INDUSTRIJA NAFTE, d.d.

INA Group (ZSE: INA – R-A; LSE: HINA; homepage: www.ina.hr) announced its results for Q1-Q4 2008 today. This report contains consolidated financial statements for the period ended 31 December 2008 as prepared by the management in accordance with International Financial Reporting Standards (IFRS).

Financial highlihts

INA Group – financial results	Q4 2007		Q4 2008		Ch.%		2007		2008		Ch%	
(MSFI)	HRK mil	USD[1] mil)	HRK mil	USD[1] mil)	HRK	USD[1)]	HRK mil	USD[1] mil)	HRK mil	USD[1] mil)	HRK	USD[1)]
CONTINUING OPERATIONS												
Net sales revenues	7,259	1,434	5,926	1,090	(18.4)	(24.0)	24,095	4,492	27,144	5,503	12.7	22.5
EBITDA	857	169	131	24	(84.7)	(85.8)	3,305	616	3,564	722	7.8	17.2
Operating profit	199	39	(719)	(132)	-		1,537	287	1,310	266	(14.8)	(7.3)
Net financial gain (expenses)	21	4	(438)	(81)	-		105	20	(780)	(158)	-	-
Profit for the year form continuing operations	171	34	(1,000)	(184)	-	-	1,278	238	352	71	(72.5)	(70.1)
DISCONTINUED OPERATIONS[3]												
Loss for the year form discontinued operations	(30)	(6)	(454)	(83)	-	-	(407)	(76)	(1,450)	(294)	256.3	287.4
ALL OPERATIONS												
Net profit/loss[2]	142	28	(1,454)	(267)	-	-	869	162	(1,099)	(223)	-	-
Operating cash flow	1,169	231	3,037	559	159.9	141.9	2,416	450	2,629	533	8.9	18.4

[1)] In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q4 2007: 5.0610 HRK/USD, for FY 2007: 5.3635 HRK/USD, for Q4 2008: 5.4374 HRK/USD and for FY 2008: 4.9330 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 Tomislav Dragičević, Chairman of INA, d.d. commented:

In 2008, INA's total sales revenues rose by 11% over 2007 to HRK 28.8 billion but the unfavourable business environment during the year, particularly in Q4, had a negative impact on overall results. A massive drop of crude prices after they had reached their historic high, and the fall of oil product prices through inventory revaluation decreased the results by HRK 1,106 million. The appreciation of the US dollar and higher foreign currency indebtedness significantly contributed to the loss in financial activities in the amount of HRK 780 million. A higher imported natural gas price and additional, emergency imports had a dominant negative influence on 2008 performance decreasing the results by HRK 1,400 million. The process of divesting the administratively regulated gas business was started. A price cap on refined products and LPG prices resulted in a loss of income in the amount of HRK 530 million. Due to the decrease in refined products prices the price cap was eliminated at the end of 2008.
The refinery modernisation programme was intensively followed at Sisak and Rijeka during 2008 as planned, its positive contribution to profitability expected as of 2010. In 2008, total capital investments increased to HRK 4.37 billion, mostly relating to the Refinery Modernisation Programme and the North Adriatic projects, carried out as joint ventures with ENI (INAGIP) and Edison (EDINA). Outside Croatia, the projects in Egypt and Syria are expected to produce results as early as in 2009.

Economic environment, loss on gas business and decreased production affected the result

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 basic issues regarding the future of the natural gas market and the supply of natural gas in Croatia) on 30 January 2009. Based on the contract the Government or an entity designated by the Government for this purpose will take over the gas storage and gas trading activity of INA d.d. during 2009.
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.
Since the gas trading activity represents a major line of business, the Company presents related results and cash flows as profit and cash flows from discontinued operations. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

From continuing operations, the Group had HRK 1,310 mill (USD 266 mill) in FY 2008 operating profit, HRK 227 mill down year-on-year. In addition to above-mentioned effect of a higher crude oil price followed by its extreme fall in H2 2008 and inventory revaluation (crude and refined products), imported natural gas impact, the unfavourable effect of the price cap[1] (eliminated at the end of the year) and a higher loss from financial activities, lower hydrocarbon production and lower production and sale of refined products had a substantial negative effect on the result.

In the context of all operations in FY 2008 INA Group had HRK 1,099 mill loss for the year (versus HRK 869 mill net profit in FY 2007), within which the loss on gas business (discontinued operations) of HRK 1,450 mill exceeded the 2007 figure by HRK 1,043 mill (higher volume of imported gas sold combined with higher negative differential between sales and import prices as a result of regulated domestic gas market).

[1] Price cap on oil products (HRK 218 mill) and lost revenue on regulated LPG prices (HRK 312 mill), totalling HRK 530 mill. In Q4 2008 the price cap on oil products was not applied, but the negative effect of regulated LPG prices persisted until November.

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- **Exploration & Production**

Segment's operating profit from continuing operations in FY 2008 increased by HRK 966 mill to HRK 3,528 mill (USD 715 mill)[2]. The positive effect of higher crude oil price on annual-average terms (BRENT FOB increased by 33.8%) was partly offset by lower daily hydrocarbon production (mainly due to lower production of natural gas on North Adriatic fields, in line with the PSA) combined with higher production cost. Operating profit from continuing operations in Q4 2008 decreased by HRK 28 mill quarter-on-quarter due to the negative effect of a decreased crude oil prices and lower daily hydrocarbon production, partly ofsset by higher CROSCO's operating profit.

- **Refining & Marketing**

In 2008 the segment reported HRK 1,266 mill operating loss (USD 257 mill), against HRK 59 mill profit in FY 2007. The unplanned one-month Rijeka refinery stoppage caused by the breakdown at the topping unit in mid September, just at the time when crude prices dropped, had a significantly negative impact on the factors which determined the financial results. Unfavourable result was primarily due to the negative effect of crude oil (HRK 289 mill) and derivatives (HRK 817 mill) inventory[3] revaluation (total HRK 1,106 mill), less favourable product slate and lower sale volumes. The negative effect of the price cap[4] in domestic market amounted to HRK 109 mill and the negative effect of regulated LPG prices amounted to HRK 280 mill[5]. The Q4 2008 saw a HRK 1,167 mill loss, versus HRK 28 mill loss quarter-on-quarter.

