INDUSTRIJA NAFTE, d.d.

INA Group (ZB: INA-R-A; LSE: HINA; www.ina.hr) announced its H1 2009 results today. This report contains consolidated financial statements for the period ending 30 June 2009 as prepared by the management in accordance with the International Financial Reporting Standard.

Financial highlights

INA Group – financial results	Q2 2008		Q2 2009		Ch. %		H1 2008		H1 2009		Ch %	
(IFRS)	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[3)]												
Net sales revenues	7,069	1,522	4,849	895	(31.4)	(41.2)	12,768	2,684	9,353	1,684	(26.7)	(37.2)
EBITDA	1,255	270	1,448	267	15.4	(1.1)	2,275	478	2,461	443	8.2	(7.3)
Operating profit	688	148	975	180	41.7	21.4	1,285	270	1,455	262	13.2	(3.0)
Net financial gain (expenses)	(57)	(12)	512	94	(998.2)	(869.7)	320	67	(297)	(53)	(192.8)	(179.5)
Profit for the year from continuing operations	510	110	1,294	239	153.7	117.4	1,284	270	1,028	185	(19.9)	(31.4)
DISCONTINUED OPERATIONS[3]												
Loss for the year from discontinued operations	(309)	(67)	(215)	(40)	(30.4)	(40.4)	(487)	(102)	(521)	(94)	7.0	(8.4)
ALL OPERATIONS[3)]												
Net profit/loss[2]	200	43	1,079	199	436.9	360.1	796	168	507	91	(36.3)	(45.4)
Operating cash flow	775	167	1,238	228	59.8	37.0	192	40	1,453	262	656.9	548.4

[1)] In converting HRK figures into US Dollars, the following average CNB (HNB) rates were used: for Q2 2008 – 4.6450 HRK/USD, for H1 2008: 4.7572 HRK/USD, for Q2 2009 – 5.4205 HRK/USD for H1 2009: 5.5533 HRK/USD, all calculated as an arithmetic mean.
[2)]INA Group net income attributable to equity holder.
[3)] Explained in the text that follows.

First half of 2009 was a challenging period due to the widespread effects of recession and a slowdown of global economy started in 2008. INA improved its overall result during the second quarter and managed to finalise the first half 2009 with HRK 507 million net profit, including a one-off income of HRK 497 million. The Company is still experiencing strong negative effect of the gas business, which resulted in HRK 581 mill operating loss. The significant financial loss reported in Q1 2009, was partially recovered in Q2 2009, due to the weakening US dollar. However, the global recession accompanied by a credit crunch is reflected to the financial position of the company.

Based on the provisions of the first Amendment to the Shareholders' Agreement between the Croatian Government and MOL signed in January 2009 and in accordance with the approval of the Croatian Competition Agency, the General Assembly held on 10 June 2009 elected the Supervisory Board which elected Management Board. The Executive Board has been introduced, with the main task to run the operational management of INA with full management responsibility over operational issues. In that way MOL gains operational control of INA what allows IFRS consolidation.

The Management is highly committed to stabilize financial position and improve liquidity. The capital investments will be defined by the Company's cash generation possibilities. The Management also introduced serious and strict measures to cut operating expenses to the year end with the task of the management to significantly reduce the costs continuously in the next two years.

In Q2 2009, one-off income of HRK 497 million from the disposal of Podzemno skladište plina d.o.o. (Gas Storage Company) was recorded. On 30 January 2009 the Government of the Republic of Croatia and the Hungarian oil company - MOL signed a Master Agreement on Natural Gas Business (a framework agreement regulating some of the basic issues regarding the future of the natural gas market and natural gas supply in Croatia). Under above Agreement the gas storage business was taken over by a fully state-owned company Plinacro d.o.o. on 30 April 2009. Divestment of the gas trading business is progressing as planned. In line with its business strategy, INA, d.d will keep onshore and offshore gas exploration and production activities in Croatia.
As the gas trading business has been one of its core activities, the company has presented the related results and cash flows as the income and cash flows from discontinued activities.

Continued operations
In H1 2009, the Group recorded an operating profit of HRK 1,455 million (USD 262 mill) from its continued operations, including the one-off gain of HRK 497 million from disposal of Gas Storage Company. Compared to H1 2008, the operating profit increased by HRK 170 million but excluding the above one-off income it was down by HRK 327 million.
The adverse effects of lower hydrocarbon production, lower average crack spreads and an unfavourable sales structure by market (lower domestic and BiH sales and higher other exports) were only partly offset by the elimination of the negative influence of refined products price cap[1] and lower operating costs.
The significant financial loss reported in Q1 2009, was partially recovered by the HRK 512 million financial gain of Q2 2009, due to the weakening US dollar. As a result, in financial activities relating to continued operations the Group recorded a HRK 297 million loss in H1 2009 while in H1 2008 a profit of HRK 320 million had been recorded.

1 In H1 2008 the effect of a price cap on refined products amounted to HRK 162 million, equally split between Refining & Marketing and Retail Services, while the negative effect of regulated LPG prices amounted to HRK 182 million, the total loss of profit amounting to HRK 344 million.

Discontinued operations
The operating loss on gas business (discontinued operations) amounted to HRK 581 million decreasing by HRK 11 million versus H1 2008. In spite of a negative differential between average gas selling and import prices the result was more favourable because of lower sales of imported natural gas. Financial activities generated a HRK 70 million loss due to embedded derivatives, HRK 53 million higher than in H1 2008.

Overall operations
Taking into account the Group's overall operations, its net profit decreased by HRK 290 million in H1 2009 and amounted to HRK 507 million, of which the net loss on the gas business (discontinued operations) amounted to HRK 521 million and net profit from continued operations amounted to HRK 1,028 million.

- *Oil and Gas Exploration and Production*

  The H1 2009 operating profit from continued operations amounted to HRK 1,968 million (USD 354 million) and it was HRK 277 million up on H1 2008. Excluding the positive effect of disposal of Podzemno skladište Okoli d.o.o. (Gas Storage Company), the operating profit was HRK 220 million lower, mainly due to the negative impact of lower average crude oil prices (BRENT FOB Med down by 52.6%) and lower hydrocarbon production, only partly offset by the lower costs of services and higher CROSCO's operating profit. Crosco Group results improved by HRK 131 million over H1 2008, mostly on account of their project in Mexico (initial project costs in H1 2008, platform put on stream on 9 June 2008).

- *Refining and Marketing*

  In H1 2009, the segment recorded an operating loss of HRK 163 million (USD 29 million) HRK 287 million decrease versus H1 2008, primarily due to 54.3% lower average refinery margins[2]. Although the sales volume was 2.1% up on H1 2008, the sales structure by product and market was less favourable (lower domestic and BiH sales and higher other export sales). These adverse effects were only partly offset by the elimination of the negative influence of the price cap. The LPG pricing regulation changed as of 29 April 2009 introducing a margin based pricing. Formerly the Croatian regulation set the maximum wholesale and retail LPG price, while according to the new regulation LPG prices follow the international quoted prices with a determined margin.

- *Retail Services*

  Total sales volume declined by 5.9% and the average throughput per site by 7.4% in H1 2009. In line with INA, d.d. retail strategy the number of petrol stations operated by its Retail Services increased by 5 stations compared to H1 2008 to include 489 petrol stations. The segment's operating results compared favourably with H1 2008 by HRK 120 million as a profit of HRK 3 million (USD 0.5 million) was recorded in H1 2009 as a result of HRK 70 million higher retail margins (positive effects of higher margins due to price cap elimination partly reduced by a lower volume of sales), HRK 5 million lower impairments under IAS 36[3], HRK 28 million lower provisions for costs and other changes with a positive effect of HRK 17 million mainly relating to minor operating costs.

- *Corporate and Other*[4]

  H1 2009 operating results amounted to a loss of HRK (353) million or USD (64) million comparing favourably with H1 2008 by HRK 60 million primarily due to the lower operating costs as a result of cost-cutting measures.

- *Capital investments*

  Capital investments in H1 2009 increased by HRK 760 million to HRK 2,223 million (USD 400 million). Investments in intangible assets decreased by 32.4% to HRK 71 million while the investments in property, plant and equipment of HRK 2,152 million rose by 58.5%, primarily on account of higher investments in development operations in Syria and North Adriatic, and the refinery modernisation programme.

2 Average refinery margin calculated on the basis of sales structure by product and Platt's (FOB Med) quotations
3 Positive impact on profit due to the expected higher profitability of petrol stations
4 In addition to Corporate Functions also includes the subsidiaries engaged in safety and protection services, technical services, corporate support and other services.

Overview of the environment

Negative trends characteristic of the global economy in the recent period are showing weak signs of recovery. The world economy tumble, fall in global trade and industrial production are slowly diminishing. However, the stabilisation of the economies and slowing of the recession abetted by strong macroeconomic and financial policy actions will vary across markets. Central banks and governments have had success in stabilising financial markets, and reducing liquidity and counterparty risks, but conditions are still tough. World economy is expected to shrink in the 2009 by 1.4 percent and to show full recovery during 2010 when the global growth is expected to pick up and reach 2.5 percent.[5] According to the IMF, emerging and developing markets will recover, but with strong regional differences depending on the effects of the recession suffered.

Commodities markets have shown improving sentiment with increasing prices, especially crude oil prices which have risen on changing market conditions due to the improving demand prospects and OPEC activities made to balance the market. During the first half 2009 the price of crude oil (Brent FOB Med) has been increasing, reaching its 2009 high at 71.46 USD/bbl. The average price of 51.7 USD/bbl (higher than Q1) is below the average of 109.1 USD/bbl recorded for first six months 2008. The rise in equity prices as an indicator of possible recovery added favourably to the increasing trend of crude price in expectation of higher oil demand.

Jan-June 2009 Platt's average refinery spread (FOB Med - Italy) of 23.7 USD/t was 54.3% down to the Jan-June 2008 average of 51.8 USD/t. In H1 2009, the margin for unleaded premium (50ppm) was 12.4% down on H1 2008 (115.7 USD/t in 2008 and 101.4 USD/t in 2009), and the gas oil EN590 50 PPM margin was down by 66.4% (from 210.9 USD/t in 2008 to 70.9 USD/t in 2009). The negative margin for fuel oil was reduced by 65.1% (from -336.3 USD/t in 2008 to -117.3 USD/t in 2009).

Following the slowdown at the end of 2008, Croatian economy recorded a drop of activity for the first quarter, as the GDP fell 6.7%,[6] compared to the same period last year. Global developments negatively influenced Croatian real economy, by decreasing foreign demand which couldn't be substituted by contracted domestic demand due to the lower income, increased unemployment and significantly reduced credit for personal loans.[7] In the first five months, both retail trade and industrial production fell 17 percent and 9.4 percent respectively.

Since the beginning of the year, prices of commodities and services used for personal consumption increased by 2.9 percent.[8]Compared to June 2008 prices increased 2.1 percent (what is the lowest rate recorded this year), further continuing the lowering trend of the inflation. On one hand, inflationary pressures were mainly eased by contracted personal consumption, but on the other increased regulated prices (gas, health services, and tobacco) prompted the inflation.

Compared to June 2008, Croatian Kuna depreciated both against the euro and US dollar, 0.6 percent (from 7.25 as at 30 June 2008 to 7.29 as at 30 Jun 2009) and 13.3 percent (from 4.59 as at 30 June 2008 to 5.20 as at 30 Jun 2009) respectively. On average Kuna depreciated 1.6 percent against the Euro and 16.7 percent against the US dollar. Since the beginning of the year exchange rates have fluctuated differently. Kuna appreciated against the Euro 0.4 percent, but depreciated against the US dollar 1.0 percent.

