INA Group (ZSE: INA – R-A; LSE: HINA; homepage: www.ina.hr), announced its results for FY 2008 today. This report contains consolidated financial statements for the period ending 31 March 2008 as prepared by the management in accordance with International Financial Reporting Standards (IFRS).

Financial highlights

FY2007		INA Group financial results	Q1 2007		Q1 2008		Ch.%	
HRK mill	USD mill	(IFRS)	HRK mill	USD mill [1)]	HRK mill	USD mill [1)]	HRK	USD
25,848	4,819	Net sales revenues	4,992	888	6,242	1,282	25.0	44.3
2,803	523	EBITDA	649	115	818	168	26.0	45.5
1,020	190	Operating profit	306	54	395	81	29.1	49.0
113	21	Net financial gain (expenses)	(56)	(10)	356	73	-	-
869	162	Net income[2]	186	33	596	122	222.4	269.8
2,416	450	Operating cash flow	(292)	(52)	(583)	(120)	99.7	130.4

[1)] In converting HRK financial data into US Dollars, the following average CNB (NBH) rates were used: for Q1 2007: 5.6196 HRK/USD, for Q1 2008: 4.8694 HRK/USD, both calculated as arithmetic mean.
[2)] INA Group net income attributable to equity holder.

Dr Tomislav Dragičević, Chairman of INA, d.d. commented:
Remarkable financial results at the beginning of 2008 and tripled net profit in comparison with the results achieved in 1Q2007 confirmed INA's efforts in improvement of business operations and realization of strategic objectives. Substantial revenue increase in business segments increased INA's total revenue in 1Q2008 by HRK 1.25 billion, compared to the same period 2007. Oil and gas exploration activities were on track with increased oil and gas production in Syria and putting on stream Mustadira field. Refinery modernisation and higher sales of EURO IV quality products marked the Refining & marketing segment.

Improved performance on both operating and net profit levels
In 1Q2008 operating profit of INA Group increased by HRK 89 M to HRK 395 mill (USD 81 mill) in comparison with 1Q2007 driven by better Upstream performance linked to higher crude oil prices and external crude oil sales out of Croatia and the positive effect from release of provisions for assets which compensated worse Downstream and Retail performance. HRK 356 million net financial gain (against the loss recorded in 1Q2007) was mostly due to increased foreign exchange gains and lower interest payable for short term loans compared to the same period last year.
In 1Q2008 INA Group's net profit amounted to HRK 596 million.

- **Exploration & Production**
  Segment's operating profit increased by HRK 270 mill to HRK 760 mill (USD 156 mill) in which a HRK 119 mill release of provisions for assets[1] are included. Positive effect of increased revenues due to the increase in crude prices was partially offset by the decrease of daily hydrocarbon production (primarily due to lower natural gas production on North Adriatic fields in line with the PSA) and unfavourable Crosco Group's results caused by higher costs of rig preparation and transportation to a new contracted area. Negative effect of regulated gas prices on the domestic market was partly mitigated.

- **Refining & Marketing**
  The segment's operating loss in 1Q2008 in the total of HRK 108 mill (USD 22 mill) had an overall decreasing effect on INA Group's result for the period. HRK 141 mill down quarter-on-quarter was driven by lower sales volumes, unfavourable product slate and unfavourable impact of the remaining price cap[2] (INA has started to eliminate the price cap effect gradually, bearing in mind to keep competitiveness and market share)

- **Retail**
  Total sales volumes increased by 6.1% and the average throughput per site by 4.7%. The number of petrol stations increased by 8 quarter-on-quarter, in line with INA's retail strategy. In 1Q2008 the segment recorded HRK 34 mill loss (USD 7 mill), which is by HRK 65 mill less favourable compared to the 1Q2007, mostly due to HRK 32 mill lower retail margin (HRK 13 mill positive effect of increased sales volume was offset by price cap[3] effect of HRK 45 mill), HRK 19 mil higher costs of asset value adjustment (IAS 36[4]) and HRK 12 mill higher staff costs (a number of petrol stations increased).

- **Corporate and Other** [5]
  Segment's operating results in 1Q2008 amounted to HRK (223) mill, or USD (46) mill, which is by HRK 25 mill better result compared to 1Q2007 figure. The positive effect of HRK 45 million lower corporate functions' operating costs was partly offset by increased group adjustments (HRK 20 mill).

- **Capital expenditure**
  Capital expenditures in 1Q2008 increased by HRK 166 million to HRK 608 million (USD 125 million) as a result of investments in tangible assets (North Adriatic and Syrian gas fields development and investments into drilling equipment and plants).

