

**Presentation for investors and shareholders for the
period I – IX 2010**

November 15th, 2010



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Mission, vision and values of the company



Vision

Vertically integrated oil company Nis will become a leader in its industry for the entire Balkan region in the sphere of stable growth and increase of efficiencies, demonstrating high social and ecological responsibility and high standards of customer service.

Mission

To give the people of Balkan region energy for improvement by responsible use of natural resources and high technology.

NIS Values:

- Professionalism
- Initiative and responsibility
- Compliance with rules and culture of good conduct
- Positive attitude and willingness to cooperate

Besides preserving NIS as the foundation of energy stability in the country, our company's goal is to focus on social responsibility and creation of new business quality standards in the period to come. We see that increase in competitiveness, efficiency of the company and improvement in business management as our key goal.

Company information on September 30th, 2010



Business name:	NIS a.d. Novi Sad
Company ID number:	20084693
Address:	Novi Sad, 12 Narodnog fronta street
Tax ID:	104052135
Web site:	www.nis.rs
Activity:	0610 – exploitation of crude oil
Number and date of registration in BRA:	BD 92142, September 29 th , 2005
Total equity as of September 30 th , 2010:	34,857,869,000 RSD
Share capital as of September 30 th , 2010:	81,530,200,000 RSD
Number of employees as of September 30 th , 2010:	10,160*
Number of shareholders as of September 30 th , 2010:	4.723.352

* without employees from servicing organizations

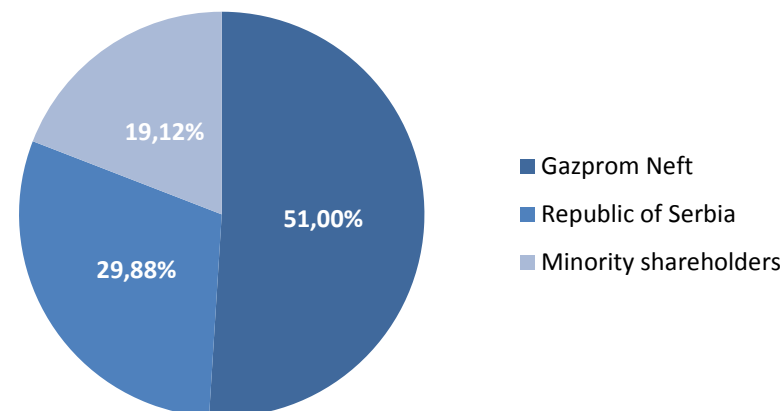
Share information

Number of issued common shares:	163,060,400
Face value:	500.00 RSD
CFI code:	ESVUFR
ISIN number:	RSNISHE79420

Shareholder structure as of October 4th, 2010

Gasprom neft	51,00%
Republic of Serbia	29,88%
Minority shareholders	19,12%

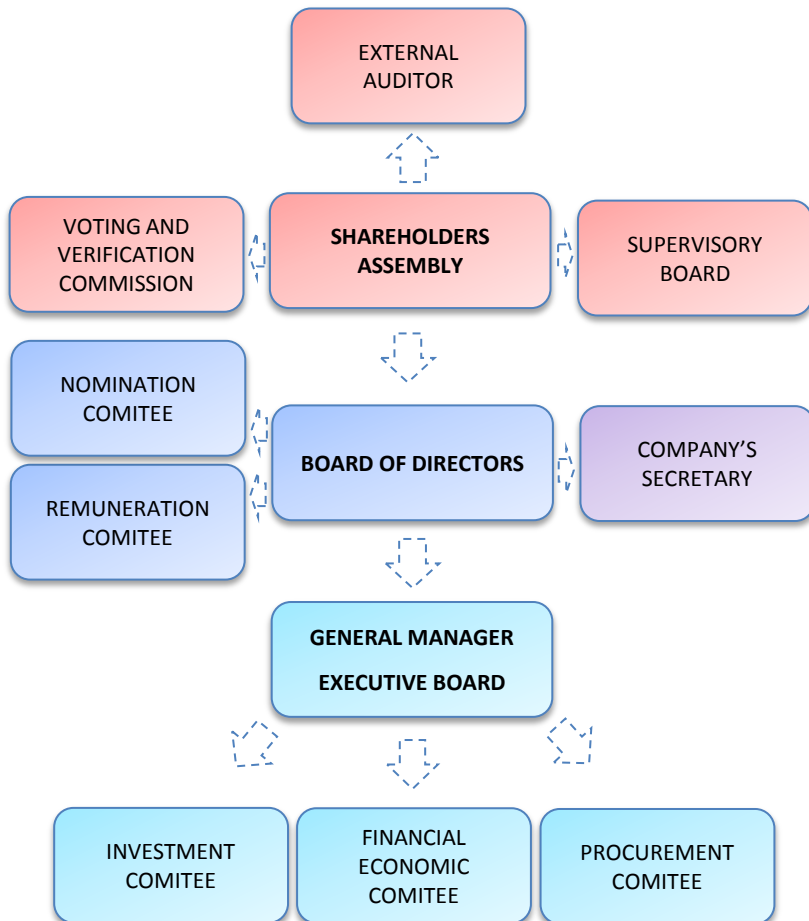
Shareholder structure as of October 4th, 2010