[5] IMF; World Economic Outlook Update; July 2009
[6] Croatian bureau of statistics; Consumer price indices; number 13.1.1/6, 15 July 2009
[7] Croatian chamber of economy; Economic trends; June 2009
[8] Croatian bureau of statistics; Consumer price indices; number 13.1.1/6, 15 July 2009

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Exploration & production *

Segment IFRS results	Q2 2008		Q2 2009		Ch. %		H1 2008		H1 2009		Ch. %	
in millions	HRK	USD	HRK	USD	HRK	USD	HRK	USD	HRK	USD	HRK	USD
Revenues:												
- continuing operations	1,897	408	1,373	253	(27.6)	(38.0)	3,871	814	3,083	555	(20.4)	(31.8)
– discontinued operations	232	50	456	84	96.6	68.4	775	163	1,186	214	53.0	31.1
Operating profit:												
- continuing operations	729	157	1,185	219	62.6	39.3	1,691	355	1,968	354	16.4	(0.3)
– discontinued operations	(390)	(84)	(222)	(41)	(43.1)	(51.2)	(592)	(124)	(581)	(105)	(1.9)	(15.9)
CAPEX	357	77	827	153	131.7	98.5	875	184	1,643	296	87.8	60.9

HYDROCARBON PRODUCTION	Q2 2008	Q2 2009	Ch. %	H1 2008	H1 2009	Ch. %
Crude oil production (MMbbl)	1.4	1.2	(10.1)	2.7	2.5	(8.7)
Croatia	1.0	0.9	(8.7)	2.1	1.9	(6.8)
Abroad	0.3	0.3	(14.3)	0.7	0.6	(14.4)
Condensate (MMbbl)	0.8	0.7	(4.3)	1.6	1.4	(8.4)
Natural gas production (Bcf)	18.9	18.1	(3.9)	37.7	36.5	(3.1)
Croatia	18.1	16.8	(7.2)	35.9	33.7	(6.2)
- onshore	9.8	9.5	(3.7)	20.6	19.0	(8.1)
- offshore	8.2	7.3	(11.3)	15.3	14.7	(3.8)
Syria	0.8	1.4	69.0	1.7	2.8	61.0
Average hydrocarbon prod./ day (Mboe/d)	58.1	54.8	(5.7)	58.2	55.4	(4.8)
Natural gas imports (Bcf)	10.1	8.9	(11.9)	20.0	18.7	(6.3)
Natural gas sales on domestic market (Bcf)	21.7	15.7	(27.7)	54.2	45.8	(15.5)
Realised hydrocarbon price						
Average realised crude oil price (USD/bbl)	104.6	48.7	(53.4)	93.7	42.8	(54.3)
Average realised total hydrocarbon price (USD/boe)	56.7	48.3	(14.8)	52.9	45.4	(14.2)

*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, Podzemno skladište plina d.o.o. until on 30 April 2009

The H1 2009 operating profit from continued operations increased by HRK 277 million and amounted to HRK 1,968 million while the Q2 2009 profit was up by HRK 456 million and amounted to HRK 1,185 million. Excluding the HRK 497 million one-off income from the disposal of Podzemno skladište plina d.o.o. (Gas Storage Company), the Q2 profit was HRK 41 million down on Q2 2008, mainly as a result of the negative impact of a fall in crude oil prices (Brent FOB Med down by 51.2% compared to Q2 2008) and lower daily hydrocarbon production.

The operating loss from discontinued operations was HRK 11 million down on H1 2008 and amounted to HRK 581 million. The Q2 loss was HRK 222 million - 168 million down on Q2 2008, mainly due to lower sales of imported natural gas.

Hydrocarbon production cost

USD/Boe	Q2 2008	Q2 2009	H1 2008	H1 2009
Croatia - onshore	13.80	10.46	12.43	10.28
Croatia - offshore	9.01	15.69	9.93	15.90
Angola		0.00		0.00
Egypt	19.63	5.21	13.00	8.97
Sirya	7.21	7.16	6.30	5.43
Average	12.02	11.33	11.59	11.28

Hydrocarbon production

Mboe/day	Q2 2008	Q2 2009	H1 2008	H1 2009
Crude Oil	15.08	13.56	15.04	13.81
Natural Gas condensate	8.41	7.97	8.65	7.97
Natural Gas	34.59	33.24	34.52	33.62
o/w North Adriatic	15.09	13.38	14.02	13.57
Total	58.08	54.77	58.21	55.41

The average daily hydrocarbon production was reduced by 4.8% in H1 2009 to 55.4 Mboe/per day, primarily due to the natural decline of crude, condensate and natural gas onshore production on ageing production fields, lower gas production on the North Adriatic fields and lower crude production outside Croatia.

The average H1 2009 production cost decreased by 2.7% to 11.28 USD/boe. The cost of North Adriatic production was higher because of new assets put in use (higher depreciation and higher costs for lower initial production) while the onshore production costs decreased mainly as a result of a weaker Kuna against the US dollar. The costs of foreign licence areas have also decreased, in Egypt because of a halt in activities caused by the change of operator and in Syria because of higher hydrocarbon production.

Average lifting costs were 1.86 USD/boe compared to 2.08 USD/boe in H1 2008.

The results of Upstream discontinued activities were negatively influenced by regulated domestic natural gas prices. The average price of imported natural gas rose 40% in H1 2009 and reached 2.6163 HRK/Mcm/33,34 MJ (with 17% weaker Kuna against the US dollar).

Price Differential to Import Prices

HRK/Mcm /33.34 MJ	Q2 2008	Q2 2009	H1 2008	H1 2009
Eligible customers' price	(935.93)	(634.30)	(833.33)	(869.32)
Tariff customers' price	(897.78)	(925.49)	(806.17)	(1,298.32)
Total price	(925.56)	(727.00)	(820.87)	(1,111.90)

Upstream capital investments in H1 2009 amounted to HRK 1,643 million (768 million up on H1 2008). Investments in tangible assets rose by HRK 809 million, primarily because of higher investments in development operations in Syria and North Adriatic while the investments in intangible assets were HRK 41 million lower.

Refining & marketing*

Segment IFRS results	Q2 2008		Q2 2009		Ch. %		H1 2008		H1 2009		Ch. %	
in millions	kn	USD	kn	USD	kn	USD	kn	USD	kn	USD	kn	USD
Revenues	5,287	1,138	3,338	616	(36.9)	(45.9)	9,612	2,021	6,009	1,082	(37.5)	(46.4)
Operating profit	232	50	(43)	(8)	(118.5)	(115.9)	124	26	(163)	(29)	(231.5)	(212.6)
CAPEX	428	92	381	70	(11.0)	(23.7)	484	102	529	95	9.3	(6.4)

REFINERY PROCESSING Kt	Q2 2008	Q2 2009	Ch. %	H1 2008	H1 2009	Ch. %
Domestic crude oil	112	120	7.0	288	255	(11.5)
Imported crude oil	891	1,010	13.4	1,820	2,026	11.3
Condensates	41	37	(9.9)	92	74	(19.6)
Other feedstock	57	34	(40.9)	181	149	(17.6)
TOTAL REFINERY THROUGHPUT	1,101	1,201	9.1	2,381	2,504	5.2

REFINERY PRODUCTION Kt	Q2 2008	Q2 2009	Ch. %	H1 2008	H1 2009	Ch. %
TOTAL REFINERY PRODUCTION	1,101	1,201	9.1	2,381	2,504	5.2

REFINED PRODUCT SALES Kt	Q2 2008	Q2 2009	Ch. %	H1 2008	H1 2009	Ch. %
Croatia	688	584	(15.1)	1,378	1,252	(9.1)
B&H	194	125	(35.9)	350	248	(29.3)
Other markets	227	375	65.6	392	665	69.4
TOTAL CRUDE OIL PRODUCT SALES	1,109	1,084	(2.2)	2,121	2,165	2.1

REFINED PRODUCT SALES Kt	Q2 2008	Q2 2009	Ch. %	H1 2008	H1 2009	Ch. %
Motor gasoline	249	269	7.8	475	546	15.0
Gas and heating oils	621	623	0.3	1,234	1,263	2.3
Other products	238	192	(19.4)	412	356	(13.5)
TOTAL CRUDE OIL PRODUCT SALES	1,109	1,084	(2.3)	2,121	2,165	2.1

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

The Refining and Marketing segment generated an operating loss of HRK 163 million in H1 2009, which compares unfavourably with H1 2008 by HRK 287 million. The Q2 2009 loss of HRK 43 million was higher by 275 million. The result was negatively influenced primarily by the 77.0% decline of the average refinery spread[9] (from 71.60 USD/t in Q2 2008 to 16.46 USD/t in Q2 2009) because of a lower market spread and a less favourable sales structure by product. Lower total sales in Q2 2009 by 2.2% resulted from lower domestic and BiH sales while the sales to other markets rose. The resulting negative effects were only partly offset by the elimination of the negative effects of a price cap[10].

Total H1 2009 sales were 2.1% up on H1 2008. Higher sales on other markets and lower domestic and BiH sales are unfavourable for INA because of lower margins on other markets. The sales of motor gasolines and diesel EURO IV grade fuel dropped by 5.4% (35 kt). The market demand for EURO IV grade products was met by 12% higher own production and the sale of imported products in stock.

Despite the shrinking of the market share INA's market position remains strong. Its domestic wholesale market share has declined from 75.2% to 72.8% compared to H1 2008, but its market share in Bosnia and Herzegovina declined significantly, from 43.1% to 31.7% primarily as a result of Bosanski Brod refinery being back on stream and gaining significant market share with its products and their terms of sale.

R&M capital investments in H1 2009 rose by HRK 45 million to HRK 529 million. Within the Refinery Modernisation Programme, the inspection certificate for the HDS FCC[11] unit at Sisak refinery was obtained; detailed engineering, procurement of equipment and construction work on the isomerisation unit are in progress; as part of Phase II, comprehensive technical documentation for MHC/HDS unit basic design and FEED has been delivered and negotiations are in progress for a coking unit basic design contract with FEED documentation for that unit already delivered. At Rijeka refinery, the construction of sulphur recovery, HC/HDS and hydrogen generating units is in progress and the environmental study for a heavy residue processing unit has been submitted to the responsible ministry.

9 Ibid - reference 2
10 In Q2 2008, the negative effect of the imposed price cap amounted to HRK 36 million, in H1 2008 HRK 81 million. The negative effect of regulated LPG prices amounted to HRK 79 million, in H1 2008 HRK 162 million.
11 HDS/FCC – Hydrodesulphurisation / Fluid catalytic cracking; MHC/HDS – Mild hydrocracking / Hydrodesulphurisation; FEED – Front-end engineering design

Retail*

Segment IFRS results	Q2 2008		Q2 2009		Ch. %		H1 2008		H1 2009		Ch. %	
in millions	HRK	USD	HRK	USD	HRK	USD	HRK	USD	HRK	USD	HRK	USD
Revenues	2,210	476	1,504	277	(31.9)	(41.7)	3,879	815	2,651	477	(31.7)	(41.5)
Operating profit	(83)	(18)	7	1	(108.4)	(107.2)	(117)	(25)	3	0.5	(102.6)	(102.2)
CAPEX	44	9	5	1	(88.6)	(90.3)	60	13	15	3	(75.0)	(78.6)

Key Segment operating data

REFINED PRODUCT RETAIL SALES Kt	Q2 2008	Q2 2009	Ch. %	H1 2008	H1 2009	Ch. %
Croatia	315	299	(5.0)	586	553	(5.7)
B&H	10	10	(1.9)	19	18	(6.3)
Other markets	5	4	(21.7)	9	7	(18.9)
TOTAL OIL PRODUCT RETAIL SALES	329	312	(5.1)	615	578	(5.9)

REFINED PRODUCT RETAIL SALES Kt	Q2 2008	Q2 2009	Ch. %	H1 2008	H1 2009	Ch. %
Motor gasoline	118	112	(5.4)	223	207	(7.2)
Gas and heating oils	197	187	(5.4)	364	342	(6.0)
LPG	13	13	2.0	26	27	6.7
Other products	1	1	3.6	2	2	0.5
TOTAL OIL PRODUCT RETAIL SALES Kt	329	313	(5.1)	615	578	(5.9)

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

In H1 2009, Retail Services recorded an operating profit of HRK 3 million, what compares favourably with H1 2008 by HRK 120 million. The Q2 2009 profit of HRK 7 million was HRK 90 million up on Q2 2008. Improved performance was influenced by applying IAS 36, lower provisions for costs and other changes. Additionally, the segment performance was positively effected by eliminated price cap and improved fuel sales and non-fuel products sales margins.

