2006 on Palmyra Field.

PEAK PRODUCTION IN 2011

► Gas Treatment Plant operating from 2011, resulting in significant increase in oil, condensate and gas production.

► TIGHTENING SITUATION OVER THE LAST MONTHS

- EU and US embargo on Syrian oil export
- Two production cuts in September and December 2011 in a sum of 2.8 mboepd due to the local requirements
- Encountering significant obstacles in the collection of receivables from the Syrian partner for its share of hydrocarbon production;
- Withdraw the employees who are not required for the continuation of the daily operations

► FORCE MAJEURE ANNOUNCED ON FEBRUARY 27, 2012

- Temporary suspension of all business activities
- Company does not expect to receive any revenues neither to realize its production share until the termination of „force majeure”

► MAINTAINING ECONOMIC INTEREST

- „Force majeure” doesn't mean termination of the agreement or exit from the project

SYRIA*

SYRIA*



Exploration	Aphamia
Expl. expenditure for 2011 (USD mn)	3
Expl. expenditure for 2012 (USD mn)	17
Expl. program in 2012*	- Drilling and well testing Beer As Sib-2H - Well testing Mudawara-3
Field development	Hayan
Development expenditure for 2011(USD mn)	52
Development program in 2011	- Construction of Gas-Treatment Plant - Drilling of 3 wells
Development expenditure for 2012(USD mn)*	20
Development program in 2012*	Construction-surface facilities

Development	Hayan
Owners	INA (50%); GPC (50%)
SPE 2P Reserve in 2011 (MMboe)	37
Production in 2011 (boepd)	20,3
Exploration	Aphamia
Owners	INA (100%)

Tightening US and EU sanctions during 2011 – 2012

- Embargo on Syrian oil export
- Two production cuts in September and December 2011 in a sum of 2.8 Mboepd due to the local requirements
- The restrictive measures might have additional adverse effects

Negative effects of the restrictive measures

- Encountering significant obstacles in the collection of receivables from the Syrian partner for its share of hydrocarbon production
- No improvement since October 2011, except one minor cash payment received

* Activities are fully in line with US and EU sanctions; forward looking work program and expenditures are depend on the termination of the "force majeure"

*Total expenditure for exploration and development indicates maximum spending for 2012

EGYPT AND ANGOLA: WORK PROGRAM



EGYPT

East Yidma	
Owners	INA 50%, RWE Dea 50%
Exploration licence expired on 23.03.2011	
Ras Qattara	
Owners	IEOC 75%, INA 25%
Gharadig	
Owners	IEOC 45%, INA 25%, Dana 30%
Owners	Sahara O&G 50%, INA 20%, IPR 30%
Sidi Rahman	
Owners	INA 50%, RWE Dea 50%
total	
Reserves in 2011 (MM boe)	3.6
Production in 2011 (boepd)	1,762

Exploration	
Exploration expenditure for 2011 (USD mill)	0
Exploration in 2011	There were no exploration activities in 2011, costs were related to closing of REU, EK and EY concessions
Development	
Development expenditure for 2011 (USD mill)	12
Development in 2011	<ul style="list-style-type: none"> - Drilled 2 wells on Ras Qattara, 3 wells on West Abu Gharadig and 3 wells on North Bahariya - Gas power generation project completed on West Abu Gharadig - Drilled 1 well on Sidi Rahman and 2 wells on Rizk field are completed for production
Development program in 2012 (Development expenditure for 2012 USD 24 mill with exploration expenditures of USD 1 mill)	<ul style="list-style-type: none"> -Drilling of 4 wells on Ras Qattara; Waste water disposal project; Gas power generation project planned to start -Drilling of 2 wells on West Abu Gharadig; Waste water disposal project -Drilling of 6 wells on North Bahariya -No drilling on Sidi Rahman; Production start up of Rizk oil field



ANGOLA

Angola 3/05, 3/05A	Sonangol P&P 25%, Somoil 10%, China Sonangol 25%, Ajoco 20%, Eni 12 %, NIS - Naftagas 4%, INA 4%
3/85 and 3/91	
Owners	Total 50%, Ajex 12,5%, Eni 15%, Sonangol 6.25%, Svenska 6.25%, NIS - Naftagas 5%, INA 5%
After field licenses expire (3/85 in July 2011, Block 3/91 in December 2012) fields will be integrated into PSA terms of Block 3/05	
Total	
Reserve in 2011 (MM boe)	3.6
Production in 2011(boepd)	1,579

Exploration	
Exploration expenditure for 2011 (USD mill)	1
Work program in 2011	<ul style="list-style-type: none"> •Post-Drill Evaluation of DDK-1 well (prospect MS 2-3-4) •Block Prospectivity Review •Pre development activities (Punja & Caco-Gazela fields) •Exploration period ended on April 30th,2011.
Development	
Development expenditure for 2011 (USD mill)	2
Development program in 2011	<ul style="list-style-type: none"> •Well interventions were performed on wells PAC-401-408-412, PAL-207 and IPSE-104 – Block 3/05 •Block 3/05A Punja and Caco-Gazela Field Development Plans were submitted to the National Concessionaire for approval on October 28th, 2011. •Production licenses will expire in 2030
Development program in 2012 (Development expenditure for 2012 USD 21 mill)	<ul style="list-style-type: none"> - FSO Hull Repair on the Palanca Terminal - Topsides Structure Overhaul - Gas-liquid Cylindrical Cycloni Separator(GLCC)Project - Major Painting and Refurbishment Campaign - Well interventions (Perforations)

Disclaimer

- Some of the information in this presentation may contain projections and other forward-looking statements regarding future performance of the Company. These statements represent plans, targets or predictions and actual results may differ materially as they are subject to risks, uncertainties and other factors such as general economic conditions, the competitive environment, exchange rates, oil and gas prices, margins, market changes, regulatory developments, etc. You are therefore cautioned not to place undue reliance on any forward looking statements contained in this presentation.
- The Company does not undertake any obligation to release any revisions of these forward-looking statements.