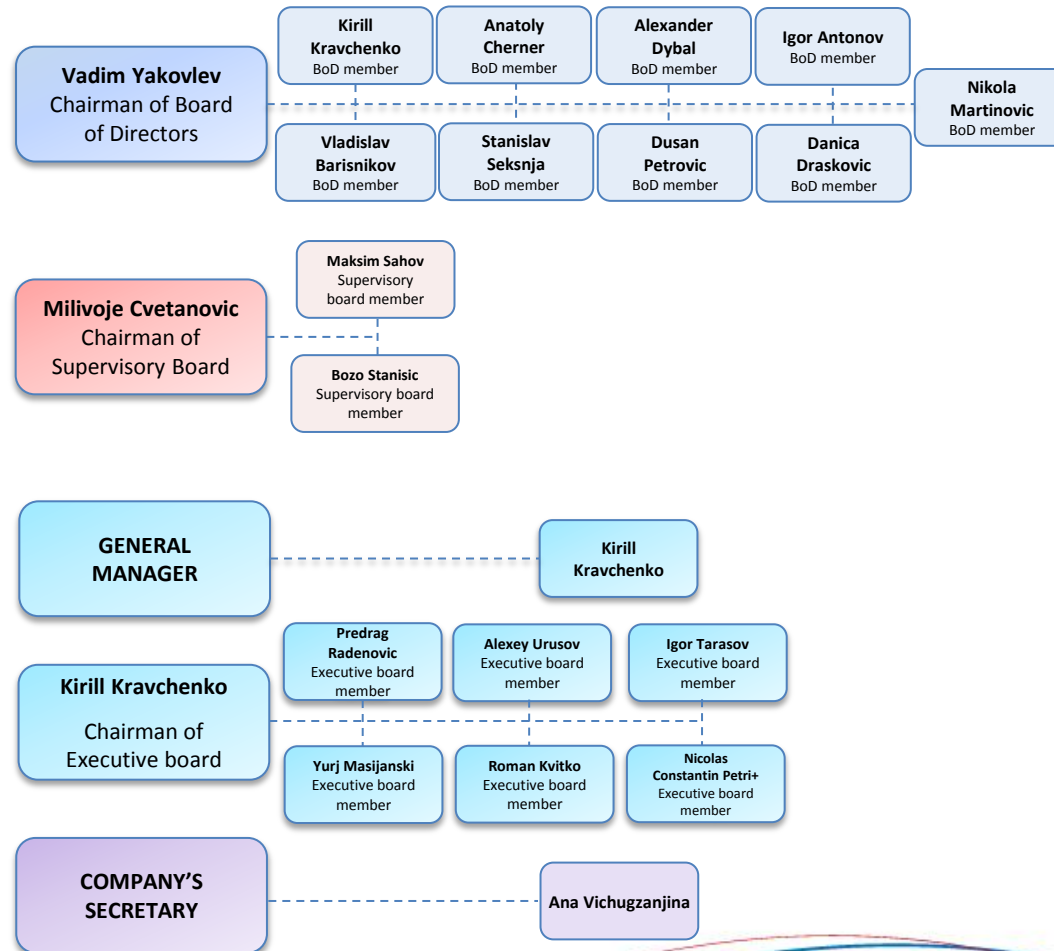
Corporate Governance



Corporate bodies structure

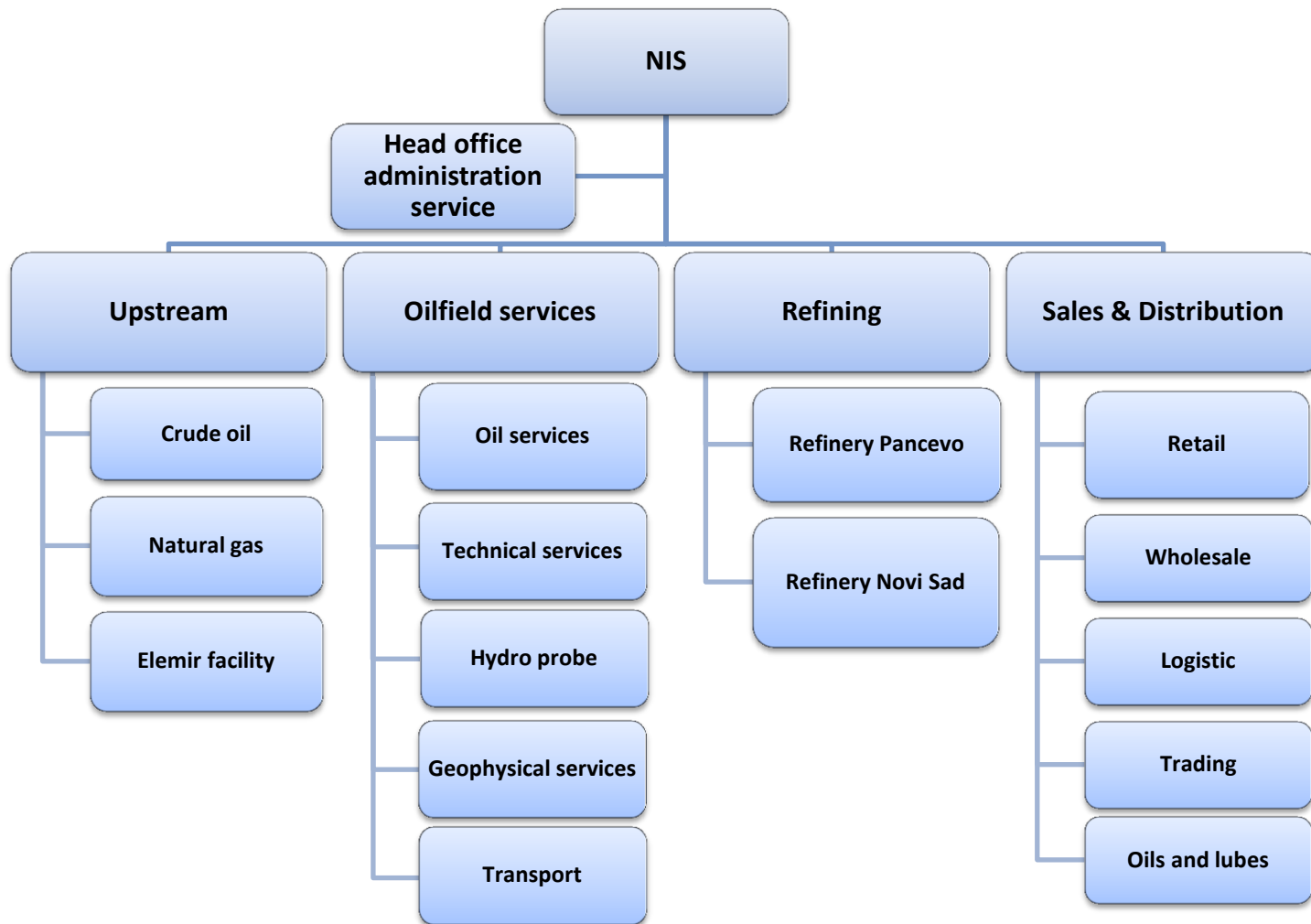


Board of Directors, executive board and Supervisory board members



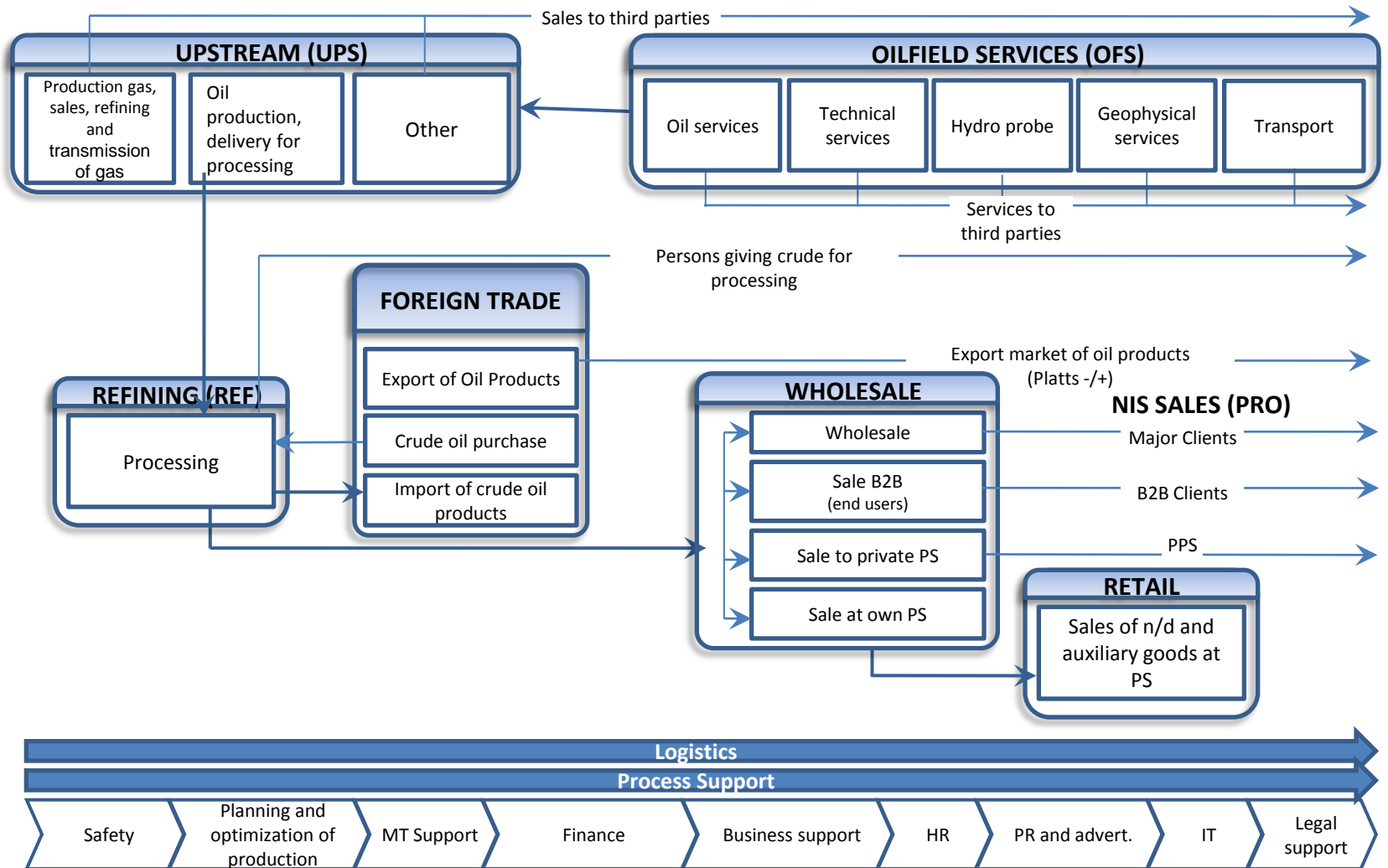
*as of September 30th, 2010

Business structure



* Business structure as of October 1st, 2010

Value chain



9M 2010: Key indicators



Key indicators	Units of measurement	9M '09	9M '10	Change	
				Amount	%
Urals	\$/bbl	56.37	75.77	19.40	34%
Net profit (loss)	billion RSD	-6.80	2.70	9.50	140%
Net profit (loss) before foreign exchange differences	billion RSD	-5.52	13.28	18.80	341%
Net foreign exchange differences	billion RSD	-1.28	-10.60	-9.32	-728%
EBITDA	billion RSD	2.40	17.20	14.80	617%
Sales (without excise tax)	billion RSD	80.90	111.90	31.00	38%
OCF	billion RSD	7.50	14.20	6.70	89%
Paid taxes and fiscal obligations**	billion RSD	55.40	61.90	6.50	12%
Domestic oil and gas production	thousand conditional tons***	670.10	880.40	210.30	31%
Domestic oil production	thousand tons	482.40	621.80	139.40	29%
Oil processing volume including third parties	thousand tons	2,172.20	2,202.30	30.10	1%
Oil processing volume excluding third parties	thousand tons	1,967.30	2,195.10	227.80	12%
Total sales of oil products	thousand tons	1,886.60	1,950.60	64.00	3%
Oil products local market sales	thousand tons	1,645.20	1,636.50	-8.70	-1%
Retail	thousand tons	446.80	409.90	-36.90	-8%
Light oil products sales	thousand tons	1,084.60	1,180.00	95.40	9%
CAPEX from GPN loan****	million EUR	9.70	48.50	38.80	400%
CAPEX from OCF (NIS projects)	billion RSD	2.20	2.80	0.60	27%
Total debt to banks	million USD	830.00	667.00	-163.00	-20%
Total bank indebtedness*****	million USD	991.00	675.00	-316.00	-32%

*Before opening balance adjustments on 2nd February and before impairment of the fixed assets (see presentation "General data about NIS on 31 December 2009 page 50 for further detail)