As at 30 June 2009, the segment operated 489 petrol stations (438 were in Croatia, 44 in BiH, 6 in Slovenia and 1 in Montenegro). Compared to 2008, their number increased by 5 petrol stations (3 new built in Croatia and 1 in Montenegro, and 1 restituted in BiH).

Total sales volume was 5.9% down on H1 2009 as a result of adverse market trends and growing competition. Average throughput per site was 7.4% down on H1 2008.

The sales of diesel fuel and motor gasolines declined by 6.3% (5.8% and 7.2% respectively). Sales volume of fuel oil sold to households declined by 11.9%. 6.3% higher sales of lubricants and other products resulted from higher sales of LPG and industrial lubricants (by 6.7% and 6.6% respectively) while motor oil sales dropped by 2.7% because of growing competition.

Revenues from non-fuel sales increased by 24% in H1 2009. Gross margin of non-fuel products sold at petrol stations per litre of fuel was 25.3% up on H1 2008.

Capital investments in H1 2009 amounted to HRK 15 million compared to HRK 60 million in H1 2008. Capital expenditures during January-June related to new sites (HRK 9 million) and minor projects such as technological and facility improvements, shop equipment, etc.

Financial overview

Operations

The Government of the Republic of Croatia and the Hungarian oil company MOL signed a Master Agreement on Natural Gas Business (a framework agreement regulating some of the basic issues regarding the future of the natural gas market and natural gas supply in Croatia).
Under above Agreement, the gas storage business was taken over by a fully state-owned company Plinacro d.o.o. on 30 April 2009. Divestment of the gas trading business is progressing as planned. As the gas trading business has been one of its core activities, the company has presented the related results and cash flows as the income and cash flows from discontinued activities.

Continuing operations

INA Group[12] net sales revenues in H1 2009 amounted to HRK 9.3 billion - 27% down on H1 2008, primarily due to the lower selling prices and 9% lower domestic sales of refined products and 14% lower export sales of crude while the export sales of refined products rose by 23%.

During H1 2009, maximum prices possible under the pricing formula for domestic retail prices of refined products were applied and there were no negative effects of a price cap. In H1 2008, HRK 344 million of revenues was lost, HRK 162 million attributable to the price cap on refined products and 182 million to the negative effect of regulated LPG prices.

The costs of raw materials and consumables in H1 2009 were 34% down on H1 2008 with the cost of crude down by 37% due to 43% lower average price of imported crude (the average Brent FOB Med price on the world market down by 52.6%) and 11% higher refined volume. The value of finished goods and WIP inventories increased by HRK 170 million compared to the opening balance while in H1 2008 it was 513 million up on the opening balance. The cost of goods sold of HRK 827 million was down by 36%, primarily due to considerably lower imports of Euro IV grade motor fuels. The costs of services amounted to HRK 1,434 million down by HRK 418 million, mainly as a result of cost-cutting measures, lower accruals for ENI's part of profit tax on North Adriatic gas production, and lower costs of excess recovery petroleum as well as initial project costs in Mexico in H1 2008. The depreciation rose by 17% to the amount of HRK 784 million, mainly because of assets put in use upon completion of projects. Adjustments and provisions amounting to HRK 222 million were down by HRK 100 million, mainly due to lower adjustments of inventories value and the provision for a dry hole in Syria made in H1 2008. Total staff costs remained at the H1 2008 level.

Financial activities in H1 2009 generated a loss of HRK 297 million compared to the HRK 320-million profit recorded in H1 2008. Net forex losses of HRK 87 million mainly relate to forex losses on liabilities toward suppliers. In H1 2008, net forex gains of HRK 445 million were recorded. The interest expense increased by HRK 69 million over H1 2008 and amounted to HRK 150 million while other financial expenses rose by HRK 9 million to the amount of HRK 60 million.

Profit tax calculated on continued operations for H1 2009 amounts to HRK 130 million compared to 321 million for H1 2008.

Discontinued operations

The loss on discontinued operations, the gas trading business, amounted to HRK 521 million, up on H1 2008 by HRK 34 million mainly due to HRK 53 million higher loss in financial activities (generated by embedded derivatives). The operating loss of HRK 581 million was down by HRK 11 million compared to H1 2008 because of lower sales of imported natural gas. Deferred taxes increased by HRK 8 million to 130 million.

[12] External sales to non-consolidated companies.

Balance sheet

As at 30 June 2009, total assets amounted to HRK 28.7 billion - 8% up on 31 December 2008. Non-current tangible and intangible assets increased by 8% mainly on account of investments in gas field development operations in Syria and North Adriatic, and investments in refinery modernisation. Goodwill and investments in associates and joint ventures increased by HRK 63 million. The increase of (non-current) assets available for sale by HRK 83 million was mainly a result of a higher market value of Janaf d.d. shares. Deferred taxes increased by HRK 5 million.
The value of inventories was up by 6% and amounted to HRK 2.5 billion, primarily due to the higher inventories of imported crude (with a major share in refined volume) and WIP. As at 30 June 2009, net trade debtors amounting to HRK 3.3 billion were 14% up on 31 December 2008, primarily as a result of more difficult collection of receivables.

Available-for-sale assets (current assets for gas storage operations) were up by 40% and amounted to HRK 504 million, primarily as a result of building up gas inventories for the winter season. Until the expected divestment of the gas trading business gas inventories are included in the balance sheet of INA.

Total INA Group liabilities as at 30 June 2009 amounted to HRK 16.1 billion - 10% up on 31 December 2008. Higher liabilities were mainly a result of higher liabilities for taxes and contributions, considerable part of which was overdue. In addition, indebtedness increased to HRK 7.9 billion as at 30 June 2009 compared to 7.1 billion as at 31 December 2008. Borrowed amounts were used for crude purchases and capital expenditures. The amount of trade creditors decreased by HRK 72 million, mainly due to considerably lower imports of refined products. Short-term and long-term provisions amounted to HRK 1,187 billion having decreased by 378 million primarily because of lower provisions on the basis of reassessed litigation costs and for decommissioning.

The Group's net debt amounted to HRK 7.5 billion compared to 6.6 billion as at 31 December 2008 while the net gearing[13] increased from 35.3% to 37.2% as at 30 June 2009 negatively influenced by the Group's higher indebtedness.

Cash flow

In H1 2009, the operating cash flow before changes in working capital amounted to HRK 1,779 million - HRK 334 million up on H1 2008, mostly as a result of higher EBITDA. The increase of working capital reduced cash by HRK 308 million, primarily as a result of the negative effect of HRK 364 million higher value of inventories, HRK 480 million higher amount of trade debtors and HRK 418 million lower provisions while trade creditors, part of which was overdue, rose by HRK 954 million. The profit tax for H1 2009 amounted to HRK 18 million.

Net outflows in investing activities amounted to HRK 2,268 million – HRK 800 million up on H1 2008. A higher amount of capex mainly related to Syrian projects, North Adriatic and the refinery modernisation programme. Insufficient capex funding was raised by increasing INA's net debt by HRK 915 million compared to 31 December 2008.

[13] Net debt v. net debt plus equity incl. minority interests

Financial instruments and risk management

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

a) Market risks

Price risks
The Group purchases crude oil mostly through short-term arrangements in US dollars at spot market prices, while the required quantities of gas are purchased at a price denominated in US dollars and adjusted on a quarterly basis in accordance with the formula in the long-term gas supply agreement.
INA is mostly engaged in the sale of refined products and wholesale of natural gas. Domestic prices of refined products are determined under a pricing formula set out in the Refined Product Pricing Regulation (effective since 2001), to a large extent hedging the Group from the changes in crude and oil product prices, and the currency risk, enabling refinery products to be reprised every two weeks depending on the market (Platts) prices and the fluctuations of the Croatian kuna against the US dollar.
The Group dos not use forward contracts to manage its oil and gas price risks.

Currency risk management
While the Group operates home and abroad many company transactions are denominated in foreign currency and is thus exposed to currency risk. The Refined Product Pricing Regulation provides the Group, to a large extent, with the foreign exchange hedging. Furthermore, as significant part of the Group revenues come from exports and foreign operations, it provides the natural hedging to the Group i.e. currency mix management.

Interest rate risk management
INA Group companies use borrowed funds at both fixed and variable interest rates (mostly variable) and the Group is consequently exposed to the interest rate risk.

Other price risks
The Group is exposed to equity price risks arising from equity investments held for strategic reasons and not for trading.

b) Credit risks

Credit risk is the risk of trade debtors' non-payment, i.e. default on contractual obligations resulting in possible financial loss for the Group. In line with the adopted Credit Risk Management Procedure, INA, d.d. takes care to obtain security instruments wherever possible in order to hedge against possible financial risks and losses arising from defaults on payment and contractual obligations. Debentures, being the prevailing payment security instrument on the Croatian market, are mainly taken as collateral.
There is no significant risk exposure of INA, d.d. that had not been covered by security instruments except that regarding the receivables from government agencies and state-owned companies.

c) Liquidity risks

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

d) Fair value of financial instruments

The Group has concluded some long-term sale or purchase contracts that contain embedded derivatives as defined by IAS 39. An embedded derivative is a component of a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on Group level consolidation. Details of transactions between INA parent company and the Group companies are disclosed below.

INA parent company HRK mill	Amounts owed from related parties	Amounts owed to related parties
	30 June 2009	30 June 2009
Foreign related companies		
Interina Ltd Guernsey	152	6
Holdina Sarajevo	134	9
Interina d.o.o. Mostar (Sarajevo)	-	-
Interina d.o.o. Ljubljana	1	-
Interina Ltd London	-	2,369
Domestic related companies		
Crosco Grupa	2	31
Osijek Petrol d.d.	121	1
Crobenz d.d. Zagreb	182	2
Proplin d.o.o. Zagreb	74	9
STSI d.o.o. Zagreb	3	294
Maziva Zagreb d.o.o. Zagreb	20	31

INA parent company HRK mill	Revenues from sales of goods and services to related parties	Costs of transactions with related parties
	30 June 2009	30 June 2009
Foreign related companies		
Interina Ltd Guernsey	1,028	6
Holdina Sarajevo	237	9
Interina d.o.o. Mostar	-	-
Interina d.o.o. Ljubljana	7	-
Interina Ltd London	-	3,463
Domestic related companies		
Crosco Grupa	4	70
Osijek Petrol d.d.	216	-
Crobenz d.d. Zagreb	223	-
Proplin d.o.o. Zagreb	209	-
STSI d.o.o. Zagreb	5	140
Maziva Zagreb d.o.o. Zagreb	26	6

INDUSTRIJA NAFTE, d.d.