- **Retail**

Total sales volumes in FY 2008 increased by 2.0% and the average throughput per site increased by 1.5%. Following INA's retail strategy the segment increased the number of stations by 3 in comparison with December 31, 2007, i.e. it operated 485 petrol stations. In the reporting period the segment had HRK 98 mill (USD 20 mill) operating loss, HRK 8 mill up year-on-year. Higher retail margin resulted with HRK 43 mill positive effect (HRK 22 mill from higher sale volumes and HRK 21 mill due to lower negative effect of the price cap), offset by HRK 13 mill higher negative effect of asset impairment under IAS 36[6] and HRK 38 mill higher other costs (as a consequence of the increased number of petrol stations and higher average payroll per employee). In Q4 2008 the segment reported HRK 3 mill operating profit, which compares favourably with the same period 2007 by HRK 129 mill due to higher retail margin, lower negative effect of IAS 36 and other favourable changes in costs.

- **Corporate and Other**[7]

In FY 2008 the segment had HRK (854) mill operating result, USD (173) mill. The result was improved by HRK 140 mill year-on-year mainly as a result of lower operating costs and provisions, partly offset by higher staff costs. The segment's operating loss in Q4 2008 was lower by HRK 120 mill quarter-on-quarter, partially as a result of implemented cost cutting measures in Corporate Functions.

- **Capital expenditures**

Capital expenditures in 2008 increased by HRK 1,475 mill to HRK 4,371 mill (USD 886 mill). Expenditures for intangible assets (HRK 292 mill) increased by 7%, mainly due to increased expenditures for exploration activities. The main driver of the 56% higher expenditures for property, plant and equipment (HRK 4,079 mill) were higher expenditures for refinery modernisation programme, development activities on North Adriatic and Syrian projects and Crosco Group's investments.

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[2] The management believes that the price cap (HRK 530 mil) was a direct consequence of high crude prices as the regulator considers INA Upstream's profit to be a source for compensation of regulated prices. Had the Upstream's result been adjusted with the effe ct o f the price cap the operating profit would have amounted to HRK 2,998 mill.

[3] Total inventories of imported crude oil and crude oil products (finished, semi-finished and WIP) as well as retail inventories, are recorded in R&M.

[4] The total effe ct of the price cap in 2008 amounted to HRK 218 mill, against HRK 260 mill in 2007 and was equally divided between Refining & Marketing (HRK 109 mill) and Retail (HRK 109 mill)

[5] Total negativ impact amounts to HRK 312 mill , of which HRK 280 mill R&M and HRK 32 mill Upstream

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

[7] Corporate and Other includes corporate functions, subsidiaries providing safety and security servi ces, maintenance services and other services, and corporate support and other services

Overview of the environment

In spite of a number of taken policy measures aimed at easing the situation, difficult financial markets conditions which began in Q4 2007 continued world wide in 2008, followed by an intensive slowdown of the global economy, especially in the last quarter when major part of both advanced as well as developing and emerging markets faced recession, which resulted in a sharp fall in global industrial production and merchandise trade in the last three months. According to the IMF, the world economy growth for 2008 is expected at 3.4 per cent[8] while the 2009 figure stands at relatively low 0.5 per cent.

During 2008, crude oil prices varied from as low as 35 to 144 USD per barrel, what was historic high for crude oil. Brent FOB Med average price of 97.3 USD per barrel was 33.8 per cent higher than the 2007 average (72.7 USD/bbl). During the first six months crude prices were constantly growing and peaked in July with 144,2 USD per barrel. The turmoil on the financial markets and equity markets volatility turned the investors and extra liquidity towards commodity markets rocketing the crude price in the first half of 2008 to its historic high. However, in the last six months the crude price started to plummet and fell as low as USD 36.7 per barrel due to the crude demand contraction initiated by the global activity slowdown and worsening of the economic outlook.

Platt's quoted (FOB Med - Italy) average crack spread increased 2.4 per cent compared to 2007 (from 48.7 USD/t in 2007 to 49.8 USD/t in 2008). The positive effect of higher average crude price (33.8 per cent increase over 2007) was moderated toward the year end, especially in the last quarter when the average crack spread amounted to 30.2 USD/t. The premium unleaded petrol margin (50ppm) decreased by 27.3 per cent (from 135.6 USD/t in 2007 to 98.6 USD/t in 2008) while the gas oil EN590 50 PPM margin increased by 80.2 per cent (from 110.7 USD/t in 2007 to 199.4 USD/t in 2008). The negative margin for fuel oil (of 3.5%) increased by 32.8 per cent (from -210.1 USD/t in 2007 to -278.9 USD/t in 2008).

In Croatia, the end of 2008 saw a slowdown of the economic activity suffering from the same problems present world wide. GDP grew just 1.6 per cent in the third quarter compared to the same quarter 2007, and 3 per cent[9] in the first nine months of 2008 opposed to the 6.2 per cent growth in 2007. A deterioration in consumer confidence and lower personal consumption, due to higher inflationary pressures together with unfavourable real wages growth and credit activity slowdown, had the most significant impact on GDP growth deceleration. However, in spite of tight market conditions and continued monthly downfall of industrial production in the last three months of 2008, an increase of 1.6 per cent was recorded for the full 2008.

Strong inflationary pressures present during most of 2008 eased up toward the year-end due to reduced global demand, primarily the commodities demand, decreasing inflation in December to 2.9 per cent on y-to-y basis. When measured by the Consumer Price Index, inflation for 2008 averaged at 6.1 per cent compared to the 2007 average of 2.9 per cent. The prices of food, housing, water and energy were the main inflation drivers with an average price increase over 10 per cent.[10]

Since the beginning of the year the kuna appreciated 0.1% against the euro, i.e. the euro rate declined from 7.33 HRK/EUR (Dec 31, 07) to 7.32 HRK/EUR (Dec 31, 08). In the same period, the rate of kuna against the US dollar fell by 3.6%, from 4.98 HRK/USD at the end of 2007 to 5.16 HRK/USD at the end of 2008. On average kuna appreciated against the euro by 1.6% (from 7.34 HRK/EUR to 7.22 HRK/EUR) while its rate against the US dollar appreciated strongly by 8% (from 5.36 HRK/USD to 4.93 HRK/USD).