** Taxes paid and fiscal obligations includes taxes, duties, fees and other public revenues

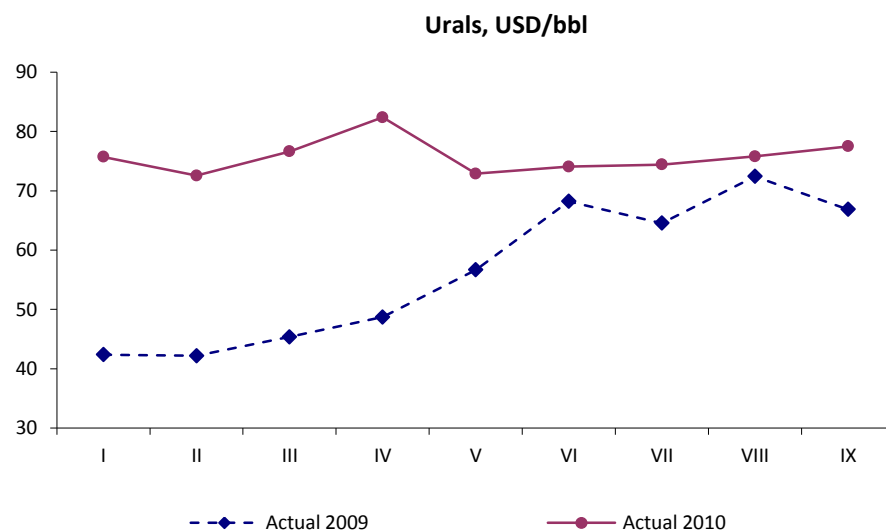
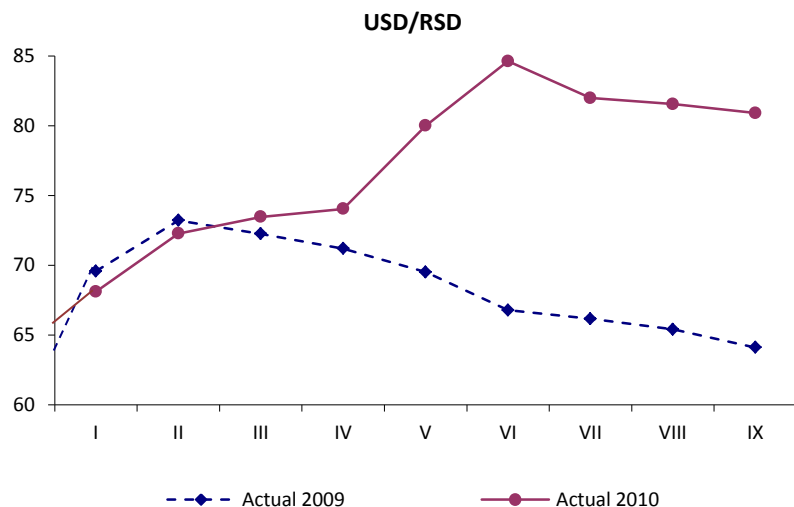
*** 1.256 m³ gas = 1 conditional ton of oil

**** Under the Agreement of sale and purchase of shares of NIS a.d Novi Sad, clause 8.1.2, JSC Gazprom Neft (GPN) has an obligation to provide EUR 500 million to NIS a.d. Novi Sad by way of special purpose loans in order to implement NIS Novi Sad technological complex reconstruction and modernization program

***** Total bank indebtedness = Total debt to banks + letters of credit



Macroeconomic indicators

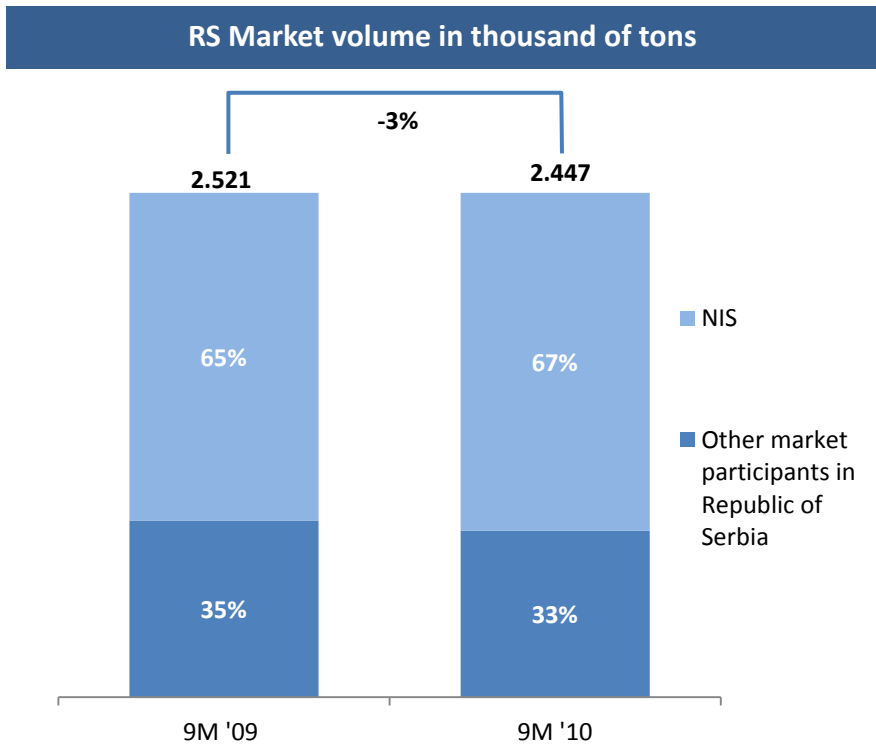


- Inflation USD/RSD in the first 9M of 2010 amounted to 17.06% or 11.38 RSD
- Inflation EUR/RSD in the first 9M of 2010 amounted to 10.73% or 10.29 RSD
- Inflation USD/RSD in the first 9M of 2009 amounted to 1.11% or 0.70 RSD
- Inflation EUR/RSD in the first 9M of 2009 amounted to 4.98% or 4.41 RSD
- There were no significant fluctuations in the crude oil price in the world market

Market share



After the drop in consumption in the first two quarters, the third quarter had increase in consumption, compared to the same quarter last year and also compared to the previous quarter of 2010.