INA Group Summary Segmental Results of Operations

		Q2			H1		
2008		2008	2009		2008	2009	
HRK mill		HRK mil	HRK mil	Ch. %	HRK mil	HRK mil	Ch .%
	Sales						
8,273	Exploration & Production – continuing operations	1,897	1,373	(28)	3,871	3,083	(20)
19,888	Refining & Marketing	5,287	3,338	(37)	9,612	6,009	(37)
8,221	Retail	2,210	1,504	(32)	3,879	2,651	(32)
1,153	Corporate and Other	252	269	7	411	409	(0)
(10,391)	Inter-segment revenue	(2,577)	(1,635)	(37)	(5,005)	(2,799)	(44)
27,144	Sales – continuing operations	7,069	4,849	(31)	12,768	9,353	(27)
1,664	Exploration & Production – discontinued operations	232	456	97	775	1,186	53
28,808	Total sales	7,301	5,305	(27)	13,543	10,539	(22)
	Operating expenses, net other income from operating activities						
(4,745)	Exploration & Production – continuing operations	(1,168)	(188)	(84)	(2,180)	(1,115)	(49)
(21,154)	Refining & Marketing	(5,055)	(3,381)	(33)	(9,488)	(6,172)	(35)
(8,319)	Retail	(2,293)	(1,497)	(35)	(3,996)	(2,648)	(34)
(2,007)	Corporate and Other	(442)	(443)	-	(824)	(762)	(8)
10,391	Inter-segment eliminations	2,577	1,635	(37)	5,005	2,799	(44)
(25,834)	Expenses – continuing operations	(6,381)	(3,874)	(39)	(11,483)	(7,898)	(31)
(3,366)	Exploration & Production – discontinued operations	(622)	(678)	9	(1,367)	(1,767)	29
(29,200)	Total expenses	(7,003)	(4,552)	(35)	(12,850)	(9,665)	(25)
	Profit from operations						
3,528	Exploration & Production - continuing operations	729	1,185	63	1,691	1,968	16
(1,266)	Refining & Marketing	232	(43)	-	124	(163)	-
(98)	Retail	(83)	7	-	(117)	3	-
(854)	Corporate and Other	(190)	(174)	(8)	(413)	(353)	(15)
1,310	Profit/(loss) from operations – continuing operations	688	975	42	1,285	1,455	13
(1,702)	Exploration & Production – discontinued operations	(390)	(222)	(43)	(592)	(581)	(2)
(392)	Profit/(loss) from total operations	298	753	153	693	874	26
	Share in the profit of associate companies						
(780)	Net profit/(loss) from financial activities - continuing operations	(57)	512	-	320	(297)	-
(110)	Net profit/(loss) from financial activities - discontinued operations	4	(46)	-	(17)	(70)	312
(890)	Net profit/(loss) from financial activities	(53)	466	-	303	(367)	-
530	Profit/(loss) before taxation - continuing operations	631	1,487	136	1,605	1,158	(28)
(1,812)	Profit/(loss) before taxation - discontinued operations	(386)	(268)	(31)	(609)	(651)	7
(1,282)	Profit/(loss) before taxation	245	1,219	398	996	507	(49)
(178)	Income tax - continuing operations	(121)	(193)	60	(321)	(130)	(60)
362	Income tax - discontinued operations	77	53	(31)	122	130	7
184	Income tax	(44)	(140)	218	(199)	0	-
352	Profit/(loss) for the period - continuing operations	510	1,294	154	1,284	1,028	(20)
(1,450)	Profit/(loss) for the period - discontinued operations	(309)	(215)	(30)	(487)	(521)	7
(1,098)	Profit/loss) for the period	201	1,079	437	797	507	(36)

Sales data include intra-group sales and related costs are included in the operating costs of the business segment making the purchase. Intra-group transactions are eliminated for consolidated sales data and operating costs.

Income Statement
- continuing operations -

2008		Q2 2008	Q2 2009	Q2	H1 2008	H1 2009	H1
in HRK mill		in HRK mill	in HRK mill	Ch. %	in HRK mill	in HRK mill	Ch. %
	Sales revenue						
16,965	a) Domestic	4,167	2,870	(31)	7,981	5,732	(28)
10,179	b) Exports	2,902	1,979	(32)	4,787	3,621	(24)
27,144	Total sales revenue	7,069	4,849	(31)	12,768	9,353	(27)
677	Income from own consumption of products and services	113	50	(56)	169	83	(51)
638	Other operating income	55	724	1,216	340	1,124	231
28,459	Total operating income	7,237	5,623	(22)	13,277	10,560	(20)
(51)	Changes in inventories of finished products and work in progress	372	292	(22)	513	170	(67)
(13,765)	Cost of raw materials and consumables	(3,693)	(2,533)	(31)	(6,963)	(4,601)	(34)
(1,371)	Depreciation and amortization	(349)	(394)	13	(668)	(784)	17
(2,732)	Other material costs	(604)	(465)	(23)	(1,188)	(884)	(26)
(1,515)	Non-material costs	(392)	(241)	(39)	(664)	(550)	(17)
(2,922)	Staff costs	(754)	(738)	(2)	(1,407)	(1,407)	0
(3,910)	Cost of other goods sold	(911)	(490)	(46)	(1,293)	(827)	(36)
(829)	Impairment charges (net)	(154)	(61)	(60)	(247)	(194)	(21)
(54)	Provisions for charges and risks	(64)	(18)	(72)	(75)	(28)	(63)
(27,149)	Operating expenses	(6,549)	(4,648)	(29)	(11,992)	(9,105)	(24)
1,310	Profit from operations	688	975	42	1,285	1,455	13
	Share in the profit of associated companies	0	0				
411	Finance revenue	58	113	95	597	261	(56)
(1,191)	Finance costs	(115)	399	(447)	(277)	(558)	101
(780)	Net (loss) / profit from financial activities	(57)	512	(998)	320	(297)	(193)
530	Profit for the year before taxation	631	1,487	136	1,605	1,158	(28)
(178)	Income tax	(121)	(193)	60	(321)	(130)	(60)
352	Profit / (Loss) for the year	510	1,294	154	1,284	1,028	(20)
(1,450)	Profit / (Loss) for the year - discontinued operations	(309)	(215)	(30)	(487)	(521)	7
(1,098)	Profit / (Loss) for the year	201	1,079	437	797	507	(36)
			0				
	Attributable to		0				
(1,099)	Equity holder	200	1,079	440	796	507	(36)
1	Minority interest	1	0	(100)	1	0	(100)
(1,098)		201	1,079	437	797	507	(36)
	Earning per share (in HRK)						
(109,9)	Earning per share (in HRK)	20,0	107,9	440	79,6	50,7	(36)
35,2	Earning per share (in HRK)	50,9	129,4	154	128,3	102,8	(20)
			0				
(1,098)	Profit / (Loss) for the year	201	1,079	437	797	507	(36)
	Other comprehensive income						
	Exchange differences arising from foreign operations	6	(29)	(583)	(20)	(1)	(95)
	Gains on available-for-sake investments, net	357	67	(81)	(156)	67	(143)
	Other comprehensive income, net	363	38	(90)	(176)	66	(138)
	Total comprehensive income for the year	564	1,117	98	621	573	(8)
	Attributable to						
	Equity holder	563	1,117	98	620	573	(8)
	Minority interest	1	0	(100)	1	0	(100)

Income Statement
- discontinued operations -

2008		Q2 2008	Q2 2009	Q2 Ch. %	H1 2008	H1 2009	H1 Ch. %
HRK mill		HRK mill	HRK mill		HRK mill	HRK mill	
	DISCONTINUED OPERATIONS						
	Income Statement Data						
	Sales revenue						
1,619	a) Domestic	232	456	97	730	1,186	62
45	b) Exports				45		-
1,664	Total sales revenue	232	456	97	775	1,186	53
	Income from own consumption of products and services						
	Other operating income	(24)	(41)	71		64	-
1,664	Total operating income	208	415	100	775	1,250	61
	Changes in inventories of finished products and work in progress						
	Cost of raw materials and consumables						
	Depreciation and amortization						
(346)	Other material costs	(89)	(141)	58	(161)	(283)	76
	Non-material costs	(4)		-	(4)		-
(5)	Staff costs	(2)	(2)	-	(3)	(3)	-
(2,853)	Cost of other goods sold	(468)	(494)	6	(1,164)	(1,545)	33
(162)	Impairment charges (net)	(35)		-	(35)		-
	Provisions for charges and risks						
(3,366)	Operating expenses	(598)	(637)	7	(1,367)	(1,831)	34
(1,702)	Profit from operations	(390)	(222)	(43)	(592)	(581)	(2)
	Share in the profit of associated companies						
	Finance revenue						
(110)	Finance costs	4	(46)	-	(17)	(70)	312
(110)	Net (loss) / profit from financial activities	4	(46)	-	(17)	(70)	312
(1,812)	Profit for the year before taxation	(386)	(268)	(31)	(609)	(651)	7
362	Deferred tax	77	53	(31)	122	130	7
(1,450)	Profit / (Loss) for the year - discontinued operations	(309)	(215)	(30)	(487)	(521)	7

INDUSTRIJA NAFTE, d.d.

Consolidated Balance Sheet

31 Dec 2008		30 June 2008	30 June 2009	
HRK mill		HRK mill	HRK mill	Ch. %
	Assets			
	Non-current assets			
680	Intangible assets	528	710	34
17,519	Property. plant and equipment	15,742	18,940	20
197	Goodwill	197	197	0
76	Investments in associates and joint ventures	87	72	(17)
83	Investments in other companies	94	150	60
166	Long-term receivables	173	162	(6)
78	Derivative financial instruments	197	22	(89)
341	Deferred tax	109	346	217
201	Available for sale assets	460	284	(38)
19,341	Total non-current assets	17,587	20,883	19
	Current assets			
2,390	Inventories	3,892	2,527	(35)
2,914	Trade receivables net	3,189	3,322	4
719	Other receivables	606	704	16
106	Derivative financial instruments	105	79	(25)
38	Other current assets	61	53	(13)
167	Prepayments and advances	121	151	25
579	Cash with bank and in hand	368	443	20
359	Available for sale assets		504	-
7,272	Total current assets	8,342	7,783	(7)
26,613	Total assets	25,929	28,666	11
	Equity and liabilities			
	Capital and reserves			
9,000	Share capital	9,000	9,000	-
(135)	Revaluation reserve	73	(68)	-
2,307	Other reserves	2,281	2,306	1
855	Retained earnings / (Deficit)	2,751	1,362	(50)
12,027	Equity attributable to equity holder of the parent	14,105	12,600	(11)
10	Minority interests	10	10	-
12,037	Total equity	14,115	12,610	(11)
	Non-current liabilities			
4,554	Long-term loans	2,953	5,415	83
138	Other non-current liabilities	140	130	(7)
107	Employee benefits obligation	100	118	18
1,380	Long-term provisions	1,383	1,166	(16)
6,179	Total non-current liabilities	4,576	6,829	49
	Current liabilities			
2,492	Bank loans and overdrafts	2,770	2,392	(14)
98	Current portion of long-term debt	109	116	6
3,815	Accounts payable	3,064	3,743	22
1,211	Taxes and contributions	700	1,977	182
342	Other short-term liabilities	320	681	113
237	Accruals and deferred income	184	280	52
17	Employee benefits obligation	14	17	21
185	Short-term provisions	77	21	(73)
8,397	Total current liabilities	7,238	9,227	27
14,576	Total liabilities	11,814	16,056	36
26,613	Total equity and liabilities	25,929	28,666	11

Capital Expenditure

2008		Q2			H1		
		2008	2009		2008	2009	
HRK mill		HRK mil	HRK mil	Ch. %	HRK mil	HRK mil	Ch. %
	Exploration & Production:						
2,273	Property, Plant and Equipment	289	795		773	1,582	
279	Intangible Assets	68	32		102	61	
2,552	Total Exploration & Production	357	827	131.7	875	1,643	87.8
	Refining & Marketing						
1,567	Property, Plant and Equipment	428	381		482	528	
4	Intangible Assets	0	0		2	1	
1,571	Total Refining & Marketing	428	381	(11.0)	484	529	9.3
	Retail:						
142	Property, Plant and Equipment	44	5		59	14	
1	Intangible Assets	0	0		1	1	
143	Total Retail	44	5	(88.6)	60	15	(75.0)
	Corporate & other:						
97	Property, Plant and Equipment	26	19		44	28	
8	Intangible Assets	0	7		0	8	
105	Total Corporate & other	26	26	-	44	36	(18.2)
	Inter-segment elimination:						
	Property, Plant and Equipment						
	Intangible Assets						
	Total Inter-segment elimination						
4,371	Total Capital Expenditure	855	1,239	44.9	1,463	2,223	51.9
	of which:						
4,079	Property, Plant and Equipment	787	1,200		1,358	2,152	
292	Intangible Assets	68	39		105	71	