[8] IMF; World Economic Outlook; January 2009

[9] Croatian chamber of economy; Economic trends; January 2009

[10] Croatian bureu of statistics; Consumer price indices; number: 13.1.1/12; 14 January 2009

Exploration & production *

Segment IFRS results	Q4 2007		Q4 2008		Ch. %		2007		2008		Ch. %	
in millions	HRK	USD	HRK	USD	HRK	USD	HRK	USD	HRK	USD	HRK	USD
Revenues:												
- continuing operations	2,086	412	2,067	380	(0.9)	(7.8)	6,380	1,190	8,273	1,677	29.7	41.0
– discontinued operations	633	125	610	112	(3.6)	(10.3)	1,753	327	1,664	337	(5.1)	3.2
Operating profit:												
- continuing operations	714	141	686	126	(3.9)	(10.6)	2,562	478	3,528	715	37.7	49.7
– discontinued operations	(58)	(11)	(563)	(104)	-	-	(517)	(96)	(1,702)	(345)	229.2	257.9
CAPEX	795	157	761	140	(4.3)	(10.9)	1,559	291	2,552	517	63.7	78.0

HYDROCARBON PRODUCTION	Q4 2007	Q4 2008	Ch. %	2007	2008	Ch. %
Crude oil production (MMbbl)	2.1	1.9	(11.8)	6.3	6.0	(5.2)
Croatia	1.1	1.0	(7.1)	4.4	4.1	(7.0)
Abroad	1.0	0.9	(16.6)	1.9	1.9	(1.2)
Condensate (MMbbl)	0.8	0.8	(5.4)	3.0	3.0	0.8
Natural gas production (Bcf)	20.4	19.0	(6.6)	86.1	75.3	(12.5)
Croatia	19.7	18.1	(8.2)	83.2	71.9	(13.6)
- onshore	10.7	9.7	(9.2)	42.5	39.8	(6.3)
- offshore	9.1	8.4	(7.1)	40.6	32.0	(21.2)
Syria	0.7	0.9	41.3	2.9	3.5	19.0
Average hydrocarbon prod./day (Mboe/d)	63.7	58.8	(7.8)	65.3	58.9	(9.8)
Natural gas imports (Bcf)	9.9	11.1	11.8	37.3	43.3	16.3
Natural gas sales on domestic market (Bcf)	35.9	32.6	(9.1)	109.1	108.1	(0.9)

Realised hydrocarbon price	Q4 2007	Q4 2008	Ch. %	2007	2008	Ch. %
Average realised crude oil price (USD/bbl)	79.0	51.2	(35.2)	66.1	88.1	33.4
Average realised total hydrocarbon price (USD/boe)	50.0	37.9	(24.2)	44.4	53.4	20.3

**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 FY 2008 increased by HRK 966 mill to HRK 3,528 mill in comparison with 2007. The profit in Q4 amounted HRK 686 mill, down by HRK 28 mill mostly due to the negative effect of a decreased crude oil prices (Brent FOB lower by 37.3% against Q4 2007) and lower daily hydrocarbon production, partly ofsset by higher CROSCO's operating profit.

From discontinued operations the segment recorded HRK 1,702 mill operating loss, which compares unfavourably with HRK 517 mill loss year-on-year. The loss in Q4 2008 was HRK 563 mill, or HRK 505 mill up on the same period 2007 primarily as a consequence of higher negative differential between sales and import prices.

Hydrocarbon production cost

USD/Boe	Q4 2007	Q4 2008	2007	2008
Croatia - onshore	12.10	11.36	10.40	12.69
Croatia - offshore	7.60	13.23	7.70	10.59
Angola			19.82	28.61
Egypt	8.10	14.93	7.50	12.69
Sirya	4.03	5.43	5.50	7.06
Average	11.57	12.98	9.67	12.30

*Angola full year cost are posted for a single crude oil delivery in Q4

Hydrocarbon production

Mboe/day	Q4 2007	Q4 2008	2007	2008
Crude Oil	16.90	16.08	17.10	16.43
Natural Gas condensate	9.10	8.18	8.10	8.13
Natural Gas	37.70	34.50	40.07	34.30
o/w North Adriatic	17.40	15.30	19.60	14.58
Total	63.70	58.76	65.27	58.86

Average daily hydrocarbon production in 2008 declined by 9.8% to 58.86 Mboe/daily, mainly due to the 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 in 2008 increased by 27% to 12.30 USD/boe, primarily as a result of lower production level, stronger Croatian kuna against US dollar (domestic production costs), higher cost of depreciation as a result of activation of new investments in North Adriatic (IKA, IDA, Katarina), and higher cost of drilling and repairs on concessions abroad. Cost of production in Egypt was additionally increased by a repair undertaken to maintain current production volume, while the cost of production in Syria was higher due to production stoppages (Jihar 2 and Palmyra) and lower extraction on Jazal filed as a result of increased presence of water in production.

Lifting costs in 2008 amounted to 2.72 USD/boe, against 2.21 USD/boe in FY 2007.

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 2008 increased by 37.2% amounting to 2.3010 HRK/Mcm/33,34 MJ (with 8.0% stronger Croatian kuna against US dollar).

Price Differential to Import Prices

HRK/Mcm/33.34 MJ	Q4 2007	Q4 2008	2007	2008
Eligible customers' price	(631.98)	(1,478.50)	(716.80)	(1,084.55)
Tariff customers' price	(565.35)	(1,873.40)	(609.22)	(1,233.85)
Total price	(596.98)	(1,671.87)	(668.93)	(1,147.45)

Upstream CAPEX in 2008 increased by HRK 993 mill reaching HRK 2,552 mill, year-on-year (HRK 909 mill tangible and HRK 84 mill intangible assets). Increased investments into tangible assets were mainly caused by higher investments in development on North Adriatic and Syrian projects, while the increase of investments into intangible assets mainly refers to a larger scope of exploration works on projects in North Adriatic and Egypt.

Proved **reserves** in 2008 amounted to 255 MMboe, 15 MMboe down on 2007, while the proved and probable reserves increased by 7 MMboe to 382 MMboe. Reserve replacement ratio amounted to 25% for proved and 136% for proved and probable.