- **Operating cash flow**
  Operating cash flow before movements in working capital increased by 2% quarter-on-quarter to HRK 619 mill. The change in the working capital, as a result of decreased trade payables and receivables and increased inventories (mostly WIP and finished products) had a decreasing effect on the total net operating cash flow by HRK 1,140 million. Net financing cash outflows amounted to HRK 625 million and the insufficient amount was financed from increased net indebtedness - HRK 1,008 mill up on the figure as at 31 December 2007.

[1] Of which HRK 74 mill related to recalculations of deccomissioning provisions and HRK 45 M to increased profitability of assets (IAS 36) due to increased crude oil prices
[2] Quarterly negative effect of the price cap in 2008 amounted to HRK 45 mill or HRK 39 mill up on 1Q2007.
[3] Quarterly negative effect of the price cap in 2008 amounted to HRK 45 mill, while in the same period last year there was no effect.
[4] Negative effect on the profit due to lower profitability of petrol stations.
[5] Corporate and Other stands for Safety and security services business, maintenance services, corporate and other support services.

Overview of the environment

World economy growth has slowed significantly during the first months of 2008 on the back of US housing market and financial market turmoil. The spillover reflected stronger on the advanced econimies (Europe and Japan), than on the emerging and developing markets, which in spite of this trend continued with a strong growth led by China and India. According to the IMF world economy growth for 2008 is estimated at 3.7 percent. Recent developments in the global economy had a powerfull increasing effect on inflation and commodity prices around the world. Commodity prices have risen due to the financial markets problems and strong demand on emerging markets which directed investors toward commodities markets.

During the first quarter crude oil prices have ranged from 87 USD/bbl to 109 USD/bbl and reached a history high of 109.09 USD/bbl. Crude oil prices have followed the general increasing trend on the commodities markets driven by economic problems of the US economy. Rough weather conditions, cold winter and production shut-ins contributed to crude price increase. First quarter average Brent FOB Med price was 96.71 USD/bbl what was 67.4% higher than the first quarter 2007 average of 57.76 USD/bbl .

Platt's quoted Crack spreads (FOB Med - Italy) for the first quarter of 2008 show an increase compared to the same period last year. The margin for the premium unleaded petrol (50ppm) decreased by 6 percent (from 107.9 USD/t in 2007 to 101.5 USD/t in 2008) while the negative margin for fuel oil of 3.5% increased by 56 percent (from -187.3 USD/t in 2007 to -292.2 USD/t in 2008). The margin for gas oil EN590 50 PPM increased by 74 percent (from 93.1 USD/t in 2007 to 162.8 USD/t in 2008).

The end of 2007 saw slower growth of the Croatian economy but the economic activities reinforced at the beginning of 2008 especially in industrial production and construction works. Croatian National Bank reported a 7% growth of industrial production in Jan-Feb 2008 prompted by export. Intensified activities were recorded in service sector, especially retail and tourism.

Strong inflatory pressures from 4Q2007 continued in 2008 with monthly inflation rates over 5%. Cost of goods and services (as measured by the consumer price index) increased 5.7% on annual level, or 4% on average. In 1Q the stable kuna appreciated 1.7% against the euro, i.e. the euro rate declined from 7.38 HRK/EUR to 7.26 HRK/EUR. In the same period the rate of kuna against the US dollar rose by 17.1%, from 5.54 HRK/USD to 4.59 HRK/USD. The appreciation of US dollar was the result of decreased investments on the US stock market due to decreased interest rates and lower growth projections.

Exploration and production*

FY2007		Segment IFRS results	Q1 2007		Q1 2008		Ch %	
HRK	USD	in millions	HRK	USD	HRK	USD	HRK	USD
8,133	1,516	Revenues	1,588	283	2,517	517	58.5	82.9
2,045	381	Operating profit	490	87	760	156	55.1	79.0
1,559	285	CAPEX	206	37	518	106	151.5	190.2

2007	HYDROCARBON PRODUCTION	Q1 2007	Q1 2008	Ch %
6.3	Crude oil production (MMbbl)	1.4	1.4	(0.8)
4.4	Croatia	1.1	1.0	(6.1)
1.9	Abroad	0.3	0.3	19.2
3.0	Condensate (MMbbl)	0.8	0.8	0.0
86.1	Natural gas production (Bcf)	22.3	18.8	(15.6)
83.2	Croatia	21.8	17.9	(18.1)
42.5	- onshore	11.5	10.8	(6.0)
40.6	- offshore	10.3	7.1	(31.5)
2.9	Syria	0.5	0.9	90.4
65.3	Average hydrocarbon prod./ day (Mboe/d)	67.7	58.3	(13.9)
37.3	Natural gas imports (Bcf)	9.3	9.9	6.7
109.1	Natural gas sales on domestic market (Bcf)	29.1	32.5	11.9