➤ In first 9M 2010. the share of NIS on Serbian Market was 67%, which indicates to increase of +2% versus the same period 2009.

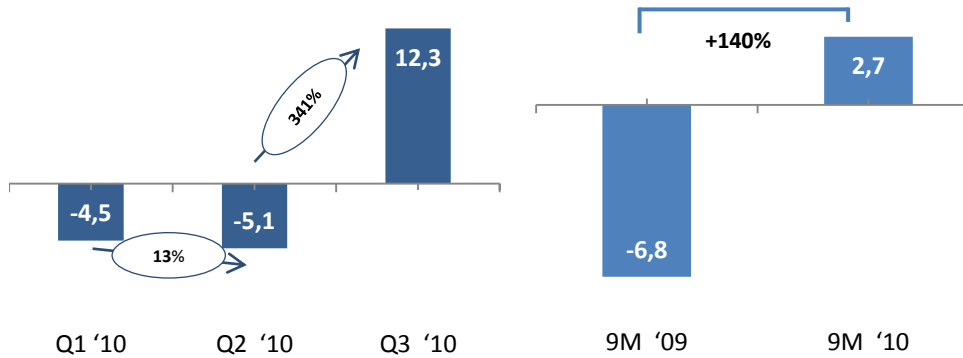
➤ In the first 9 months of 2010, BMB95 and euro-diesel recorded increasing trend versus last year

* According to NIS data and assessments

Financial indicators



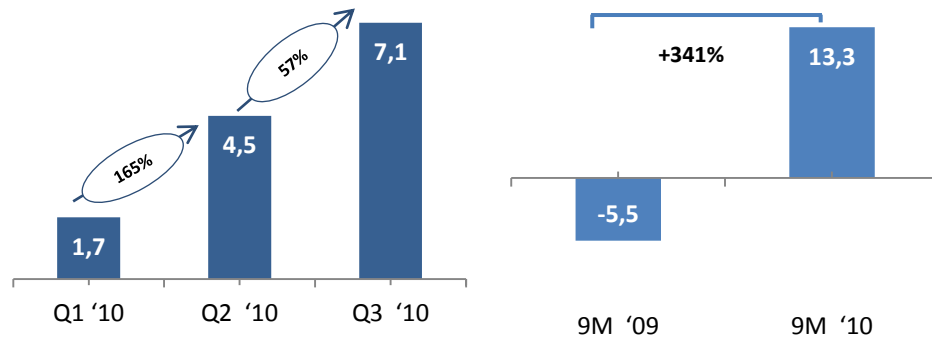
Net profit (loss)



Increase of net profit (loss) compared to first 9 months in 2009

➤ Decrease of FX costs in third quarter

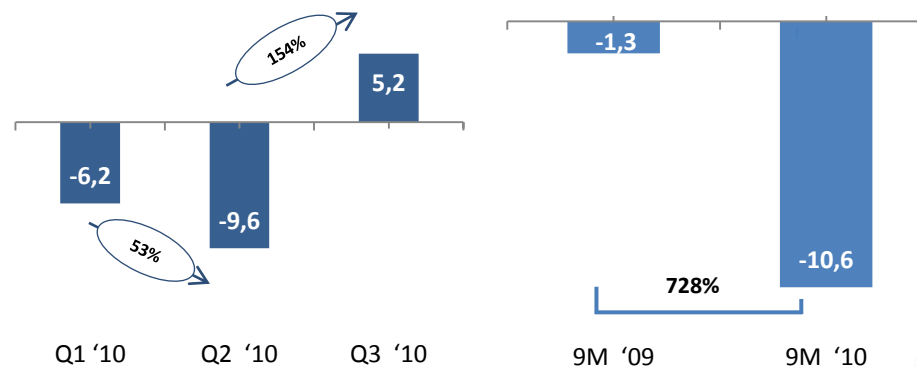
Net profit (loss) before FX



Increase of net profit (loss) before FX costs compared to first 9 months in 2009

➤ Increased business efficiency (increase in domestic oil and gas production)

Net FX costs



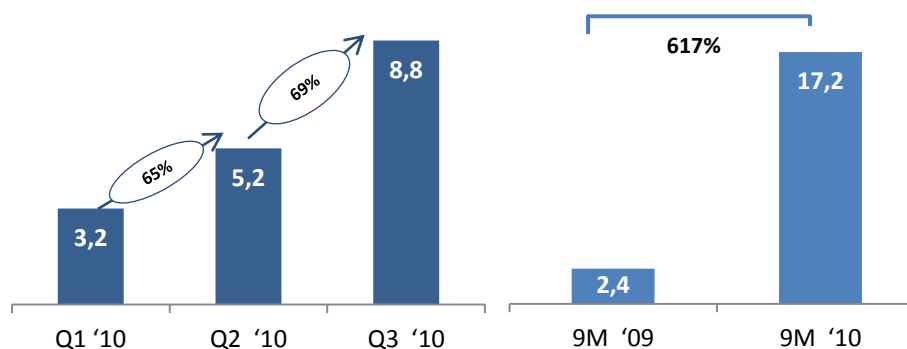
Increase of net FX costs compared to first 9 months in 2009

➤ Increase in USD/RSD exchange rate of 17.1% or +11.4 RSD
➤ Increase in EUR/RSD exchange rate of 10.7% or +10.3 RSD

Financial indicators



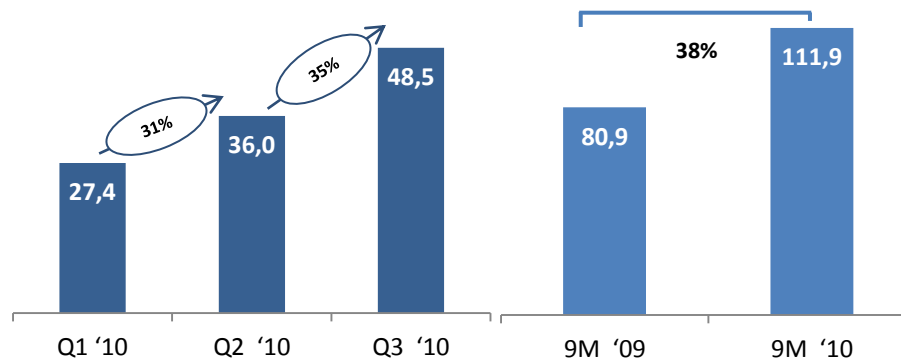
EBITDA



Increase of EBITDA compared to first 9M 2009 :