INA—INDUSTRIJA NAFTE d.d. ZAGREB
INA GROUP CONSOLIDATED STATEMENT OF CASH FLOW
Period ended 30 June 2008 and 2009
(All amounts in HRK millions)

		Q2			H1		
2008		2008	2009	Ch. %	2008	2009	Ch. %
(1,098)	Profit for the year	201	1,079	437	797	507	(36)
	Adjustments for:	0	0				
1,371	Depreciation and amortisation of non-current assets	349	394	13	668	784	17
(184)	Income tax expenses recognized in profit	43	140	226	199	0	-
991	Impairment charges (net)	189	62	(67)	282	194	(31)
(10)	Gain on sale of property plant and equipment	(1)	(2)	100	(9)	(9)	-
	Gain on sale of shares or stakes	0	0	0			
409	Foreign exchange loss/(gain)	(8)	(617)	-	(445)	97	-
330	Interest expense (net)	66	111	68	126	188	49
152	Other financial expenses/(income)	(3)	45	-	17	87	412
(171)	Change in provision for charges and risks and other non-cash items	(10)	(6)	(40)	(190)	(69)	(64)
1,790	Operating cash flow before working capital changes	826	1,206	46	1,445	1,779	23
	Movements in working capital						
(186)	(Increase)/decrease in inventories	(782)	(373)	(52)	(902)	(364)	(60)
269	(Increase)/decrease in receivables and prepayments	(464)	(506)	9	(243)	(480)	98
726	Increase/(decrease) in trade and other payables	1,151	1,237	7	(143)	954	-
163	Increase/(decrease) in provisions	70	(308)	-	123	(418)	-
2,762	Cash generated from operations	801	1,256	57	280	1,471	425
(133)	Taxes paid	(26)	(18)	(31)	(88)	(18)	(80)
2,629	Net cash inflow from operating activities	775	1,238	60	192	1,453	657
	Cash flows used in investing activities						
(4,079)	Payments for property, plant and equipment	(788)	(1,200)	52	(1,358)	(2,152)	58
(292)	Payments for intangible assets	(68)	(39)	(43)	(105)	(71)	(32)
	Proceeds from sale of non-current assets	(1)	6	-	14	15	7
	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	0	1	-		3	0
	Interest received	0	(3)	-			0
15	Investments and loans to third parties, net	14	4	(71)	(19)	(63)	232
(4,354)	Net cash (outflow) from investing activities	(843)	(1,231)	46	(1,468)	(2,268)	54
	Cash flows from/(used in) financing activities						
1,331	Additional long-term borrowings	72	0	-	120	968	707
(112)	Repayment of long-term borrowings	(21)	(21)	-	(64)	(56)	(13)
	Additional short-term borrowings	(2,990)	2,045	-	7,044	3,959	(44)
	Repayment of short-term borrowings	3,240	(1,838)	-	(5,923)	(4,068)	(31)
(150)	Interest paid on long-term loans	(29)	(18)	(38)	(64)	(62)	(3)
(6)	Other long-term liabilities, net	(2)	(2)	0	(4)	(8)	100
(150)	Dividends paid	(149)	0	-	(149)	0	-
(135)	Interest paid on short term loans and other financing charges	(25)	(23)	(8)	(40)	(42)	5
1,585	Net cash inflow/(outflow) from financing activities	96	143	49	920	691	(25)
(140)	Net (decrease)/increase in cash and cash equivalents	28	150	436	(356)	(124)	(65)
720	At beginning of period	341	308	(10)	720	579	(20)
(1)	Effect of foreign exchange rate changes	(1)	(15)	-	4	(12)	-
579	At the end of period	368	443	20	368	443	20

INA GROUP CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the period ended 30 June 2008 and 2009
(All amounts in HRK millions)

Attributable to equity holders of the parent

	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Minority interests	Total equity
Balance as at 1 January 2008 (restated)	9,000	2,301	229	2,104	13,634	9	13,643
Gains/(losses) on available-for-sale investments	0	0	(156)	0	(156)		(156)
Dividends payable	0	0	0	(149)	(149)		(149)
Exchange differences on translation of the financial statements of foreign operations	0	(20)	0	0	(20)		(20)
Net profit recognised directly in equity	0	(20)	(156)	(149)	(325)	0	(325)
Profit for the year				796	796	1	797
Total recognized income and expense for the period	0	(20)	(156)	647	471	1	472
Balance as at 30 June 2008	9,000	2,281	73	2,751	14,105	10	14,115

	Share capital	Other reserves	Revaluation reserves	Retained profits / (Accumulated deficit)	Total	Minority interests	Total equity
Balance as at 01 January 2009	9,000	2,307	(135)	855	12,027	10	12,037
Gains/(losses) on available-for-sale investments			67		67		67
Dividends payable					0		0
Exchange differences on translation of the financial statements of foreign operations		(1)			(1)		(1)
Net profit recognised directly in equity	0	(1)	67	0	66	0	66
Profit for the year				507	507		507
Total recognized income and expense for the period	0	(1)	67	507	573	0	573
Balance as at 30 June 2009	9,000	2,306	(68)	1,362	12,600	10	12,610

Announcements in 2009

June 16 2009	Resolution of the Croatian Competition Agency
June 10 2009	Management and Supervisory Board meetings held
June 10 2009	INA - INDUSTRIJA NAFTE, d.d. – Annual General Meeting held
May 25 2009	New Discovery On East Yidma Concession – Western Desert - Egypt
May 15 2009	Consolidated financial statements for the period ended 31 March 2009
May 13 2009	INA - CODE OF CORPORATE GOVERNANCE
May 13 2009	Notice of Results and a conference call
May 05 2009	Proposal of the Articles of Association of INA-INDUSTRIJA NAFTE d.d.
May 04 2009	General Shareholders' Assembly - June 10th 2009
April 15 2009	INA - INDUSTRIJA NAFTE, d.d. to participate in the investor conference
March 27 2009	MB and SB resolutions on 2008 Accounts
March 27 2009	Consolidated financial statements for the period ended 31 December 2008
March 24 2009	MB and SB meetings/2008 Flash Report release announced
February 27 2009	INA Group unaudited consolidated result for the year ending 31 December 2008
January 30 2009	INA SIGNS AGREEMENT ON SALE OF GAS STORAGE COMPANY
January 30 2009	Government of the Republic of Croatia and INA

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

	31 Dec 06	31 Dec 07	31 Dec 08	31 March 09	30 June 09
MOL Plc.	2,500,001	2,500,001	4,715,538	4,715,538	4,715,538
The Government of Republic of Croatia	5,180,367	4,484,918	4,483,552	4,483,552	4,483,552
Private and institutional investors	2,319,632	3,015,081	800,910	800,910	800,910
Total	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

Changes in organisation, Management Board or Supervisory Board

Supervisory Board

At General meeting of INA-INDUSTRIJA NAFTE d.d. held on 10 June 2009 following Supervisory Board members with four-year term of office were appointed: Damir Polančec, Tomislav Ivić, Vesna Orlandini, György Mosonyi, Zoltán Áldott, József Simola, Ábel Galácz and Oszkár Világi. At the meeting held on 10 June 2009 the Supervisory Board of INA-INDUSTRIJA NAFTE, d.d. Zagreb elected Mr Damir Polančec Chairman of the Supervisory Board and Mr György Mosonyi Deputy chairman.

Management Board

At the Supervisory Board meeting held on 10 June 2009, the Board president, Tomislav Dragičević, and Board members Messrs Zalán Bács, Mirko Zelić, Tomislav Thür, Josip Petrović, Niko Paulinović and Darko Markotić were recalled. At the same meeting, Mr László Geszti was appointed Management Board President, and Messrs Lajos Alács and Attila István Holoda were appointed members of INA-INDUSTRIJA NAFTE, d.d. Zagreb Management Board with a two-year term of office, and Messrs Tomislav Dragičević, Josip Petrović and Dubravko Tkalčić were appointed members of INA-INDUSTRIJA NAFTE, d.d. Zagreb Management Board with a four-year term of office starting as of 10 June 2009.

At the meeting held on 10 June 2009, the Management Board of INA-INDUSTRIJA NAFTE, d.d. Zagreb introduced the Executive Board, which will be running the operational management of INA with full management responsibility over operational issues. Mr Bojan Milković was appointed Chief Executive Officer, and Messrs Zalán Bács, László Bartha, Peter Chmurčiak, Darko Markotić and Tomislav Thür members of INA-INDUSTRIJA NAFTE, d.d. Zagreb Executive Board starting as of 10 June 2009.

Management representation

INA Group's consolidated financial statements for H1 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS), i.e. they present fairly, in all material aspects, the financial position of the company, results of its operations and cash flows of INA Group.

Management Board

László Geszti,	President of INA, d.d. Board
Lajos Alács,	Member
Tomislav Dragičević,	Member
Attila István Holoda,	Member
Josip Petrović,	Member
Dubravko Tkalčić,	Member

INA Group
Interim Financial Statements with Notes for the period ended 30 June 2009

Finance Function
Accounting and Tax Sector

Contents

INA Group Condensed Consolidated Income Statement

For the six months ended 30 June 2009

(all amounts in HRK millions)

(unaudited)

		Cumulative		Second Quarter	
	Notes	**30 June 2009**	**30 June 2008**	**30 June 2009**	**30 June 2008**
Continuing operation					
Sales revenue					
a) domestic		5,732	7,981	2,870	4,167
b) exports		3,621	4,787	1,979	2,902
Total sales revenue		**9,353**	**12,768**	**4,849**	**7,069**
Income from own consumption of products and services		83	169	50	113
Other operating income		1,124	340	724	55
Total operating income		**10,560**	**13,277**	**5,623**	**7,237**
Changes in inventories of finished products and work in progress		170	513	292	372
Cost of raw materials and consumables	5	(4,601)	(6,963)	(2,533)	(3,693)
Depreciation and amortisation		(784)	(668)	(394)	(349)
Other material costs		(884)	(1,188)	(465)	(604)
Service costs		(550)	(664)	(241)	(392)
Staff costs		(1,407)	(1,407)	(738)	(754)
Cost of other goods sold		(827)	(1,293)	(490)	(911)
Impairment and charges		(194)	(247)	(61)	(154)
Provision for charges and risks (net)		(28)	(75)	(18)	(64)
Operating expenses		**(9,105)**	**(11,992)**	**(4,648)**	**(6,549)**
Profit from operations		**1,455**	**1,285**	**975**	**688**
Finance income		261	597	113	58
Finance costs		(558)	(277)	399	(115)
Net (loss)/profit from financial activities		**(297)**	**320**	**512**	**(57)**
Profit before tax		**1,158**	**1,605**	**1,487**	**631**
Income tax expense	6	(130)	(321)	(193)	(121)
Profit for the year from continuing operation		**1,028**	**1,284**	**1,294**	**510**
Discontinued operation					
Loss for the year from discontinued operation		(521)	(487)	(215)	(309)
Profit for the year		**507**	**797**	**1,079**	**201**

(all amounts in HRK millions)

		Cumulative		Second Quarter	
	Notes	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Attributable to:					
Equity holders of the parent		**507**	**796**	**1,079**	**200**
Minority interest		-	1	-	1
		507	**797**	**1,079**	**201**
Earnings/(loss) per share					
Basic and diluted earnings/(loss) per share (kuna per share) from continuing and discontinued operations	7	50.7	79.6	107.9	20.0
Basic and diluted earnings per share (kuna per share) from continuing operations	7	102.8	128.3	129.4	50.9

INA Group Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

(all amounts in HRK millions)

(unaudited)

	Notes	Cumulative 30 June 2009	Cumulative 30 June 2008	Second Quarter 30 June 2009	Second Quarter 30 June 2008
Profit for the year		**507**	**797**	**1,079**	**201**
Other comprehensive income:					
Exchange differences arising from foreign operations		(1)	(20)	(29)	6
Gains on available-for-sale investments,net		67	(156)	67	357
Other comprehensive income, net		**66**	**(176)**	**38**	**363**
Total comprehensive income for the year		**573**	**621**	**1,117**	**564**
Attributable to:					
Equity holders of the parent		573	620	1,117	563
Minority interest		-	1	-	1

The accompanying accounting policies and notes form an integral part of this Condensed Consolidated Statement of Comprehensive Income.