	Realised hydrocarbon price	Q1 2007	Q1 2008	Ch %
66.1	Average realised crude oil price (USD/bbl)	50.9	86.0	68.9
44.4	Average realised total hydrocarbon price (USD/boe)	37.3	50.2	34.5

**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*

Operating profit of Exploration & production segment increased by HRK 270 mill, quarter-on-quarter to HRK 760 million (income from release of provisions for assets amounted HRK 119 mil). The positive effect was primarily due to increased revenues as a result of higher average crude oil prices (Brent FOB up on 1Q2007 figure by 67%) partly offset by lower daily hydrocarbon production volumes and unfavourable Crosco Group's result (as a consequence of higher operator costs connected to rig preparation and transportation to Mexico).

Hydrocarbon production cost

USD/Boe	Q1 2007	Q1 2008
Croatia - onshore	9.90	10.88
Croatia - offshore	7.32	10.76
Angola*	0.00	0.00
Egypt	9.59	16.94
Sirya	19.11	5.30
Average	8.23	10.90

Hydrocarbon production

Mboe/day	Q1 2007	Q1 2008
Crude Oil	15.2	15.0
Natural Gas condensate	8.9	8.9
Natural Gas	43.6	34.4
o/w North Adriatic	20.2	13.0
Total	67.7	58.3

Average daily hydrocarbon production decreased by 13.9% in 1Q2008 to 58.3 Mboe/day, mainly due to natural production decline on crude oil and natural gas onshore fields and lower production on the North Adriatic gas fields in line with the PSA.

Average cost of production increased to 10.90 USD/boe in 1Q2008 primarily as a result of appreciation of Croatian kuna against US dollar (domestic onshore production costs) and higher production costs in the North Adriatic and concessions abroad due to different calculation method (quarterly costs included in calculation for 2008 to avoid roll-over effect[6]).

Lifting costs in 1Q2008 averaged at 1.7 USD/boe against 1.6 USD /boe in 1Q2007.

Regulated natural gas prices on INA's domestic market continued to have a negative impact on the Upstream profit. The average purchase price of imported natural gas in 1Q2008 amounted to 1.811 HRK/Mcm/33.34 MJ, or 0.3% up on the same period last year (with 13.4% appreciation of Croatian kuna against US dollar).

In 2008 the negative differential in gas sales price to eligible customers decreased due to a partial sales prices increase, while the negative difference in gas sales price to tariff customers increased quarter-on-quarter as a direct consequence of INA's inability to change regulated prices.

Price Differential to Import Prices

in HRK/Mcm/33.34 MJ	Q1 2007	Q1 2008
Eligible customers' price	(863.31)	(755.23)
Tariff customers' price	(736.78)	(742.33)
Total price	(787.80)	(747.72)

Upstream Capex in 1Q2008 increased by HRK 312 mill to HRK 518 mill compared to the same period 2007 (HRK 283 mill in tangible and HRK 29 mill in intangible assets). Increased investments in tangible assets were caused by higher investments into North Adriatic and Syrian gas fields development and increased Crosco Group's investments into rigs and equipment.

[6] Costs related to the period were posted in the period, as opposed to the principle applied in 1Q2007 when only received billings were posted in the period.

Refining & Marketing*

FY2007		Segment IFRS results	Q1 2007		Q1 2008		Ch %	
HRK	USD	in millions	HRK	USD	HRK	USD	HRK	USD
18,764	3,498	Revenues	3,428	610	4,325	888	26.2	45.6
59	11	Operating profit	33	6	(108)	(22)	-	-
985	184	CAPEX	156	28	56	12	(64.1)	(58.6)

FY2007	REFINERY PROCESSING Kt	Q1 2007	Q1 2008	Ch %
599	Domestic crude oil	159	176	10.9
4,198	Imported crude oil	1,046	930	(11.1)
163	Condensates	45	51	14.7
387	Other feedstock	93	123	33.1
5,347	TOTAL REFINERY THROUGHPUT	1,342	1,281	(4.6)

FY2007	REFINERY PRODUCTION Kt	Q1 2007	Q1 2008	Ch %
5,347	TOTAL REFINERY PRODUCTION	1,342	1,281	(4.6)

FY2007	REFINED PRODUCT SALES Kt	Q1 2007	Q1 2008	Ch %
2,923	Croatia	661	690	4.3
730	B&H	121	156	28.5
1,238	Other markets	296	166	(44.1)
4,891	TOTAL CRUDE OIL PRODUCT SALES	1,079	1,012	(6.2)