Refining & marketing*

Segment IFRS results	Q4 2007		Q4 2008		Ch. %		2007		2008		Ch. %	
in millions	kn	USD	kn	USD	kn	USD	kn	USD	kn	USD	kn	USD
Revenues	5,766	1,139	4,170	767	(27.7)	(32.7)	18,764	3,498	19,888	4,032	6.0	15.2
Operating profit	(28)	(6)	(1,167)	(215)	-	-	59	11	(1,266)	(257)	-	-
CAPEX	476	94	692	127	45.4	35.3	985	184	1,571	318	59.5	73.4

REFINERY PROCESSING Kt	Q4 2007	Q4 2008	Ch. %	2007	2008	Ch. %
Domestic crude oil	107	114	6.5	599	570	(4.8)
Imported crude oil	1,146	849	(26.0)	4,198	3,567	(15.0)
Condensates	37	38	4.4	163	168	3.5
Other feedstock	111	56	(49.3)	387	308	(20.3)
TOTAL REFINERY THROUGHPUT	1,402	1,058	(24.5)	5,347	4,614	(13.7)

REFINERY PRODUCTION Kt	Q4 2007	Q4 2008	Ch. %	2007	2008	Ch. %
TOTAL REFINERY PRODUCTION	1,402	1,058	(24.5)	5,347	4,614	(13.7)

REFINED PRODUCT SALES Kt	Q4 2007	Q4 2008	Ch. %	2007	2008	Ch. %
Croatia	781	717	(8.2)	2,923	2,825	(3.4)
B&H	187	138	(26.4)	730	701	(4.0)
Other markets	297	182	(38.7)	1,238	892	(28.0)
TOTAL CRUDE OIL PRODUCT SALES	1,265	1,037	(18.0)	4,891	4,417	(9.7)

REFINED PRODUCT SALES Kt	Q4 2007	Q4 2008	Ch. %	2007	2008	Ch. %
Motor gasoline	304	239	(21.4)	1,254	1,050	(16.2)
Gas and heating oils	726	663	(8.7)	2,681	2,564	(4.4)
Other products	235	135	(42.5)	957	803	(16.0)
TOTAL CRUDE OIL PRODUCT SALES	1,265	1,037	(18.0)	4,891	4,417	(9.7)

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

In FY 2008 the **R&M segment** recorded HRK 1.266 mill **operating loss** (versus HRK 59 mill operating profit in 2007), of which the loss in Q4 2008 amounted to HRK 1,167 mill, or HRK 1,139 mill up year-on-year. The unfavourable result was the consequence of 41% lower average refining margin[11] partially coming from unfavourable product slate, the negative effect of revaluation of crude and refined products inventories and a lower sales volume. Due to the fall in derivatives' prices on the Mediterranean market INA was able to apply maximum prices in Q4 2008 in line with the Rulebook on Refined Product Pricing which eliminated the negative effect of the price cap[12] on derivatives in the period. Negative effect of regulated LPG prices[13] persisted until November 2008.

Total sales volumes in 2008 of 4,417 kt, represent a 9.7% decline on 2007. Sale of motor gasolines and diesel (EURO IV quality) decreased by 1.1% (15 kt) and 23% lower own production was supplemented with the increased import.

INA's strong market position continued in spite of a market share decline in the domestic wholesale market from 78% to 73% and B&H market from 52% to 47%, year-on-year. Subject market share decline was due to the competitive environment and discontinuities in refinery production (both planned and unplanned stoppages). INA's main objective in other markets was profit optimization.

In 2008 **segment's capital expenditures** increased by HRK 586 mill to HRK 1,571 mill, year-on-year.
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, the construction permit for Isomerisation unit has been issued and detailed engineering and procurement of equipment are in progress. As part of the second phase, Basic design and revised Front end engineering design for MHC/HDS plant was delivered, Basic design and Front end engineering design contractor were selected for Coking unit. In Rijeka refinery the construction works are in progress on sulphur recovery unit, HC/HDS unit and hydrogen generation unit and on Heavy residue processing unit the tender for preparation of Environmental impact study is in progress.

11 Average refinery margin calculated based on INA's yield according to Platt's (FOB Med) quotations.
12 Quarterly effect in Q4 2008 amounted to HRK 77 mill. Price cap effect on annual level amounted to HRK 109 mill in 2008 and HRK 130 mill in 2007
13 The quarterly effect of regulated LPG prices amounted to HRK 18 mill (HRK 312 mill for the period), o/w HRK 15 mill is related to R&M (HRK 280 mill for the period).

Retail*

Segment IFRS results	Q4 2007		Q4 2008		Ch. %		2007		2008		Ch. %	
in millions	HRK	USD	HRK	USD	HRK	USD	HRK	USD	HRK	USD	HRK	USD
Revenues	1,484	293	1,664	306	12.1	4.4	5,850	1,091	8,221	1,667	40.5	52.8
Operating profit	(126)	(25)	3	1	-	-	(90)	(17)	(98)	(20)	8.9	18.4
CAPEX	46	9	36	7	(21.7)	(27.2)	212	40	143	29	(32.5)	(26.7)

Key Segment operating data

REFINED PRODUCT RETAIL SALES Kt	Q4 2007	Q4 2008	2007	2008**
Motor gasoline	105	111	457	477
Gas and heating oils	164	187	677	777
LPG	7	17	26	58
Other products	1	1	4	4
TOTAL OIL PRODUCT RETAIL SALES Kt	277	316	1,163	1,316

* 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, INA BH Sarajevo, Holdina Sarajevo, INA - Crna Gora

** Changes were not calculated because figures are not comparable with the same period last year which contains only INA.d.d. retail quantities

In 2008 the Retail segment had HRK 98 mill **operating loss**, HRK 8 mill up on the loss generated in 2007.
In Q4 a HRK 3 mill operating profit was recorded against HRK 126 mill loss quarter-on-quarter. Improved result (by HRK 129 mill) was mostly attributable to HRK 79 mill higher retail margin (HRK 2 mill from higher sale volume and HRK 77 mill from higher margin per litre of fuel sold due to the absence of negative price cap effect[14]). Lower negative effect of IAS 36 (by HRK 18 mill) and HRK 32 mill lower other costs and provisions had the additional positive effect on the result.

As at December 31, 2008 the Segment operated 485 petrol stations (435 in Croatia, 44 in B&H and 6 in Slovenia) – an increase by 3 stations (2 at home and 1 in B&H) year-on-year.

Total sales volumes went up by 13.1% (153 kt), however, if we exclude subsidiary retail in 2008[15], both the sale volume and the average throughput per site increased by 2.0%, i.e.1,5% year-on-year.