- Increased business efficiency (increase in domestic oil and gas production)

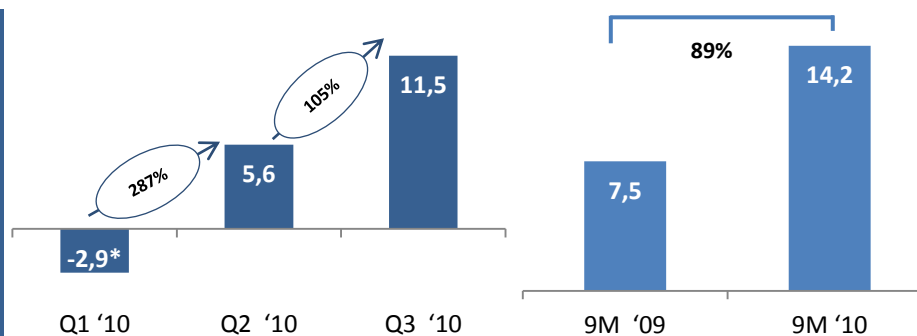
Sales



Sales increase compared to first 9M 2009 :

- Oil derivatives prices in first 9M of 2010 are higher compared to same period last year, due to increase of oil prices on world market and increase in USD exchange rate
- Fuel retail price in 2009 were app. 94 RSD per liter, and in 2010 app 114 RSD per liter (increase of app. 22%)
- Increase of 3.4% in oil derivatives sales

OCF



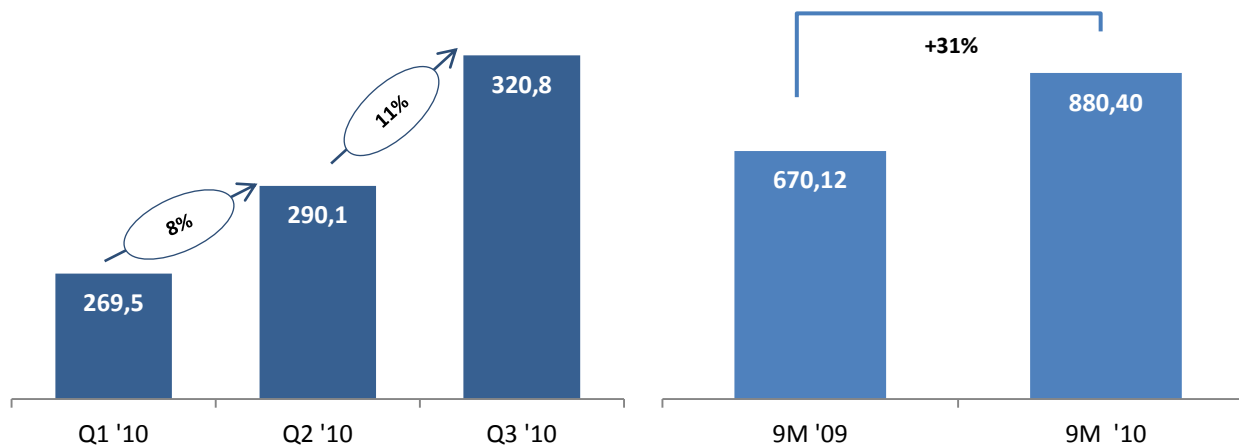
Increase in OCF compared to first 9M 2009 :

- Improved receivables collection
- Extended period for crude oil payments
- Improved business performance

* Data adjusted in comparison with the ones previously published due to the correction of OCF and ICF (decrease in OCF and increase in ICF for the same amount)

Oil and gas production

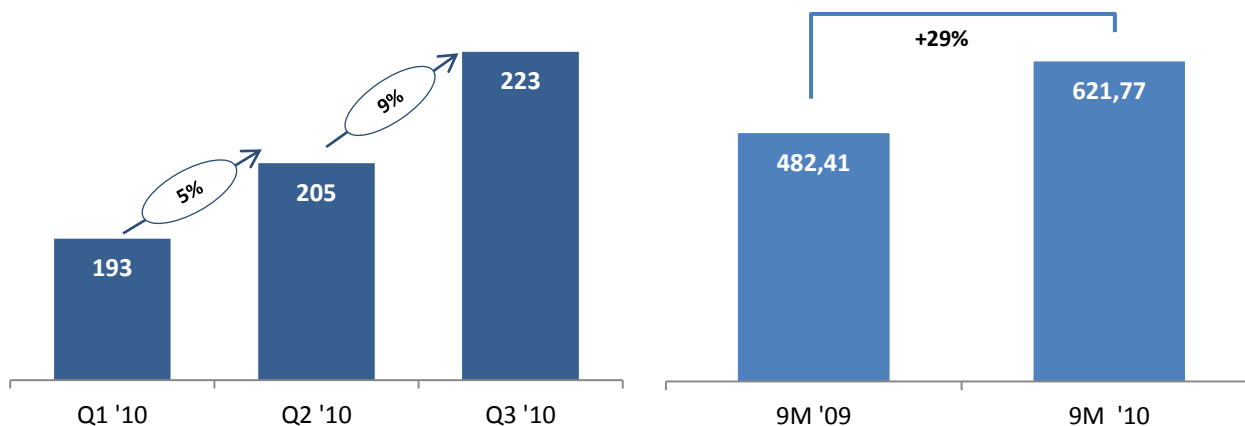
Domestic oil and gas production (in thousand of tons)



Domestic oil and gas increase of 31% compared to first 9M 2009:

- New system of production using ESP* pumps was implemented on 16 oil wells. Fracturing was preformed on 5 oil wells.
- Inactive wells activated
- Highly efficient geophysical and technical measurements were made
- Gas deposit in the Velebit field was commissioned
- Oil well workover at Mokrin-Zapad gas deposit. Medja deposit, that was not in use, has been commissioned
- Inactive gas wells in section Central Banat activated

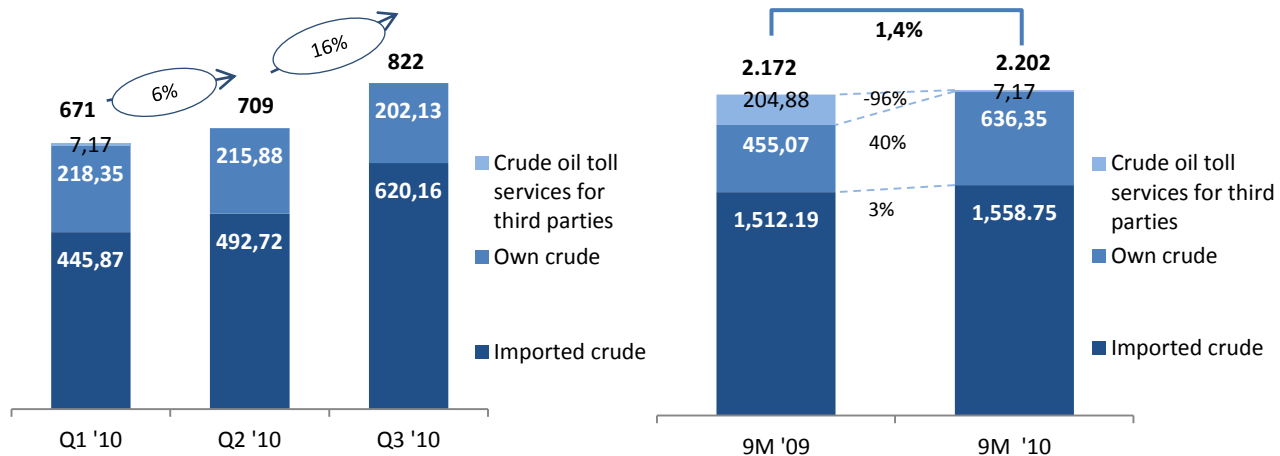
Domestic oil production (in thousand tons)



Refining



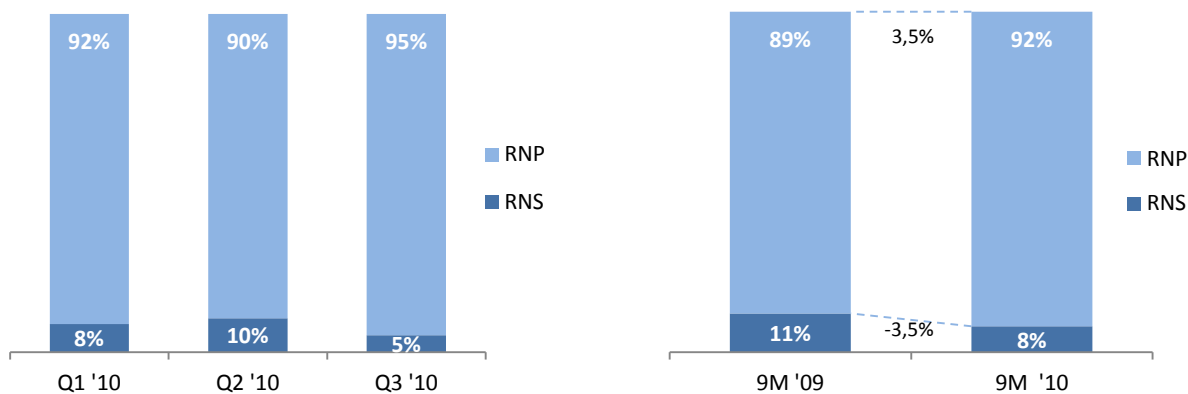
Oil processing including third parties



Increase of oil processing volume including third parties for 1% compared to first 9M 2009 :

- Increase of oil processing in Q3 compared to Q2 2010 (as needed to build up inventories of products for the expected refinery Pancevo overhaul in October-November 2010)

Oil processing per refinery (in thousand tons)

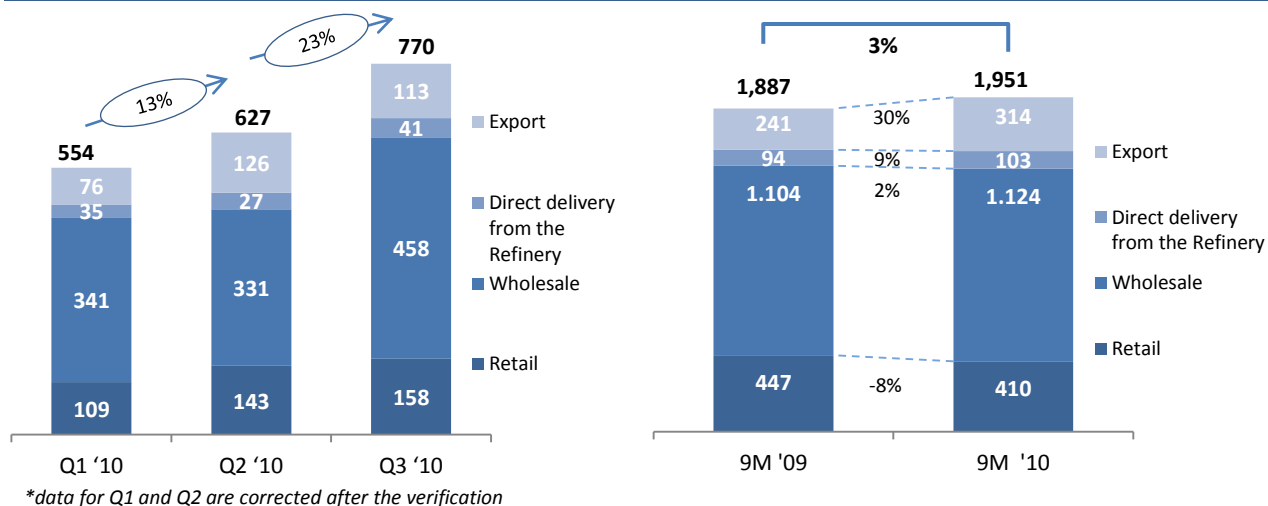


- Oil processing in Novi Sad Refinery was decreased for 3,5% compared to last year, and also records a decrease compared to previous quarter
- Operation structure of refineries in Novi Sad and pancevo is not significantly changed