FY2007	REFINED PRODUCT SALES Kt	Q1 2007	Q1 2008	Ch %
1,254	Motor gasoline	296	226	(23.7)
2,681	Gas and heating oils	584	613	4.8
957	Other products	199	173	(12.9)
4,891	TOTAL CRUDE OIL PRODUCT SALES	1,079	1,012	(6.2)

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

In 1Q2008 the **R&M segment** generated HRK 108 mill **operating loss** - HRK 141 mill less favourable result compared to the same period 2007 (HRK 33 mil profit was generated). The average refinery margin[7] increase of 4.6% was offset by the unfavourable product slate, lower sales volumes and negative effect of non-application of the maximum price according to the effective formula (price cap)[8] to retain competitiveness and share in domestic market.

In 1Q2008 **total sales volumes**[9] decreased by 6.2% to 1,012kt. Sales of motor gasoline and diesel (EURO IV quality) from own production increased by 2.1% (6 Kt). Increased fuel oil sales share from 18.1% to 19.5% together with the increased negative spread quarter-on-quarter had a negative effect on segment's profitability.

In 1Q2008 INA has **preserved dominance in the domestic market** with the stable 77% share and increased share in the BiH market from 42% to 44%.

Capex, in line with the dynamic plan, amounted to HRK 56 mill in 1Q2008 against HRK 156 mill in 1Q2007. In the refinery modernization program the focus in 1Q2008 was on construction of HDS FCC unit and tendering procedure for Isomerisation Unit in Sisak refinery, designing and equipment procurement for Sulphur Recovery Unit, Hydrocracking Complex and Hydrogen Generation Unit in Rijeka refinery.

[7] Average refinery margin calculated on INA product yield according to Platt's (FOB Med) quotations.
[8] Quarterly effect on the price cap in 2008 amounted to HRK 45 mill, or HRK 39 mill up on the quarter-on-quarter.
[9] In 1Q2008 retail activities of the subsidiaries moved to Retail division with no impact on the gross sales of Downstream, while the retail sales volumes increased

Retail*

FY2007		Segment IFRS results in millions	Q1 2007		Q1 2008		Ch %	
HRK	USD		HRK	USD	HRK	USD	HRK	USD
5.850	1,091	Revenues	1,073	191	1,669	343	55.5	79.5
(90)	(17)	Operating profit	31	6	(34)	(7)	-	-
212	40	CAPEX	60	11	16	3	(73.3)	(69.2)

Key Segment operating data

FY2007	REFINED PRODUCT RETAIL SALES Kt	Q1 2007	Q1 2008
457	Motor gasoline	96	105
677	Gas and heating oils	140	167
26	LPG	5	13
4	Other products	1	1
1,163	TOTAL OIL PRODUCT RETAIL SALES Kt	242	285

* Refers to Retail INA. d.d. and Petrol Rijeka. As of January 1, 2008 also including retail of subsidiaries: Proplin, Crobenz, Osijek Petrol, Interina Ljubljana, Interina Sarajevo, INA BH Sarajevo, Holdina Sarajevo, INA - Crna Gora

In 1Q2008 the **Retail segment** generated **operating loss** of HRK 34 mill (against HRK 31 mill operating profit in 1Q2007) mostly caused by HRK 32 mill lower retail margin (HRK 13 mill positive effect of increased sales volume was offset by the price cap effect divided between Retail and R&M segments[10] in the amount of HRK 45 mill), HRK 19 mill negative effect of IAS 36[11] and HRK 12 mill higher staff costs.

As at 31 March 2008 the segment operated with 483 petrol stations (of which 434 in Croatia, 43 in Bosnia & Herzegovina and 6 in Slovenia). Quarter-on-quarter that is an increase of 8 petrol stations, in line with INA's new retail strategy.

Total retail sales volumes increased by 17.8% (43 kt), however when subsidiaries' retail in the 1Q 2008 excluded[12], the sales volume and average throughput per site increased by 6,1% and 4.7% respectively, compared to 1Q2007.

Diesel and motor gasoline sales (excluding subsidiaries' retail) increased by 5.8% in total (of which diesel increased by 9.2% and motor gasoline by 1.0%). Heating oil sales volumes increased by 6.3%. The 17.9% increase in sale of lubricants and other products was the result of the increased LPG sales by 20.5%, increased sale of industrial lubricants by 9.2% offset by lower sales of motor oils by 4.5% due to strengthening competition.

Shop sales revenues (excluding subsidiaries' retail) increased by 14.4% quarter-on-quarter. **The gross margin** per litre of fuel sold on petrol stations increased by 6.5% in 1Q2008.