Diesel and motor gasoline sales volumes (excluding subsidiaries) increased by 1.8% (of which diesel sales grew by 5.4% and motor gasolines eroded by 3.3%). Heating oil sales volume were down by 12.4%. Increased sale of lubricants and other products by 21.1% is the result of a 24.6% higher sale of LPG, lower sale of industrial lubricants (2.0%) and motor car lubricants (6.0%) due to the competitive environment.

Shop sales revenues (excluding subsidiaries) in 2008 increased by 9.4%. **Gross margin of other products per litre of fuel sold** on petrol stations increased by 10.0% year-on-year.

Capital expenditures in 2008 were down year-on-year amounting to HRK 143 mill (against HRK 212 mill in 2007) . The total of HRK 38 mill was invested in the construction of new petrol stations and HRK 60 mill in the reconstructions, in line with the adopted Retail strategy.

[14] Quarterly price cap effect in the same period 2007 amounted to HRK 77 mill. Price cap effect on annual level amounted to HRK 109 mill in 2008 against HRK 130 mill in 2007

[15] Due to a possible comparison of periods

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Financial overview

Changes in accounting policies and estimates

In 2007 the Company adopted IFRS 7 „Financial Instruments: Disclosures”, effective for accounting periods beginning on or after 1 January 2007, as well as changes and amendments to IAS 1 „Presentation of Financial Statements”. The effect of adoption of IFRS 7 and modified IAS 1 is reflected in publication of larger number of data on financial instruments and the company's capital management in financial reports. Eight Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) are effective in the current period (IFRIC 7-14), and their adoption had no impact on Company's accounting policies.

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[16] net sales revenues in FY 2008 increased by 13% to HRK 27.1 billion, mostly driven by higher sales prices, partly offset by lower sales volume of crude oil products (9%) and weaker US dollar against the Croatian kuna in comparison with last year.

In Q4 2008 the company applied maximum retail prices according to the effective formula for retail pricing on the domestic market following what the negative impact on the result (*price cap*) maintained stable HRK 218 mill compared to Q1-Q3 2008 (HRK 42 mill down on FY 2007). Together with the negative effect of regulated LPG prices (which persisted until November 2008) of HRK 312 mill on annual terms, the total lost revenue amounts to HRK 530 mill.

The cost of raw materials, consumables and energy in 2008 increased by 6% in comparison with FY 2007, of which the cost of crude oil increased by 11% as a result of a 30% higher average price of imported crude oil for INA’s refineries (the FOB on average increased by 33.8%) and 15% lower refining. Decreased value of finished product inventories and WIP inventories in the total of HRK 51 mill increased costs incurred in the period, versus HRK 28 mill higher in the previous year. The cost of other goods sold increased by 37% to HRK 3.9 billion, mostly as a result of 178% higher import of refined products and higher prices. Cost of services increased by HRK 718 mill to HRK 4.2 billion mainly due to higher Crosco, d.o.o. costs (Rotary costs – company merged at the end of 2007; cost of drilling equipment preparation and transportation to Mexico), higher costs for ENI’s tax, higher gas transmission costs and higher excess recovery petroleum. Depreciation increased by 5% to HRK 1.4 billion mostly due to capitalized finished projects. Adjustments and provisions increased by HRK 417 mill to HRK 883 mill mainly contributable to revaluation of crude oil inventories and negative effect of IAS 36. Total staff costs increased by 13% due to average gross salary increase by 10.4% (INA, d.d. 9.5% and subsidiaries 12.6%), higher remuneration to experts working abroad and increased number of employees (primarily due to Rotary acquisition).

Loss from financial activities in 2008 was HRK 780 mill, against HRK 105 mill gain in the previous year. As a result of the increased indebtedness and US dollar appreciation a HRK 409 mill foreign exchange losses were recorded, versus HRK 474 mill foreign exchange gains in FY 2007. Interest payable for long term loans amounted HRK 210 mill, HRK 34 mill down on the previous year, while the other financial expenditures amounted to HRK 161 mill or HRK 36 mill up on 2007.

Corporate income tax for 2008 decreased by HRK 186 mill from the previous year to HRK 178 mill, as a result of lower profit.

Discontinued operations

Loss for the year from discontinued operations (trading in natural gas) of HRK 1,450 mill in 2008 was by HRK 1,043 mill up on 2007, mainly due to a 9% higher sale of imported natural gas and higher negative differential between sales and import prices.

[16] External sale to third parties

Balance sheet

As at December 31, 2008 total assets amounted to HRK 26.6 billion, representing a 7% increase on the balance as at December 31, 2007. Non-current tangible and intangible assets increased by 17% mainly as the result of investments into exploration and development in the North Adriatic, Egypt and Syria, investments into modernization of refineries and retail network in Croatia. Goodwill and investments in associates and joint ventures increased by HRK 7 mill. The decrease in assets available for sale (non-current assets) of HRK 455 mill was primarily the consequence of a decreased market value of Janaf d.d. shares. Deferred tax increased by HRK 304 mill, mostly due to a tax loss and higher amount of undeductible expenses (value adjustment of inventories and Janaf's assets available for sale).
Inventories were down by 23%, totalling HRK 2.4 billion, mainly due to lower volumes and prices as they had been reduced to net realisable value. Net trade receivables of HRK 2.9 billion as at December 31, 2008 decreased by 5% in comparison with the balance at the end of 2007.
The property and assets available for sale (current assets) amount to HRK 359 million (assets necessary for natural gas storage operations). 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. The effect from sale of PSP Okoli (HRK 514 million revenue) was recorded in 2008 Balance sheet of INA, d.d. (mother company) but it was neutralised on INA Group level. The effect from sale shall be recorded on INA Group level in 2009.

As at 31 December 2008 INA Group's total liabilities increased by 29% against 2007 amounting to HRK 14.6 billion. Increased borrowings were the main driver which increased the liabilities to HRK 7.1 billion, in comparison with HRK 4.9 billion on December 31, 2007. The loans were primarily utilized for procurement of crude oil and investing in the Company's Capex programme. Long-term and short-term provisions increased by HRK 112 mill to HRK 1.6 billion mainly due to HRK 154 mill provisions for ENI's tax.

At the end of 2008 total net debt of INA Group amounted to HRK 6.6 billion, versus HRK 4.2 billion at the end of 2007, while the net gearing ratio [17] increased from 23.5% to 35.3% at the end of 2008. The negative effect on the gearing ratio reflects the effect of increased borrowing combined with a decreasing impact of loss for the year on the value of equity.