INA Group Condensed Consolidated Balance Sheet

At 30 June 2009

(all amounts in HRK millions)

(unaudited)

ASSETS	**Notes**	**30 June 2009**	**31 December 2008**
Non-current assets			
Intangible assets	8	710	680
Property, plant and equipment	9	18,940	17,519
Goodwill		197	197
Investments in associates and joint ventures		72	76
Other investments	10	150	83
Long-term receivables		162	166
Derivative financial instruments		22	78
Deferred tax		346	341
Available for sale assets		284	201
Total non – current assets		**20,883**	**19,341**
Current assets			
Inventories		2,527	2,390
Trade receivables, net	11	3,322	2,914
Other receivables		704	719
Derivative financial instruments		79	106
Other current assets		53	38
Prepaid expenses and accrued income		151	167
Cash and cash equivalents		443	579
		7,783	**6,913**
Assets classified as held for sale		504	359
Total current assets		**7,783**	**7,272**
TOTAL ASSETS		**28,666**	**26,613**

The accompanying accounting policies and notes form an integral part of this Condensed Consolidated Balance Sheet.

INA Group Condensed Consolidated Balance Sheet

At 30 June 2009

(all amounts in HRK millions)

(unaudited)

EQUITY AND LIABILITIES	**Notes**	**30 June 2009**	**31 December 2008**
Capital and reserves			
Share capital	12	9,000	9,000
Revaluation reserve	13	(68)	(135)
Other reserves		2,306	2,307
Retained earnings	14	1,362	855
Equity attributable to equity holders of the parent		**12,600**	**12,027**
Minority interest		10	10
TOTAL EQUITY		**12,610**	**12,037**
Non – current liabilities			
Long-term loans	15	5,415	4,554
Other non-current liabilities		130	138
Employee benefit obligation		118	107
Provisions	16	1,166	1,380
Total non–current liabilities		**6,829**	**6,179**
Current liabilities			
Bank loans and overdrafts	17	2,392	2,492
Current portion of long-term loans	17	116	98
Trade payables	18	3,743	3,815
Taxes and contributions	18	1,977	1,211
Other current liabilities	18	681	342
Accruals and deferred income		280	237
Employee benefit obligation		17	17
Provisions	16	21	185
Total current liabilities		**9,227**	**8,397**
TOTAL LIABILITIES		**16,056**	**14,576**
TOTAL EQUITY AND LIABILITIES		**28,666**	**26,613**

The accompanying accounting policies and notes form an integral part of this Condensed Consolidated Balance Sheet.

INA Group Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

(all amounts in HRK millions)

(unaudited)

	Share capital	Other reserves	Revaluation reserves	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
Balance at 1 January 2008	**9,000**	**2,301**	**229**	**2,104**	**13,634**	**9**	**13,643**
Profit for the year	-	-	-	796	796	1	797
Other comprehensive income, net	-	(20)	(156)	-	(176)	-	(176)
Total comprehensive income for the year	-	(20)	(156)	796	620	1	621
Dividents paid	-	-	-	(149)	(149)	-	(149)
Total recognised income and expense	*-*	*(20)*	*(156)*	*647*	*471*	*1*	*472*
Balance at 30 June 2008	**9,000**	**2,281**	**73**	**2,751**	**14,105**	**10**	**14,115**
Balance at 1 January 2009	**9,000**	**2,307**	**(135)**	**855**	**12,027**	**10**	**12,037**
Profit for the year	-	-	-	507	507	-	507
Other comprehensive income, net	-	(1)	67	-	66	-	66
Total comprehensive income for the year	-	(1)	67	507	573	-	573
Dividents paid	-	-	-	-	-	-	-
Total recognised income and expense	*-*	*(1)*	*67*	*507*	*573*	*-*	*573*
Balance at 30 June 2009	**9,000**	**2,306**	**(68)**	**1,362**	**12,600**	**10**	**12,610**

The accompanying accounting policies notes form an integral part of this Condensed Consolidated Statement of Changes in Equity.

INA Group Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2009

(all amounts in HRK millions)

(unaudited)

	Notes	30 June 2009	30 June 2008
(Loss)/profit for the year		**507**	**797**
Adjustments for:			
Depreciation and amortisation		784	668
Income tax (benefit)/expense recognized in (loss)/profit		-	199
Impairment charges (net)		194	282
Gain on sale of property, plant and equipment		(9)	(9)
Foreign exchange loss/(gain)		97	(445)
Interest expense (net)		188	126
Other finance expense recognised in profit		87	17
Change in provision for charges and risks and other non-cash items		(69)	(190)
		1,779	**1,445**
Movements in working capital			
(Increase) decrease in inventories		(364)	(902)
(Increase) decrease in receivables and prepayments		(480)	(243)
Increase (decrease) in trade and other payables		954	(143)
Decrease (increase) in provisions		(418)	123
Cash generated from operations		**1,471**	**280**
Taxes paid		(18)	(88)
Net cash inflow from operating activities		**1,453**	**192**
Cash flows used in investing activities			
Payments for property, plant and equipment		(2,152)	(1,358)
Payments for intangible assets		(71)	(105)
Proceeds from sale of non-current assets		15	14
Dividends received from companies classified as available for sale and from other companies		3	-
Investments and loans to third parties, net		(63)	(19)
Net cash used for investing activities		**(2,268)**	**(1,468)**

INA Group Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2009

(all amounts in HRK millions)

(unaudited)

	Notes	30 June 2009	30 June 2008
Cash flows from financing activities			
Additional long-term borrowings		968	120
Repayment of long-term borrowings		(56)	(64)
Additional short-term borrowings		3,959	7,044
Repayment of short-term borrowings		(4,068)	(5,923)
Interest paid on long-term loans		(62)	(64)
Other long-term liabilities, net		(8)	(4)
Dividends paid		-	(149)
Interest paid on short-term loans and other financing charges		(42)	(40)
Net cash from financing activities		**691**	**920**
Net increase in cash and cash equivalents		**(124)**	**(356)**
At 1 January		579	720
Effect of foreign exchange rate changes		(12)	4
At 30 June		**443**	**368**

The accompanying accounting policies and notes form an integral part of this Condensed Consolidated Cash Flow Statement.

(all amounts in HRK millions)

1. BASIS OF PREPARATION

Financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting". For preparing unaudited condensed consolidated financials, the Board is required to give estimates and assumptions that influence the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as at the date of reporting and the reported income and expenses during the reporting period. The estimates are based on the information available at the date of preparing financial statements and actual amounts may differ from those estimated. Estimates and assumptions are revised on a continuous basis. Amendments of accounting estimates are recognised in the period influenced by such amendments (if only that period is influenced), or in future periods if both the current period and future periods are influenced.

In Board's opinion, financial data for the period ending as at 30 June 2009 include all the reconciliations usually required for fair statement of interim results. Business results for the period ending as at 31 December 2008 do not necessarily indicate the results that may be expected at the end of 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statement have been prepared under the historical cost convention, except for certain properties and financial instruments that are measured at revaluated amounts or fair values, as appropriate.

A number of new or revised Standards and Interpretations are effective for the financial year beginning on 01 January 2009. Except as described below, the same accounting policies , presentation and methods of computation have been followed in these condensed consolidated statements as were applied in the preparation of the Group` s financial statement for the year ended 31 December 2008.

The following new standards and amendments to standards are mandatory for for the financial year beginning on or after 1 January 2009:

IFRS 2	Share-based Payment — Amendment relating to vesting conditions and cancellations	Annual periods beginning on or after 1 January 2009
IFRS 7	Financial Instruments: Disclosures - Amendment enhacing disclosures about fair value amd liquidity risk	Annual periods beginning on or after 1 January 2009
IFRS 8	Operating Segments	Annual periods beginning on or after 1 January 2009
IAS 1	Presentation of Financial Statements — Comprehensive revision including requiring a statement of comprehensive income	Annual periods beginning on or after 1 January 2009
IAS 1	Presentation of Financial Statements — Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	Annual periods beginning on or after 1 January 2009

(all amounts in HRK millions)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 1	Presentation of Financial Statements — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 16	Property, Plant and Equipment — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 19	Employee Benefits — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 20	Government Grants and Disclosure of Government Assistance — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 23	Borrowing Costs — Comprehensive revision to prohibit immediate expensing	Borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009
IAS 23	Borrowing Costs — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 27	Consolidated and Separate Financial Statements — Amendment relating to cost of an investment on first-time adoption	Annual periods beginning on or after 1 January 2009.
IAS 27	Consolidated and Separate Financial Statements — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 28	Investments in Associates — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 29	Financial Reporting in Hyperinflationary Economies — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 31	Interests in Joint Ventures — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 32	Financial Instruments: Presentation — Amendments relating to puttable instruments and obligations arising on liquidation	Annual periods beginning on or after 1 January 2009
IAS 36	Impairment of Assets — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 38	Intangible Assets — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009

(all amounts in HRK millions)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 39	Financial Instruments: Recognition and Measurement — Amendments for eligible hedged items	Annual periods beginning on or after 1 July 2009
IAS 40	Investment Property — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009
IAS 41	Agriculture — Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2009

The following new standards and amendments to standards have been issued, but are not effective for the period until 2009 and have not been early adopted:

IFRS 2	Share-based Payment — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2009
IFRS 2	Share-based Payment — Amendments relating to group cash-settled share-based payment transactions	Annual periods beginning on or after 1 January 2010
IFRS 3	Business Combinations — Comprehensive revision on applying the acquisition method	Annual periods beginning on or after 1 July 2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from May 2008 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IFRS 8	Operating Segments — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IAS 1	Presentation of Financial Statements — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IAS 7	Statement of Cash Flows — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IAS 17	Leases — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IAS 27	Consolidated and Separate Financial Statements — Consequential amendments arising from amendments to IFRS 3	Annual periods beginning on or after 1 July 2009

(all amounts in HRK millions)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 28	Investments in Associates — Consequential amendments arising from amendments to IFRS 3	Annual periods beginning on or after 1 July 2009
IAS 31	Interests in Joint Ventures — Consequential amendments arising from amendments to IFRS 3	Annual periods beginning on or after 1 July 2009
IAS 36	Impairment of Assets — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010
IAS 38	Intangible Assets — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement — Amendments for eligible hedged items	Annual periods beginning on or after 1 July 2009
IAS 39	Financial Instruments: Recognition and Measurement — Amendments resulting from April 2009 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2010

(all amounts in HRK millions)

3. SEGMENT INFORMATION

Revenues and results of the period by operative segments follows below:

INA Group

	Continuing operation						Discontinued operation	Consolidated
January - June 2009	**Exploration and production**	**Refining and marketing**	**Retail**	**Corporate and other**	**Elimination**	**Total**	**Exploration and production**	
Sales to external customers	2,445	4,094	2,644	170	-	9,353	1,186	10,539
Inter-segment sales	638	1,915	7	239	(2,799)	-	-	-
Total revenue	**3,083**	**6,009**	**2,651**	**409**	**(2,799)**	**9,353**	**1,186**	**10,539**
Operating expenses, net of other operating income	(1,115)	(6,172)	(2,648)	(762)	2,799	(7,898)	(1,767)	(9,665)
Profit/(loss) from operations net of other income	**1,968**	**(163)**	**3**	**(353)**	**-**	**1,455**	**(581)**	**874**
Net finance income						(297)	(70)	(367)
Profit/(loss) before tax						1,158	(651)	507
Income tax expense/(benefit)						(130)	130	-
Profit/(loss) for the year						**1,028**	**(521)**	**507**

(all amounts in HRK millions)

3. SEGMENT INFORMATION (continued)

INA Group

	Continuing operation						Discontinued operation	Consolidated
January - June 2008	**Exploration and production**	**Refining and marketing**	**Retail**	**Corporate and other**	**Elimination**	**Total**	**Exploration and production**	
Sales to external customers	2,548	6,302	3,872	46		12,768	775	13,543
Inter-segment sales	1,323	3,310	7	365	(5,005)	-	-	-
Total revenue	**3,871**	**9,612**	**3,879**	**411**	**(5,005)**	**12,768**	775	**13,543**
Operating expenses, net of other operating income	(2,180)	(9,488)	(3,996)	(824)	5,005	(11,483)	(1,367)	(12,850)
Profit/(loss) from operations net of other income	**1,691**	**124**	**(117)**	**(413)**		**1,285**	**(592)**	**693**
Net finance income						320	(17)	303
Profit/(loss) before tax						1,605	(609)	996
Income tax expense /(benefit)						(321)	122	(199)
Profit/(loss) for the year						**1,284**	**(487)**	**797**

(all amounts in HRK millions)

3. SEGMENT INFORMATION (continued)

Assets and liabilities by operative segments follows below:

INA Group

30 June 2009 **Assets and liabilities**	**Exploration and production**	**Refining and marketing**	**Retail**	**Corporate and other**	**Elimination**	**Total**
Property, plant and equipment	11,404	5,623	1,184	729	-	18,940
Intangible assets	495	12	13	190	-	710
Investments in associates and joint ventures	57	15			-	72
Inventories	384	1,996	104	43	-	2,527
Trade receivables, net	1,682	1,287	362	485	(494)	3,322
Not allocated assets						3,095
Total assets						**28,666**
Trade payables	1,791	1,536	379	531	(494)	3,743
Not allocated liabilities						12,313
Total liabilities						**16,056**
Other segment information						
Capital expenditure:	**1,643**	**529**	**15**	**36**	**-**	**2,223**
Property, plant and equipment	1,582	528	14	28	-	2,152
Intangible assets	61	1	1	8	-	71
Depreciation and amortisation	**458**	**158**	**56**	**82**	**-**	**754**
From this: Impairment losses recognized in profit and loss	(48)	13	5	-	-	(30)

(all amounts in HRK millions)

3. SEGMENT INFORMATION (continued)

INA Group

30 June 2008 **Assets and liabilities**	**Exploration and production**	**Refining and marketing**	**Retail**	**Corporate and other**	**Elimination**	**Total**
Property, plant and equipment	9,443	4,308	1,227	764	-	15,742
Intangible assets	259	10	14	245	-	528
Investments in associates and joint ventures	57	30	-	-	-	87
Inventories	388	3,168	74	47	-	3,677
Trade receivables, net	975	1,748	519	296	(349)	3,189
Not allocated assets						2,706
Total assets						**25,929**
Trade payables	1,067	1,947	142	257	(349)	3,064
Not allocated liabilities						8,750
Total liabilities						**11,814**
Other segment information						
Capital expenditure:	**875**	**484**	**60**	**44**	**-**	**1,463**
Property, plant and equipment	773	482	59	44	-	1,358
Intangible assets	102	2	1		-	105
Depreciation and amortisation	**410**	**128**	**83**	**79**	**-**	**700**
From this: Impairment losses recognized in profit and loss	2	-	30	-	-	32

4. RESULT FOR THE PERIOD

INA Group net profit for H1 2009 amounted to HRK 507million, HRK 290 down on the same period last year. Net profit from continuing operations amounted to HRK 1,028 mill, while the loss from gas business (gas trading activities that will be spun off according to the Master Gas Agreement) amounted to HRK 521 million.

Continuing operations

INA Group H1 2009 operating profit from continuing operations includes HRK 497 million one-off revenue realised by the Underground gas storage d.o.o. sale and amounts to HRK 1,455 million. Operating profit is HRK 170 million higher compared to the same period last year. Excluding this one-off effect operating profit compares unfavourably to the same period last year for the amount of HRK 327 million. Lower hydrocarbon production, reduced refinery margins and increased product placement to unfavourable markets (lower domestic and B&H sales and higher other markets sales) were moderated with lower operating expenditures and the absence of negative price cap effect (which amounted to HRK 344 million in H1 2008)

Loss from financial activities amounted to HRK 297 million, which compares unfavourably to H1 2008 gain of HRK 320 million. Forex loss, mostly relating to trade payables, amounts to HRK 87 mill. In H1 2008 forex gain amounted to HRK 445 mill. Interest payables increased by HRK 69 million to the amount of HRK 150 millon, compared to the same period last year. Other financial expenses increased by HRK 9 million to the amount of HRK 60 mill.

Discontinued operations

Loss from operations in gas business (discontinued operations) amounted to HRK 581 mill and was decreased by HRK 11 mill compared to H1 2008. Result compares favourably to H1 2008, in spite off the higher negative price difference to the import gas price. Financial activities resulted with HRK 70 million loss, HRK 53 higher than H1 2008 mostly due to derivative contracts.

5. RAW MATERIALS, CONSUMABLES AND ENERGY

In H1 2009 raw materials, consumables and energy costs (HRK 4,601 million) were 34 per cent lower compared to the same period last year. Cost of imported crude oil, which accounts for 88% of raw materials, consumables and energy costs was 37% lower than in H1 2008 due to 43% lower average price of imported crude (average Brent FOB was 54.,% lower) and 11% increased throughput.

6. TAX COSTS AND DEFERRED TAXES

Tax costs and deferred taxes during the interim period are calculated on the basis of actual results and the currently effective profit tax rate, 9.24% for the period ending 30 June 2009 and 20% for the period ending 30 June 2008.

7. EARNINGS PER SHARE

Continued and discontinued operation

	30 June 2009	30 June 2008
Basic and diluted earnings per share (in HRK)	**50.7**	**79.6**

Earnings

	30 June 2009	30 June 2008
Earnings used in the calculation of total basic earnings per share (profit for the period attributable to equity holders of the parent) from continued and discontinued operation	**507**	**796**
	507	**796**

Number of shares

	30 June 2009	30 June 2008
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share (in millions)	10	10

From continued operation

	30 June 2009	30 June 2008
Basic and diluted earnings per share (in HRK)	102.8	128.3

Earnings

	30 June 2009	30 June 2008
Profit for the period attributable to equity holders of the parent	507	796
Less:		
Loss/profit for the year from discontinued operation	(521)	(487)
Earnings for calculation basic earnings per share (kuna per share) from continuing operations	**1,028**	**1,283**

(all amounts in HRK millions)

8. INTANGIBLE ASSETS

In the period ending 30 June 2009, the Group invested HRK 71 million in intangible assets. The effect of depreciation on the decrease of their book value amounted to HRK 41 million.

9. PROPERTY, PLANT AND EQUIPMENT

In the period ending 30 June 2009, the Group invested HRK 2,152 million in property, plant and equipment. With asset impairments under IAS 36 in the amount of HRK 75 million and reversal of asset impairments of previous years in the amount of HRK 105 million, the book value of assets was finally increased by HRK 30 million. The effect of depreciation on the decrease of the book value of these assets amounted to HRK 743 million while the disposals (mainly relating to vehicles and office equipment) reduced the book value by HRK 4 million. The effect of foreign exchange reduced the book value by HRK 14 million.

10. OTHER INVESTMENTS

	INA Group	
	30 June 2009	31 December 2008
Financial assets at fair value through profit or loss	20	20
Long-term loans	107	40
Deposits	23	23
Other investments	**150**	**83**

11. TRADE RECEIVABLES, NET

	30 June 2009	31 December 2009
0 - 60 days	2,834	2,607
60-90 days	113	99
90-120 days	89	85
over 120 days	286	123
	3,322	**2,914**

(all amounts in HRK millions)

12. SHARE CAPITAL

Issued capital as at 30 June 2009 amounted to 9,000 mil HRK. There was no movements in the issued capital of the Company in either the current or the prior interim financial reporting

13. REVALUATION RESERVE

	INA Group	
	30 June 2009	**31 December 2008**
Balance at the begining of the year	(135)	229
Increase arising on revaluation available for sale securities (Janaf)	83	-
Decrease arising on revaluation available for sale securities (Janaf)	-	(455)
Deffered tax	(16)	91
Balance at the end of the year	**(68)**	**(135)**

14. RETAINED EARNINGS

	Retained earnings
At 31 December 2008	855
Profit for the year	507
At 30 June 2009	**1,362**

15. LONG-TERM LOANS

In the period from 31 December 2008 and 30 June 2009, INA Group's long-term debt increased by HRK 861 million. The increase mainly relates to drawdowns of the remaining USD 170 million (HRK 965 million) of the Bayerische Landesbank loan, using other new INA Group loans in amount from HRK 3 million, repayment in amount HRK 51 million, foreign exchange gains in amount of HRK 38 million and increasing current portion of long-term loans in amount of HRK 18 million.

(all amounts in HRK millions)

16. PROVISIONS

INA Group	Decommission Charges	Legal claims	ENI project claims	Redundancy costs	Tax obligation claims of Holdina	Other	Total
At 31 December 2008	**1,009**	**274**	**154**	**6**	**55**	**67**	**1,565**
Charge for the year	-	3	-	-	-	35	**38**
Effect of change in estimates, capitalised	(117)	-	-	-	-	-	**(117)**
Provision utilised during the year	(8)	(128)	(154)	-	-	(9)	**(299)**
At 30 June 2009	**884**	**149**	**-**	**6**	**55**	**93**	**1,187**

(all amounts in HRK millions)

17. BANK LOANS AND OVERDRAFTS AND CURRENT PORTION OF LONG-TERM LOANS

	30 June 2009	31 December 2008
Overdrafts and short-term loans	2,392	2,492
Current portion of long-term loans	116	98
	2,508	**2,590**

	Repayment deadline	Security/ Guarantee	30 June 2009	31 December 2008
BNP Paribas (USD)	by 31.12.2009.	INA d.d. guarantee	535	720
Citibank	until recalled	INA d.d. guarantee	250	265
Hypo bank (KN)	overdraft		20	4
Natixis	overdraft	INA d.d. guarantee	359	4
Bank Tokyo Mitsubishi (USD)	by 31.12.2009.	INA d.d. guarantee	-	411
CKB (EUR)	by 14.09.2009.	-	1	2
Raiffeisenbank Zagreb (EUR, USD)	by 18.03.2009.	-	36	37
Bank Austria Creditanstalt (USD)	by 20.09.2009.	-	395	80
Zagrebačka banka, Zagreb (USD,HRK)	by 30.09.2009.	-	41	41
Privredna banka Zagreb, Zagreb (HRK)	by 31.07.2009.	-	45	8
Societe Generale - Splitska banka (USD, HRK)	by 31.08.2009.	-	61	61
Slavonska banka Osijek	by 10.10.2009.	-	-	17
Fortis (USD)	by 18.03.2009.	INA d.d. guarantee	234	513
Hrv poštanska banka (HRK)	by 17.11.2009.	-	22	22
OTP bank (HUF, EUR, HRK)		-	57	58
Current portion of long-term loans			76	51
Total regarding to subsidiaries			**2,132**	**2,294**
INA Matica				
Overdrafts and short term loans			335	249
Current portion of long-terms loans			41	47
Total INA Matica			**376**	**296**
Total INA Grupa			**2,508**	**2,590**

(all amounts in HRK millions)

18. TRADE PAYABLES, TAXES AND CONTRIBUTIONS AND OTHER CURRENT LIABILITIES

	INA Group	
	30 June 2009	**31 December 2008**
Trade payables	3,743	3,815
VAT, excise and other taxes	1,884	1,080
Payroll taxes and contributions	93	131
Payroll and other	681	342
	6,401	**5,368**

19. RELATED PARTY TRANSACTIONS

The company has dominant positions in Croatia in oil and gas exploration and production, oil refining and the sale of gas and petroleum products. As a result of the Company's strategic position within the Croatian economy, a substantial portion of its business and the business of its subsidiaries is transacted with the Croatian Government, its departments and agencies, and the companies with the Republic of Croatia being their majority shareholder.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on Group level consolidation. Details of transactions between INA Matica and the Group companies and other related parties are disclosed below.