CAPEX in 1Q2008 amounted to HRK 16 million (against HRK 60 million in 1Q2008), of which 81% was used for construction of new stations. Decresed investments were due to planned dynamic of works.

[10] Quarterly negative effect of the price cap in 2008 amounted to HRK 45 mill, while in the same period 2007 there was no effect.
[11] Negative effect on profit compared to the same period 2007 due to lower profitability of petrol stations.
[12] To be comparable with the 1Q 2007.

Financial overview

Changes in accounting policies and estimates

In the current year the Company and the Group have adopted all of the new and revised Standards and Interpretations, issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), relevant to their operations and effective for accounting periods beginning on 1 January 2007: (MSFI 7 Financial instruments), as well as the interpretations of IFRIC 7-10 effective as of year 2006.

The adoption of the new and revised Standards and Interpretations has not affected Company's and Group's accounting policies.

Operations

In 1Q2008 INA Group net sales revenues increased by 25% amounting to HRK 6.2 billion, mainly due to the increase in natural gas sales volumes (13%) and crude oil[13] (21%) and higher realized sales prices.

In 1Q2008 INA continued to suffer the negative impact of the regulated natural gas prices on the domestic market for not being able to pass the price of imported gas onto its customers.

The non-application of the maximum price according to the effective formula (price cap) had a negative impact of HRK 90 mill on the1Q2008 result.

The cost of raw materials and consumables increased by 27% in 1Q2008 in comparison with the same period last year, of which the cost of crude oil increased by 28% (11% lower refined quantities and 44% higher prices). The cost of other goods sold increased by 31% and amounted to HRK 1.1 billion (higher import of EURO IV quality products with higher prices and higher quantities & prices of imported gas sold). Service costs increased by 27% to HRK 928 million. Depreciation increased by 10% to HRK 319 million mainly due to finished projects in Refining & marketing division. Adjustments and provisions, mainly referring to non-current assets, increased by HRK 50 mill to HRK 104 million. Total staff costs increased by 16% including the average salary increase of 8.7%. The closing headcount as at 31 March 2008 was 15,810 which is slightly less than the closing headcount as at 31 December 2007 (15,855).

Net financial gains in 1Q2008 amounted to HRK 356 mill (the loss in the same period 2007 amounted to HRK 56 million). The effect of increased foreign exchange gains of HRK 409 mill and HRK 20 million lower interest payable was partly offset by HRK 17 mil higher other financial expenses (related to derivative contracts). Interest for long term loans (HRK 35 mil) remained in level with 1Q2007 figure, while interest for short term loans (HRK 13 mil) decreased by HRK 19 million primarily because of lower both libor and margins.

The corporate taxes paid in 1Q2008 increased by HRK 92 mill to HRK 155 mill mainly due to higher Company's corporate profit.

Balance sheet

As at March 31, 2008 total INA Group assets amounted to HRK 24.5 billion, 2% down on the figure as at December 31, 2007. Non-current tangible and intangible assets increased by 1%, while current assets decreased by 8%. Property, plant and equipment increased by 3% mostly due to investments into development of North Adriatic and Syrian gas and oil fields.

Goodwill and investments decreased by 13% (18% lower non-tangible assets resulting from lower investments into exploration phase due to transition of most significant oil and gas exploration projects into development phase and 4% higher goodwill related to the acquisition of Energopetrol, Bosnia and Herzegovina and Rotary, Hungary). Investments in associates and joint ventures and investments in other companies increased by HRK 34 million of which the most significant was the investment into Energopetrol based on the Share acquisition agreement. The decrease in assets available for sale in the amount of HRK 116 mill was mainly the result of a decrease in market value of Janaf d.d. shares. Deferred tax increased by HRK 21 million.

Inventories increased by 2% to HRK 3.2 billion primarily as a result of a higher value of finished products and WIP inventories (18% higher volumes) partially offset by decreased value of crude oil inventories.

Net trade receivables decreased by 5% due to more efficient collection of trade receivables and lower value of foreign receivables in HRK-terms due to appreciation of Croatian kuna against US dollar totalling HRK 2.9 billion.

As at 31 March 2008 INA Group's total liabilities decreased by 8% compared to final balance 2007 amounting to HRK 10.3 billion. The decrease in trade payables (44%) primarily caused by lower crude import (shut down in Refinery Rijeka due to modernisation program in progress) was partially offset by increased indebtedness (13%) which grew by 5.6 billion against 4.9 billion as at December 31, 2007. Long-term provisions decreased by HRK 98 million to HRK 1.4 billion as at 31 March 2008 mainly due to HRK 111 million lower provisions for decommissioning costs based on increased reserves coming from higher crude oil price.