Cash flow

Operating cash flow in FY 2008 was HRK 2,629 mill, 9% up year-on-year.
Operating cash flow before movements in working capital decreased by HRK 846 mill to HRK 1,790 mill in 2008 compared to 2007, mostly as a result of net financial loss. Decrease in the working capital increased funds by HRK 972 mill, primarily as a result of HRK 726 mill higher trade payables, HRK 269 mill lower receivables (settlement of HEP's large debt), with HRK 186 mill higher value of inventories (higher value of refinery WIP inventories, imported finished products and natural gas). Income taxes paid in 2008 amounted to HRK 133 mill (profit in 2007 was the base for payment in 2008).

Net cash outflow for investing activities was HRK 4,354 mill, HRK 1,470 mill up on FY 2007. Increased investments were mainly into refinery modernization program and capital investments in North Adriatic and Syrian projects. Insufficient amount of resources necessary for investment expenditures was funded from INA's net debt up by HRK 2,362 mill, in comparison with the balance as at December 31, 2007.

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

INA Group Summary Segmental Results of Operations

	Q4					
	2007	2008		2007	2008	
	HRK mil	HRK mil	Ch.%	HRK mil	HRK mil	Ch.%
Sales						
Exploration & Production – continuing operations	2,086	2,067	(1)	6,380	8,273	30
Refining & Marketing	5,766	4,170	(28)	18,764	19,888	6
Retail	1,484	1,664	12	5,850	8,221	41
Corporate and Other	(12)	468	-	684	1,153	69
Inter-segment revenue	(2,065)	(2,443)	18	(7,583)	(10,391)	37
Sales – continuing operations	7,259	5,926	(18)	24,095	27,144	13
Exploration & Production – discontinued operations	633	610	(4)	1,753	1,664	(5)
Total sales	7,892	6,536	(17)	25,848	28,808	11
Operating expenses, net other income from operating activities						
Exploration & Production – continuing operations	(1,372)	(1,381)	1	(3,818)	(4,745)	24
Refining & Marketing	(5,794)	(5,337)	(8)	(18,705)	(21,154)	13
Retail	(1,610)	(1,661)	3	(5,940)	(8,319)	40
Corporate and Other	(349)	(709)	103	(1,678)	(2,007)	20
Inter-segment eliminations	2,065	2,443	18	7,583	10,391	37
Expenses – continuing operations	(7,060)	(6,645)	(6)	(22,558)	(25,834)	15
Exploration & Production – discontinued operations	(691)	(1,173)	70	(2,270)	(3,366)	48
Total expenses	(7,751)	(7,818)	1	(24,828)	(29,200)	18
Profit from operations						
Exploration & Production - continuing operations	714	686	(4)	2,562	3,528	38
Refining & Marketing	(28)	(1,167)	-	59	(1,266)	-
Retail	(126)	3	-	(90)	(98)	9
Corporate and Other	(361)	(241)	(33)	(994)	(854)	(14)
Profit/(loss) form operations – continuing operations	199	(719)	-	1,537	1,310	(15)
Exploration & Production – discontinued operations	(58)	(563)	-	(517)	(1,702)	229
Total profit/(loss) form operations	141	(1,282)	-	1,020	(392)	-
Share in the profit of associate companies						
Net profit/(loss) from financial activities - continuing operations	21	(438)	-	105	(780)	-
Net profit/(loss) from financial activities - discontinued operations	21	(4)	-	8	(110)	-
Net profit/(loss) from financial activities	42	(442)	-	113	(890)	-
Profit/(loss) before taxation - continuing operations	220	(1,157)	-	1,642	530	(68)
Profit/(loss) before taxation - discontinued operations	(37)	(567)	-	(509)	(1,812)	256
Profit/(loss) before taxation	183	(1,724)	-	1,133	(1,282)	-
Income tax - continuing operations	(49)	157	-	(364)	(178)	(51)
Income tax - discontinued operations	7	113	-	102	362	255
Income tax	(42)	270	-	(262)	184	-
Profit/(loss) for the period - continuing operations	171	(1,000)	-	1,278	352	(72)
Profit/(loss) for the period - discontinued operations	(30)	(454)	-	(407)	(1,450)	256
Profit/loss) for the period	141	(1,454)	-	871	(1,098)	-

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
- continuing operations -

	Q4 2007 HRK mil	Q4 2008 HRK mil	Ch. %	2007 HRK mil	2008 HRK mil	Ch. %
CONTINUING OPERATIONS						
Income Statement Data						
Sales revenue						
a) Domestic	3,857	3,919	2	14,977	16,965	13
b) Exports	3,402	2,007	(41)	9,118	10,179	12
Total sales revenue	7,259	5,926	(18)	24,095	27,144	13
Income from own consumption of products and services	255	377	48	695	677	(3)
Other operating income	181	232	28	528	638	21
Total operating income	7,695	6,535	(15)	25,318	28,459	12
Changes in inventories of finished products and work in progress	81	(326)	-	(28)	(51)	82
Cost of raw materials and consumables	(3,849)	(2,601)	(32)	(13,029)	(13,765)	6
Depreciation and amortization	(410)	(337)	(18)	(1,302)	(1,371)	5
Cost services	(1,013)	(1,336)	32	(3,529)	(4,247)	20
Staff costs	(728)	(795)	9	(2,576)	(2,922)	13
Cost of other goods sold	(1,329)	(1,346)	1	(2,851)	(3,910)	37
Impairment charges (net)	(170)	(546)	221	(366)	(829)	127
Provisions for charges and risks	(78)	33	-	(100)	(54)	(46)
Operating expenses	(7,496)	(7,254)	(3)	(23,781)	(27,149)	14
Profit from operations	199	(719)	-	1,537	1,310	(15)
Share in the profit of associated companies						
Finance revenue	(11)	140	-	746	411	(45)
Finance costs	32	(578)	-	(641)	(1,191)	86
Net (loss) / profit from financial activities	21	(438)	-	105	(780)	-
Profit for the year before taxation	220	(1,157)	-	1,642	530	(68)
Income tax	(49)	157	-	(364)	(178)	(51)
Profit / (Loss) for the year	171	(1,000)	-	1,278	352	(72)
DISCONTINUED OPERATIONS						
Profit / (loss) for the year – discontinued operations	(30)	(454)	-	(407)	(1,450)	256
Profit / (loss) for the year	141	(1,454)	-	871	(1,098)	-
Attributable to						
Equity holder	142	(1,454)	-	869	(1,099)	-
Minority interest	(1)	0	-	2	1	(50)
	141	(1,454)	-	871	(1,098)	-
Earning/(loss) per share (in HRK)						-
Basic and diluted earnings/(loss) per share (kuna per share) from continuing and discontinued operations	14.1	(145.4)	-	86.9	(109.9)	-
Basic and diluted earnings per share (kuna per share) from continuing operations	(3.0)	(45.4)	-	127.8	35.2	(72)

INDUSTRIJA NAFTE, d.d.