(all amounts in HRK millions)

19. RELATED PARTY TRANSACTIONS (continued)

Trading transactions

During the year, INA Matica entered into the following trading transactions with the following related parties:

INA Matica

Business partners	Sales of goods		Purchase of goods	
	30 June 2009	**30 June 2008**	**30 June 2009**	**30 June 2008**
Foreign related companies				
Interina Ltd Guernsey	1,028	645	6	889
Holdina Sarajevo	237	468	9	9
Interina d.o.o. Mostar	-	56	-	-
Interina d.o.o. Ljubljana	7	6	-	1
Interina Ltd London	-	98	3,463	6,009
Domestic related companies				
Crosco Group	4	4	70	70
Osijek Petrol d.d.	216	445	-	-
Crobenz d.d. Zagreb	223	394	-	1
Proplin d.o.o. Zagreb	209	208	-	-
STSI d.o.o. Zagreb	5	3	140	199
Maziva Zagreb d.o.o. Zagreb	26	52	6	2
Companies available for sale				
JANAF d.d. Zagreb	-	-	21	20
Strategic partner				
MOL Plc	52	130	463	466
Companies controlled by the State				
Hrvatske željeznice	47	85	18	20
Hrvatska elektroprivreda	882	1,071	24	57
Hrvatske telekomunikacije	2	2	8	10
Croatia osiguranje	2	5	17	26
Hrvatska pošta	-	1	1	1
Ministarstvo obrane Republike Hrvatske	24	41	-	-
Hrvatske šume	-	2	-	-
Jadrolinija	42	70	2	2
Narodne novine	-	-	1	2
Hrvatska radiotelevizija	-	-	-	-
Plovput	-	-	-	-
Croatia Airlines	56	109	-	-
Petrokemija Kutina	483	381	-	-
Plinacro	4	2	319	263
Željezara Sisak	-	-	-	-

(all amounts in HRK millions)

19. RELATED PARTY TRANSACTIONS (continued)

Trading transactions (continued)

During the year, INA Matica entered into the following outstanding balances with the following related parties:

INA Matica	**Amounts owed from related parties**		**Amounts owed to related parties**	
Business partners	**30 June 2009**	**31 December 2008**	**30 June 2009**	**31 December 2008**
Foreign related companies				
Interina Ltd Guernsey	152	75	6	851
Holdina Sarajevo	134	130	9	4
Interina d.o.o. Mostar	-	1	-	-
Interina d.o.o. Ljubljana	1	1	-	-
Interina Ltd London	-	-	2,369	1,751
Domestic related companies				
Crosco Group	2	2	31	54
Osijek Petrol d.d.	121	120	1	1
Crobenz d.d. Zagreb	182	158	2	1
Proplin d.o.o. Zagreb	74	80	9	9
STSI d.o.o. Zagreb	3	7	294	512
Maziva Zagreb d.o.o. Zagreb	20	25	31	20
Companies available for sale				
JANAF d.d. Zagreb	-	-	9	7
Strategic partner				
MOL Plc	-	12	17	2
Companies controlled by the State				
Hrvatske željeznice	92	62	5	4
Hrvatska elektroprivreda	265	452	1	6
Hrvatske telekomunikacije	1	2	9	7
Croatia osiguranje	-	-	18	12
Hrvatske vode	-	-	4	2
Hrvatska pošta	2	2	-	-
Ministarstvo obrane Republike Hrvatske	18	13	-	-
Hrvatske šume	5	4	-	-
Jadrolinija	48	35	1	1
Narodne novine	-	-	1	-
Hrvatska radiotelevizija	1	-	-	-
Croatia Airlines	27	41	-	-
Petrokemija Kutina	268	192	-	-
Plinacro	413	1	226	100
Željezara Sisak	4	5	-	-

20. COMMITMENTS

Participation and Joint Operating Agreements

Participation and Joint Operating Agreement in the Contract Area Podravska Slatina – Zalata

On 14 September 2006 INA Matica and MOL concluded a Participation and Joint Operating Agreement in the Contract Area Podravska Slatina – Zalata. The parties will share equally 50 % participating interest in the Agreement.

According to the Agreement the exploration period shall last two years from the date of the execution of the Agreement. In the case when no commercial discovery is made during the exploration period the contract would be terminated.

As the Agreement allows the extension of the exploration period in order to complete any work in progress, on 12 September 2008 the parties signed an understanding of the prolongation of the exploration until the completion of the drilling, appraisal and interpretation of the appraisal for the Well Dravica-1, the spudding of which in the territory of the Republic of Croatia commenced on 11 September 2008.

The Well Dravica-1 has been identified on the basis of a positive appraisal and discovery of a gas condensate field as part of the operation of the 1st exploration well Zalata-1 during 2007 in a part of the contract area in the territory of the Republic of Hungary. The estimated costs of the obligations with respect to the preparation and exploration of the exploration well Dravica-1 amounted to EUR 8 million. In late 2008, a final drilling depth of 3 500 m was reached on the Well Dravica-1 in the total amount of EUR 6.3 million. As a result of the drilling of the Well Dravica-1, several layers have been identified in the gas condensate saturation so that the exploration of the Dravica-1 will take place in 2009. Well testing costs of EUR 3.2 million have been agreed between the parties when the technical programme was adopted. Since INA is the operator of all the works in the territory of the Republic of Croatia, MOL will cover 50 percent of the drilling and exploration costs of the Well Dravica-1 upon the completion of the works. As at 30 June 2009, well testing operations have not been performed as INA was unable to provide the necesayr funding, so extension of the exploration period is still in force. At the same time, INA and MOL have agreed Amendment 1 to the existing Agreement whereby the exploration period was extended for another 5 years, and 3D surveys in the maximum value of EUR 7 million and the drilling of maximum 3 wells worth EUR 8 million each were included. As at 30 June 2009, above Amendment was still unsigned as INA was not able to provide the funding for above exploration works, primarily 3D surveys, which should be performed in the second half of 2009.

As by 30 June 2009 INA had not provided the necessary funding for testing the Dravica-1 well and 3D surveys, MOL has expressed its readiness to lend the amount of INA's 50%share in financing the project at a certain interest rate until INA is able to finance its share.

Participation and Joint Operating Agreement in the Contract Area Novi Gradac-Potony

On 1 September 2007 INA and MOL concluded Participation and Joint Operating Agreement in the Contract Area Novi Gradac-Potony. The parties will share equally 50 % participating interest in the Agreement.

According to the Agreement the exploration period shall last three years from the date of the execution of the Agreement. The agreed obligations include seismic mapping of an area of 189 sq. km. and the construction of the exploration wells.

The seismic mapping, which commenced in late 2007, was completed in early 2008. During 2008, the seismic data processing and analysis was completed, and the costs amounted to EUR 130 thousand. Since the seismic mapping took place in the territories of both the Republic of Croatia and the Republic of Hungary, which implied double operation of the parties, in 2008, INA settled its obligations towards MOL, GES and the so-called Third Party (indemnities to legal and natural persons for field damage) with respect to the seismic mapping works as follows:

- Potony: INA settled 50 percent in the amount of EUR 478 thousand;
- Novi Gradac: of the total EUR 2.2 million, EUR 1.3 million were settled by INA and EUR 855 thousand by MOL.

The difference in the cost participation arise due to the Third-party item (indemnities to legal and natural persons for field damage), in which INA participated to the extent of 70 percent and MOL to the extent of 30 percent of the costs.

The first exploration well of the Novi Gradac-Potony Project is to be constructed in 2009 in the territory of the Republic of Hungary. INA's maximum obligation with respect to the construction of the first exploration well amounts to EUR 4.1 million. The construction of the second exploration well has been planned for 2010, provided that the first well receives positive assessment. The construction of the Potony-1 well had been planned to start in August 2009 and the completion was due by the end of 2009. As by 30 June 2009 INA had not provided the necessary funding to participate in the costs, MOL has expressed its readiness to lend the amount of INA’s 50%share in financing the project at a certain interest rate until INA is able to finance its share.

Gas selling Contracts

Group had following long term natural gas sale contracts from 31 December 2008 to the expiry of the underlying contract:

1. Long-term contract between INA and HEP d.d. Zagreb
   a) Contracted supply quantity: 700,000,000 m^3/year (in 2009)
   b) Annual sales: 980 million HRK
   c) Contract period: until 2015
   d) Estimated revenue for the remaining period (2009-2015): 11,3 billion HRK
2. Long-term contract between INA and PETROKEMIJA d.d. Kutina
   a) Contracted supply quantity: 665,000,000 m^3/year
   b) Annual sales: 884 million HRK
   c) Contract period: until 2010
   d) Estimated revenue for the remaining period (2009-2010): 1,9 bilion HRK
3. Contracts between INA and tariff-based customers (distribution entities) – natural gas
   a) Contracted supply quantity: 1,416,987,300m^3 in 2009
   b) Annual sales: 1.9 billion HRK

c) Contract period: until 2009

d) Estimated revenue for the remaining period: 1.9 billion HRK

20. COMMITMENTS (continued)

Gas selling contracts (continued)

4. Contracts INA – other tariff-based customers – natural gas
   a) Contracted supply quantity: 409,091,449 m^3 in 2009
   b) Annual sales: 580.9 million HRK
   c) Contract period: 2009
   d) Estimated revenue for the remaining period. 580.9 million HRK

5. Contracts INA – DIOKI (ethane)
   a) Contracted supply quantity: 57,000 tons in 2009
   b) Annual sales (actual 2008): 82.5 million HRK
   c) Contract period: 2012
   d) Estimated revenue for 2009.: 44.7 million HRK, left for 7-12/2009: 23.66 million HRK, planned revenue 2008-2012 485 million HRK

Water selling contracts

1. High quality process water
   a) Contracted supply quantity: 2,490,000 m^3 in 2009
   b) Annual sales (actual 2008): 4 million HRK
   c) Contract period: 2009
   d) Estimated revenue for 2009:. 4.3 million HRK, left for 7-12/2009: 2.3 million HRK

2. Geothermal water
   a) Contracted supply quantity: 410,000 m^3 in 2009
   b) Annual sales (actual 2008): 1.2 million HRK
   c) Contract period: 2009
   d) Estimated revenue for 2009:. 1.6 million HRK, left for 7-12/2009: 844.000 HRK

N-pentane selling contracts

1. N-pentane
   a) Contracted supply quantity: 850 m^3 in 2009
   b) Annual sales (actual 2008): 3.2 million HRK
   c) Contract period: 2009
   d) Estimated revenue for 2009: 1.8 million HRK, left for 7-12/2009: 1.1 million HRK

21. CONTINGENT LIABILITIES

There were no changing of contigent liabilities regarding contigent liabilities presented in financial statement at 31 December 2008.

22. SUBSEQUENT EVENTS

In the period after balance sheet date there is no significant events.