Total net debt of INA Group amounted to HRK 5.2 billion in comparison with HRK 4.2 billion at the end of 2007, while the net gearing ratio[14] increased from 23.5 % at the end of 2007 to 27.0% at March 31, 2008.

Cash flow

Operating cash flow before movements in working capital increased by 2% against the same period 2007 to HRK 619 million. The increase in working capital by HRK 1,140 million was mainly a result of decreased trade payables (by HRK 1,294 mil) caused by lower crude import, HRK 120 mill increased inventories (mostly WIP and finished products) and decreased trade receivables (by HRK 221 million) due to more efficient collection and lower value of foreign receivables (weakened USD).

The lower amount of tax paid of HRK 62 mill was due to lower tax paid by INA, d.d.

Net cash outflow for investing activities of HRK 625 mill increased by 9% in comparison with HRK 575 mill net cash in 1Q2007. Operating activities and increased investments were financed from INA's increased indebtedness - HRK 1.008 million up on the figure as at December 31, 2007.

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13 Sales outside of INA-Group

14 Net debt to net debt plus shareholders' equity including minority interests

INA Group Summary Segmental Results of Operations

FY2007		Q1 2007	Q1 2008	
HRK mill		HRK mill	HRK mill	Ch. %
	Sales			
8,133	Exploration & Production	1,588	2,517	59
18,764	Refining & Marketing	3,428	4,325	26
5,850	Retail	1,073	1,669	56
684	Corporate and Other	219	159	(27)
(7,583)	Inter-segment revenue	(1,316)	(2,428)	84
25,848	Total sales	4,992	6,242	25
	Operating expenses, net other income from operating activities			
(6,088)	Exploration & Production	(1,098)	(1,757)	60
(18,705)	Refining & Marketing	(3,395)	(4,433)	31
(5,940)	Retail	(1,042)	(1,703)	63
(1,678)	Corporate and Other	(467)	(382)	(18)
7,583	Inter-segment eliminations	1,316	(2,428)	-
	Profit from operations			
2,045	Exploration & Production	490	760	55
59	Refining & Marketing	33	(108)	-
(90)	Retail	31	(34)	-
(994)	Corporate and Other	(248)	(223)	(10)
1,020	Total profit from operations	306	395	29
0	Share in the profit of associate companies	0	0	-
113	Net profit/(loss) from financial activities	(56)	356	-
1,133	Profit before taxation	250	751	200
(262)	Current taxation	(63)	(155)	146
871	Profit for the period	187	596	219

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.

Income Statement

FY2007		Q1 2007	Q1 2008	
HRK mill		HRK mill	HRK mill	Ch. %
	Income Statement Data			
	Sales revenue			
16,467	a) Domestic	3,205	4,312	35
9,381	b) Exports	1,787	1,930	8
25,848	Total sales revenue	4,992	6,242	25
695	Income from own consumption of products and services	133	56	(58)
619	Other operating income	148	309	109
27,162	Total operating income	5,273	6,607	25
(28)	Changes in inventories of finished products and work in progress	75	141	88
(13,029)	Cost of raw materials and consumables	(2,582)	(3,270)	27
(1,302)	Depreciation and amortization	(289)	(319)	10
(3,817)	Cost services	(731)	(928)	27
(2,581)	Staff costs	(562)	(654)	16
(4,904)	Cost of other goods sold	(824)	(1,078)	31
(381)	Impairment charges (net)	(53)	(93)	75
(100)	Provisions for charges and risks	(1)	(11)	-
(26,142)	Operating expenses	(4,967)	(6,212)	25
1,020	Profit from operations	306	395	29
	Share in the profit of associated companies			
746	Finance revenue	152	539	255
(633)	Finance costs	(208)	(183)	(12)
113	Net (loss) / profit from financial activities	(56)	356	-
1,133	Profit for the year before taxation	250	751	200
(262)	Current taxes	(41)	(154)	276
	Deferred taxes	(22)	(1)	(95)
871	Profit / (Loss) for the year	187	596	219
	Attributable to			
869	Equity holder	186	596	220
2	Minority interest	1	0	-
871		187	596	219
86.9	Earning per share (in HRK)	18.6	59.6	220

