



BUSINESS NEWS OF THE ISSUER NIS A.D. NOVI SAD

NIS' RESULTS IN FIRST QUARTER OF 2012

According to stand-alone and unaudited financial statements, prepared in compliance with applicable law and in accordance with International Financial Reporting Standards, NIS recorded net profit of 8.4 billion RSD in first quarter of 2012.

NIS net profit in first quarter of 2012 amounts to 8.4 billion RSD which is by 15% less than net profit recorded for the same period last year. Net result was under the influence of negative microeconomic conditions and dinar's exchange rate trend. Apart from that, another factor present during the 1st quarter influenced the decrease in net profit – the company's socially oriented oil products sales policy. NIS took part in the state program for subsidising farmers with fuel. The company also limited the growth of wholesale and retail prices of oil products, disregarding the constant price hike on commodities exchange markets.

At the same time EBITDA for first quarter of 2012 it amounts to 15.5 billion RSD, which is almost double comparing to same period last year.

Operating Cash Flow (OCF) for first quarter of 2012 was negative and amounts to -2 billion RSD – 95% less than last year. Increase in receivables from large consumers had negative impact on OCF.

Total investments in first quarter of 2012 exceeded three times the level of investments for the same period last year and amounted to 7.7 billion RSD out of which 5 billion came from Company's own sources, while the rest of the amount was provided by majority shareholder – "Gazprom neft".

Total debt to banks in first quarter of 2012 was reduced to 444 million dollars – which is by 188 million dollars less than at the end of first quarter last year.

Paid taxes and fiscal obligations amount to approximately 15 billion RSD.

Production volume of domestic oil and gas in first quarter of 2012 was 413 tons of oil equivalent, which is by 15% than the production volume for first quarter last year. Increase in domestic oil and gas production volume is mainly due to capital repair of wells and reactivation of inactive wells.



NIS refineries refined 413 tons of oil in first quarter of 2012, which is by 19% less than in the same period 2011, due to planned overhaul of Pancevo Refinery in February and March 2012. Sales volume in first quarter of 2012 is by 2% lower, mainly due to severe weather conditions in February. At the same time Serbian fuel market declined for more than 7% compared to the first quarter of 2011.

**Deputy CEO –
Director of Function for Legal and Corporate Affairs**

Sergey Fominykh