Income Statement
- discontinued operations -

	X-XII. 2007. mil. kn	X-XII. 2008. mil. kn	% promj.	2007. mil. kn	2008. mil. kn	% promj.
DISCONTINUED OPERATIONS						
Income Statement Data						
Sales revenue						
a) Domestic	509	609	20	1,490	1,619	9
b) Exports	124	0	-	263	45	(83)
Total sales revenue	633	609	(4)	1,753	1,664	(5)
Income from own consumption of products and services						
Other operating income	64		-	91		-
Total operating income	697	609	(13)	1,844	1,664	(10)
Changes in inventories of finished products and work in progress						
Cost of raw materials and consumables						
Depreciation and amortization						
Cost services	(85)	(98)	15	(288)	(346)	20
Staff costs	(1)	(1)	0	(5)	(5)	0
Cost of other goods sold	(687)	(1,054)	53	(2,053)	(2,853)	39
Impairment charges (net)	18	(19)	-	(15)	(162)	-
Provisions for charges and risks		0	-			-
Operating expenses	(755)	(1,172)	55	(2,361)	(3,366)	43
Profit from operations	(58)	(563)	-	(517)	(1,702)	229
Share in the profit of associated companies						
Finance revenue	22	6	(73)			
Finance costs	(1)	(10)	-	8	(110)	-
Net (loss) / profit from financial activities	21	(4)	-	8	(110)	-
Profit for the year before taxation	(37)	(567)	-	(509)	(1,812)	256
Income tax	7	113	-	102	362	255
Profit / (Loss) for the year - discontinued operations	(30)	(454)	-	(407)	(1,450)	256

INDUSTRIJA NAFTE, d.d.

Consolidated Balance Sheet

	31 December 2007 HRK mill	31 December 2008 HRK mill	Ch. %
Assets			
Non-current assets			
Intangible assets	661	680	3
Property. plant and equipment	14,891	17,519	18
Goodwill	163	197	21
Investments in associates and joint ventures	124	76	(39)
Investments in other companies	62	83	34
Long-term receivables	177	166	(6)
Derivative financial instruments	226	78	(65)
Deferred tax	37	341	-
Available for sale assets	656	201	(69)
Total non-current assets	16,997	19,341	14
Current assets			
Inventories	3,123	2,390	(23)
Trade receivables net	3,072	2,914	(5)
Other receivables	674	719	7
Derivative financial instruments	97	106	9
Other current assets	50	38	(24)
Prepayments and advances	183	167	(9)
Cash with bank and in hand	720	579	(20)
Available for sale assets		359	-
Total current assets	7,919	7,272	(8)
Total assets	24,916	26,613	7
Equity and liabilities			
Capital and reserves			
Share capital	9,000	9,000	0
Revaluation reserve	229	(135)	-
Other reserves	2,301	2,307	0
Retained earnings / (Deficit)	2,104	855	(59)
Equity attributable to equity holder of the parent	13,634	12,027	(12)
Minority interests	9	10	11
Total equity	13,643	12,037	(12)
Non-current liabilities			
Long-term loans	3,130	4,554	45
Other non-current liabilities	144	138	(4)
Employee benefits obligation	91	107	18
Long-term provisions	1,406	1,380	(2)
Total non-current liabilities	4,771	6,179	30
Current liabilities			
Bank loans and overdrafts	1,664	2,492	50
Current portion of long-term debt	129	98	(24)
Accounts payable	3,532	3,815	8
Taxes and contributions	648	1,211	87
Other short-term liabilities	269	342	27
Accruals and deferred income	198	237	20
Employee benefits obligation	15	17	13
Short-term provisions	47	185	294
Total current liabilities	6,502	8,397	29
Total liabilities	11,273	14,576	29
Total equity and liabilities	24,916	26,613	7

INDUSTRIJA NAFTE, d.d.

Capital Expenditure

	Q4 2007 HRK mil	Q4 2008 HRK mil	Ch. %	2007 HRK mil	2008 HRK mil	Ch. %
Exploration & Production:						
Property, Plant and Equipment	677	656		1,364	2,273	
Intangible Assets	118	105		195	279	
Total Exploration & Production	795	761	(4.3)	1,559	2,552	63.7
Refining & Marketing						
Property, Plant and Equipment	475	692		978	1,567	
Intangible Assets	1	0		7	4	
Total Refining & Marketing	476	692	45.4	985	1,571	59.5
Retail:						
Property, Plant and Equipment	46	36		211	142	
Intangible Assets	0	0		1	1	
Total Retail	46	36	(21.7)	212	143	(32.5)
Corporate & other:						
Property, Plant and Equipment	30	37		69	97	
Intangible Assets	10	8		71	8	
Total Corporate & other	40	45	12.5	140	105	(25.0)
Inter-segment elimination:						
Property, Plant and Equipment						
Intangible Assets						
Total Inter-segment elimination						
Total Capital Expenditure	1,357	1,534	13.0	2,896	4,371	50.9
of which:						
Property, Plant and Equipment	1,228	1,421		2,622	4,079	
Intangible Assets	129	113		274	292	

INDUSTRIJA NAFTE, d.d.