Consolidated Balance Sheet

FY2007		31 March 2007	31 March 2008	
HRK mill		HRK mill	HRK mill	Ch. %
	Assets			
	Non-current assets			
661	Intangible assets	666	545	(18)
14,891	Property. plant and equipment	13,755	15,291	11
163	Goodwill	93	169	82
124	Investments in associates and joint ventures	97	124	28
62	Investments in other companies	50	96	92
177	Long-term receivables	186	176	(5)
226	Derivative financial instruments	247	208	(16)
37	Deferred tax	78	58	(26)
656	Available for sale assets	598	540	(10)
16,997	Total non-current assets	15,770	17,207	9
	Current assets			
3,123	Inventories	3,671	3,190	(13)
3,072	Trade receivables net	2,557	2,907	14
674	Other receivables	720	517	(28)
97	Derivative financial instruments	82	97	18
50	Other current assets	44	39	(11)
183	Prepayments and advances	237	155	(35)
720	Cash with bank and in hand	452	341	(25)
7,919	Total current assets	7,763	7,246	(7)
24,916	Total assets	23,533	24,453	4
	Equity and liabilities			
	Capital and reserves			
9,000	Share capital	9,000	9,000	0
229	Revaluation reserve	183	136	(26)
2,301	Other reserves	2,346	2,275	(3)
2,104	Retained earnings / (Deficit)	1,552	2,700	74
13,634	Equity attributable to equity holder of the parent	13,081	14,111	8
9	Minority interests	8	9	13
13,643	Total equity	13,089	14,120	8
	Non-current liabilities			
3,130	Long-term loans	1,507	2,910	93
144	Other non-current liabilities	150	142	(5)
91	Employee benefits obligation	72	96	33
1,406	Long-term provisions	1,491	1,312	(12)
4,771	Total non-current liabilities	3,220	4,460	39
	Current liabilities			
1,664	Bank loans and overdrafts	2,146	2,526	18
129	Current portion of long-term debt	1,005	116	(88)
3,532	Accounts payable	2,791	1,995	(29)
648	Taxes and contributions	719	683	(5)
269	Other short-term liabilities	243	243	0
198	Accruals and deferred income	159	227	43
15	Employee benefits obligation	8	15	88
47	Short-term provisions	154	68	(56)
6,502	Total current liabilities	7,224	5,873	(19)
11,273	Total liabilities	10,444	10,333	(1)
24,916	Total equity and liabilities	23,533	24,453	4

Capital Expenditure

FY2007		Q1 2007	Q1 2008	
HRK mill		HRK mill	HRK mill	Ch. %
	Exploration & Production:			
1,364	Property, Plant and Equipment	201	484	
195	Intangible Assets	5	34	
1,559	Total Exploration & Production	206	518	151.5
	Refining & Marketing			
978	Property, Plant and Equipment	154	54	
7	Intangible Assets	2	2	
985	Total Refining & Marketing	156	56	(64.1)
	Retail:			
211	Property, Plant and Equipment	60	15	
1	Intangible Assets	0	1	
212	Total Retail	60	16	(73.3)
	Corporate & other:			
69	Property, Plant and Equipment	(3)	18	
71	Intangible Assets	23	0	
140	Total Corporate & other	20	18	(10.0)
	Inter-segment elimination:			
	Property, Plant and Equipment			
	Intangible Assets			
	Total Inter-segment elimination	0	0	
2,896	Total Capital Expenditure	442	608	37.6
	of which:			
2,622	Property, Plant and Equipment	412	571	
274	Intangible Assets	30	37	

INA—INDUSTRIJA NAFTE d.d. ZAGREB

INA GROUP CONSOLIDATED STATEMENT OF CASH FLOW

Period ended 31 March 2007 and 2008

(All amounts in HRK millions)

