



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

### **NIS Published Data From Unaudited Consolidated Financial Statement Prepared in Accordance With IFRS for 2011**

NIS has published unaudited financial results for 2011 prepared in accordance with the Accounting and Auditing Law, which requires statements to be prepared in accordance with the international financial reporting standards (IFRS), as well as regulations issued by the Ministry of Finance, Republic of Serbia.

In 2011, the net income of the company is 40.6 billion dinars, 146 per cent more than the same indicator last year. The growth in business profitability is primarily related to an increase in efficiency of core business, reduction of production costs and expenses, as well as an increase in hydrocarbon price in the global market.

The same factors were the main reasons for increased earnings before interest, taxes depreciation and amortization (EBITDA). In 2011, EBITDA were 52.4 billion dinars, exceeding last year's results for 62 per cent.

According to the results in 2011, the operating cash flow (OCF) is increased for 97 per cent, nearly two times compared to previous period. OCF indicator in 2011 was 35 billion dinars. The positive dynamics of this indicator is primarily influenced by the growth in production volume of oil and gas, as well as a more efficient receivables collection.

The total volume of capital investments in 2011 was 34.4 billion dinars, 75 per cent more the 2010 investment program volume. NIS has invested within the 2011 investment program 13.9 billion dinars from its own funds, while the rest is the modernization program financed by the majority owner OAD Gazprom Neft. At the end of 2011, Company's total bank indebtedness (bank debt and L/C) was 458 million dollars, almost 186 million dollars less than at the end of 2010.

In 2011, the company managed to increase oil and gas production volume in Serbia for 24 per cent, i.e. to 1.5 million conditional tons. The increased production volume is primarily achieved owing to the results of the oil well reactivation programs, capital workovers, and implementation of new and efficient production methods.

Oil refining volume is lower than the last year for 17 per cent and amounts to 2.4 million tons. The reduced refining volume is caused by the fact that during 2011, NIS has performed workover activities at the key plants of the Pancevo Production Unit in



order to prepare the refinery complex (MHC/DHT) for start-up. It shall be also mentioned that reduced refining volume in the Oil Refinery Pancevo did not affect the stability of supplying Serbian market with petroleum products.

The sales volume of petroleum products in 2011 is reduced for 7 per cent and amounts to 2.4283 million tons. Financial crisis, fall in purchasing power causing the overall market reduction are the reasons for reduced sales volumes. However, it should be also stated that reduced sales volumes did not affect the NIS share in the overall Serbian market volume of petroleum products.

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