INA—INDUSTRIJA NAFTE d.d. ZAGREB
INA GROUP CONSOLIDATED STATEMENT OF CASH FLOW
Period ended 31 December 2007 and 2008
(All amounts in HRK millions)

	Q4					
	2007	2008	Ch. %	2007	2008	Ch. %
Profit for the year	141	(1,454)	-	871	(1,098)	-
Adjustments for:						
Depreciation and amortisation of non-current assets	410	337	(18)	1,302	1,371	5
Income tax expenses recognized in profit	164	(269)	-	262	(184)	-
Impairment charges (net)	152	565	272	381	991	160
Gain on sale of property plant and equipment	(9)	(1)	(89)	(9)	(10)	11
Gain on sale of shares or stakes	(17)	0	-	(17)		-
Foreign exchange loss/(gain)	(8)	303	-	(402)	409	-
Interest expense (net)	88	118	34	333	330	(1)
Other financial expenses/(income)	110	32	(71)	45	152	238
Change in provision for charges and risks and other non-cash items	(87)	(117)	34	(130)	(171)	32
Operating cash flow before working capital changes	944	(487)	-	2,636	1,790	(32)
Working capital						
(Increase)/decrease in inventories	155	1,782	-	(448)	(186)	(58)
Increase in receivables and prepayments	(427)	908	-	(479)	269	-
Decrease in trade and other payables	537	734	37	860	726	(16)
Decrease in provisions	10	117	-	15	163	987
Cash generated from operations	1,219	3,054	151	2,584	2,762	7
Taxes paid	(50)	(17)	(66)	(168)	(133)	(21)
Net cash inflow from operating activities	1,169	3,037	160	2,416	2,629	9
Cash flows used in investing activities						
Purchase of property, plant and equipment	(960)	(1,421)	48	(2,354)	(4,079)	73
Purchase of intangible assets	(129)	(113)	(12)	(274)	(292)	7
Proceeds from sale of non-current assets	13	(14)	-	13		-
Purchase of investment in Energopetrol	133		-			
Purchase of investments in associates and joint ventures and other companies	(279)		-	(279)		-
Dividends received from companies classified under available for sale and other companies		2	-	2	2	-
Proceeds from sale of property, plant and equipment			-			
Proceeds from sale of investments	(13)		-			
Interest received	0		-			
Investments and loans to third parties, net	17	40	135	8	15	88
Net cash (outflow) from investing activities	(1,218)	(1,506)	24	(2,884)	(4,354)	51
Cash flows from/(used in) financing activities						
Additional long-term borrowings	5	270	-	3,700	1,331	(64)
Repayment of long-term borrowings	(108)	(19)	(82)	(2,360)	(112)	(95)
Net drawdown /(repayment) of short term borrowings	437	(1,462)	-	(300)	807	-
Interest paid on long-term loans	(43)	(52)	21	(152)	(150)	(1)
Dividends paid	(3)	(2)	(33)	(9)	(6)	(33)
Other long-term liabilities, net	0	0	-	(131)	(150)	15
Interest paid on short term loans and other financing charges	(126)	(67)	(47)	(172)	(135)	(22)
Net cash inflow/(outflow) from financing activities	162	(1,332)	-	576	1,585	175
Net (decrease)/increase in cash and cash equivalents	113	199	76	108	(140)	-
At beginning of period	629	387	(39)	630	720	14
Effect of foreign exchange rate changes	(22)	(7)	(68)	(18)	(1)	(94)
At the end of period	720	579	(20)	720	579	(20)

INDUSTRIJA NAFTE, d.d.

INA GROUP CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the period ended 31 December 2007 and 2008
(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	0	0	163	0	163	0	163
Dividends payable	0	0	0	(131)	(131)	0	(131)
Exchange differences on translation of the financial statements of foreign operations	0	(46)	0	0	(46)	0	(46)
Net profit recognised directly in equity	0	(46)	163	(131)	(14)	0	(14)
Profit for the year	0	0	0	869	869	2	871
Total recognized income and expense for the period	0	(46)	163	738	855	2	857
Balance as at 31 December 2007	9,000	2,301	229	2,104	13,634	9	13,643

	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	229	2,104	13,634	9	13,643
Gains/(losses) on available-for-sale investments	0	0	(364)	0	(364)	0	(364)
Dividends payable	0	0	0	(150)	(150)	0	(150)
Exchange differences on translation of the financial statements of foreign operations	0	6	0	0	6	0	6
Net profit recognised directly in equity	0	6	(364)	(150)	(508)	0	(508)
Profit for the year	0	0	0	(1,099)	(1,099)	1	(1,098)
Total recognized income and expense for the period	0	6	(364)	(1,249)	(1,607)	1	(1,606)
Balance as at 31 December 2008	9,000	2,307	(135)	855	12,027	10	12,037

INDUSTRIJA NAFTE, d.d.

Announcements in 2008

30 January 09	Underground gas storage – Purchase/Sale Agreement
30 January 09	Notice
15 November 08	Flash report for Q1-Q3 2008
13 November 08	Notice of Results and a conference call
30 October 08	Changes on the Supervisory Board
17 October 08	EGM cancelled
14 October 08	Regional capital markets conference participation
03 October 08	Notification of disposal of INA-INDUSTRIJA NAFTE d.d. shares
29 September 08	INA - INDUSTRIJA NAFTE, d.d. to participate in the Erste Bank investor conference
15 September 08	Board's opinion on the voluntary takeover offer
10 September 08	Extraordinary Shareholders' Assembly - 29 October 2008
02 September 08	MOL's voluntary takeover offer
14 August 08	H1 2008 Flash Report
12 August 08	Notice of Results and a conference call
15 July 08	Gas supply contract for Kutina
14 July 08	Takeover bid announcement notion
11 July 08	Gas supply contract signed
19 June 08	Supervisory Board meeting
11 June 08	Dividend payout
06 June 08	Lower refinery throughput
19 May 08	Second phase of Sisak oil refinery modernisation initiated
15 May 08	Q1 2008 Flash Report
15 May 08	General Meeting held
13 May 08	Notice of Q1 2008 Results and a conference call
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 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

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

	31 Dec 06	31 Dec 07	31 March 08	30 June 08	30 sept 08	31 Dec 08
MOL Plc.	2,500,001	2,500,001	2,500,001	2,500,001	2,500,001	4,715,538
The Government of Republic of Croatia	5,180,367	4,484,918	4,483,787	4,483,552	4,483,552	4,483,552
Private and institutional investors	2,319,632	3,015,081	3,016,212	3,016,447	3,016,447	800,910
Total	10,000,000	10,000,000	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

There were no changes on the Management Board and Supervisory Board in Q4.

Changes in organisation

As resolved by the Management Board, Mr Niko Dalić was appointed Exploration Sector director as of 29 November 2008.

As resolved by the Management Board, Mr Đuro Premužić was appointed Retail Network Development and Maintenance Sector director as of 1 January 2009.