		Q1		
FY2007		2007	2008	Ch. %
871	Profit for the year	187	596	219
	Adjustments for:			
1,302	Depreciation and amortisation of non-current assets	289	319	10
262	Income tax expenses recognized in profit	63	156	148
381	Impairment charges (net)	53	93	75
(9)	Gain on sale of property plant and equipment	19	(8)	-
(17)	Gain on sale of shares or stakes			
(402)	Foreign exchange loss/(gain)	(24)	(437)	-
333	Interest expense (net)	60	60	0
45	Other financial expenses/(income)	(1)	20	-
(130)	Change in provision for charges and risks and other non-cash items	(42)	(180)	329
2,636	Operating cash flow before working capital changes	604	619	2
	Working capital			0
(448)	(Increase)/decrease in inventories	(855)	(120)	(86)
(479)	Increase in receivables and prepayments	2	221	-
860	Decrease in trade and other payables	38	(1,294)	-
15	Decrease in provisions	19	53	179
2,584	Cash generated from operations	(192)	(521)	171
(168)	Taxes paid	(100)	(62)	(38)
2,416	Net cash inflow from operating activities	(292)	(583)	100
	Cash flows used in investing activities			0
(2,354)	Purchase of property, plant and equipment	(413)	(570)	38
(274)	Purchase of intangible assets	(30)	(37)	23
13	Proceeds from sale of non-current assets			0
	Purchase of investment in Energopetrol	(133)		-
(279)	Purchase of investments in associates and joint ventures and other companies			0
2	Dividends received from companies classified under available for sale and other companies	2	0	-
	Proceeds from sale of property, plant and equipment	4	15	275
	Proceeds from sale of investments			0
	Proceeds from financial assets			0
	Interest received			0
8	Investments and loans to third parties, net	(5)	(33)	-
(2,884)	Net cash (outflow) from investing activities	(575)	(625)	9
	Cash flows from/(used in) financing activities			0
3,700	Additional long-term borrowings	568	48	(92)
(2,360)	Repayment of long-term borrowings	(40)	(43)	8
(300)	Net drawdown /(repayment) of short term borrowings	216	871	303
(152)	Interest paid on long-term loans	(20)	(35)	75
(9)	Dividends paid	(3)	(2)	(33)
(131)	Other long-term liabilities, net			0
(172)	Interest paid on short term loans and other financing charges	(30)	(15)	(50)
576	Net cash inflow/(outflow) from financing activities	691	824	19
108	Net (decrease)/increase in cash and cash equivalents	(176)	(384)	118
630	At beginning of period	630	720	14
(18)	Effect of foreign exchange rate changes	(2)	5	-
720	At the end of period	452	341	(25)

INA INDUSTRIJA NAFTE, d.d.

INA GROUP CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the period ended 31 December 2007
(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 2007 (restated)	9,000	2,347	66	1,366	12,779	7	12,786
Gains/(losses) on available-for-sale investments			117		117		117
Exchange differences on translation of the financial statements of foreign operations		(1)			(1)		(1)
Net profit recognised directly in equity	0	(1)	117	0	116	0	116
Profit for the year				186	186	1	187
Total recognized income and expense for the period	0	(1)	117	186	302	1	303
Balance as at 31 March 2007	9,000	2,346	183	1,552	13,081	8	13,089

	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Minority interests	Total equity
Balance as at 01 January 2008.	9,000	2,301	649	2,104	14,054	9	14,063
Gains/(losses) on available-for-sale investments							
Dividends Payable			(513)		(513)		(513)
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

Announcements in 2008

15 April 08	Notice of a meeting
9 April 08	Exploration contract in Iran signed
4 April 08	Annual General Meeting of INA–INDUSTRIJA NAFTE, d.d. Zagreb
3 April 08	Extraordinary General Meeting held
31 March 08	INA Group announced its results for FY 2007
27 March 08	Notice of Results and a conference call
18 March 08	Notice of meeting with an analyst on 19 March 2008
13 March 08	Notice of meeting with an investor on 14 March 2008
12 March 08	Management Board and Supervisory Board resolutions
7 March 08	Management Board and Supervisory Board meetings announcement
28 February 08	Production start-up in Syria
20/21 February 08	Extraordinary shareholders' assembly
19 February 08	Meeting with financial analysts
15 February 08	Unaudited consolidated profit for the year ending 31 December 2007
8 February 08	Meeting with financial analysts
24 January 08	Acquisition of shares

SHAREHOLDER STRUCTURE

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

	31.12.06.	31.03.07.	30.06.07.	30.09.07.	31.12.07.	31.03.2008.
The Government of Republic of Croatia	5,180,367	5,180,367	5,180,367	5,180,367	4,484,918	4,483,787
MOL	2,500,001	2,500,001	2,500,001	2,500,001	2,500,001	2,500,001
The Fund of Croatian War Veterans of Homeland War and their Family Members	700,000	700,000	700,000	700,000	700,000	700,000
Zagrebačka banka d,d,/Citibank N,A,(custodian/depositary for GDR)	368,725	253,414	233,345	215,354	204,307	203,263
Private and institutional investors	1,250,907	1,366,218	1,386,287	1,404,278	2,110,774	2,112,949
Total	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

Changes in organisation and senior management:

Changes in the Supervisory Board

On March 11, 2008 the term in Supervisory Board expired for Ivan Šuker, Damir Polančec, Tomislav Ivić and Đuro Dečak. By the decision passed at the extraordinary General meeting the above stated members were reinstated for a new 4-year term.

Changes in the Management Board

In 1Q2008 there were no changes in the Management Board.

Changes in corporate organisation

By INA, d.d. Board Decision as at March 1, 2008 Mr. Goran Pavlović was appointed IS director. As at March 21, 2008 Mr. Milovan Buchberger was appointed Strategy & corporate business development director and Mr. Vladimir Čepelnik the director of Upstream services support sector.

In 1Q2008 there were no other organisational changes apart from the above stated.