Sales and Distribution



Oil derivatives sales (in thousand tons)



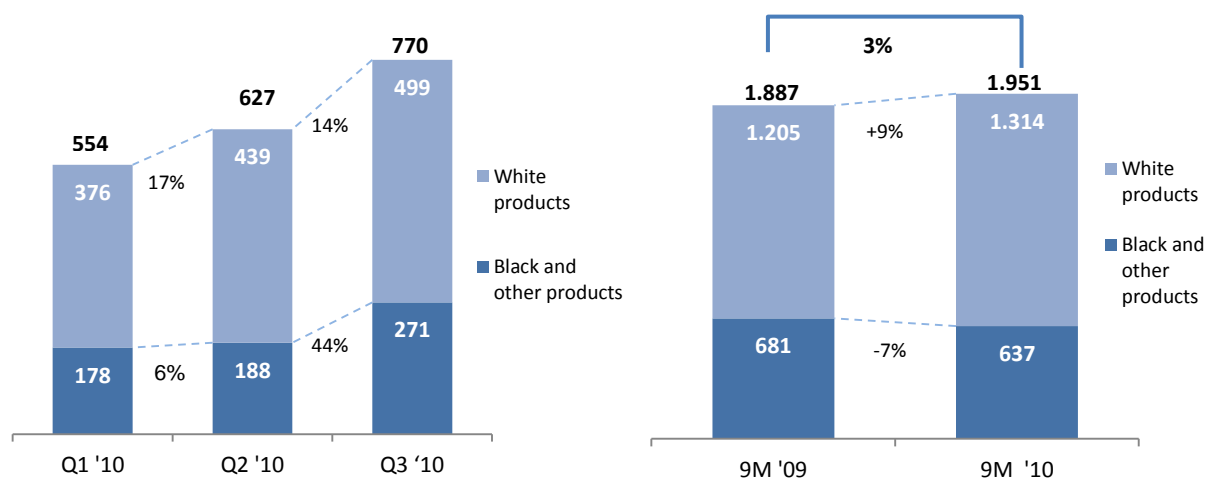
Increase of total sales of oil derivatives of 3% compared to first 9M 2009:

➤ Retail – Sales volume for 2010 record decrease only for January and February. In these two months in 2009 sales was above normal levels due to gas crisis, and after sales volume decreased due to sharp increase of excise tax. Sales volume for period March-September 2010 was in line with the results for 2009.

➤ Wholesale – increase in sales was caused by competitive price policy (diesel, euro-diesel and oil fuel)

➤ Export – increase in delivery of oil fuel, diesel and petrol components in order to optimize stocks

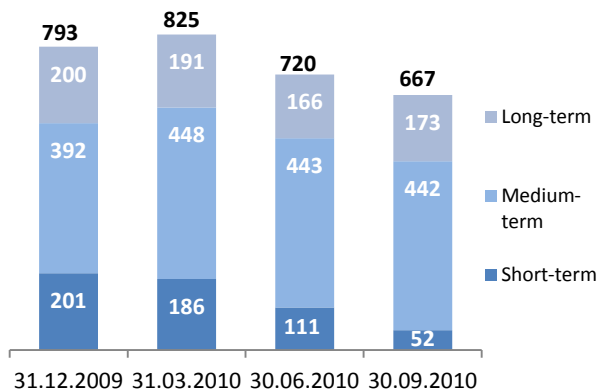
Sales structure per oil derivatives (in thousand tons)



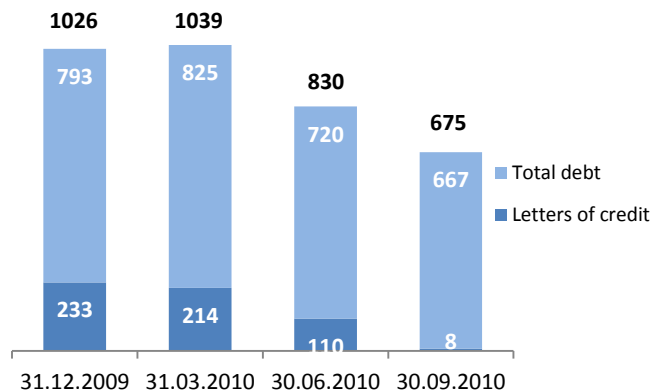
Structure of bank indebtedness



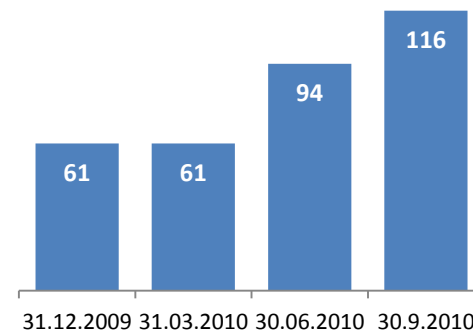
**Total debt to banks in first 9M 2010
(in millions of USD)**



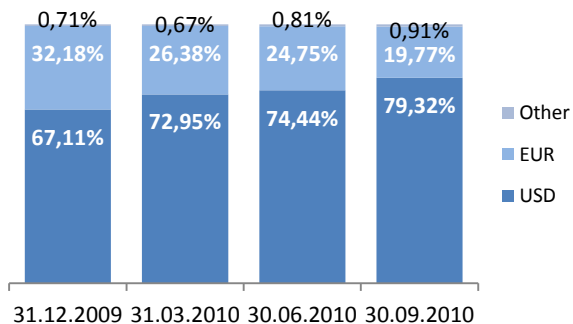
**Total indebtedness in first 9M
(in millions of USD)**



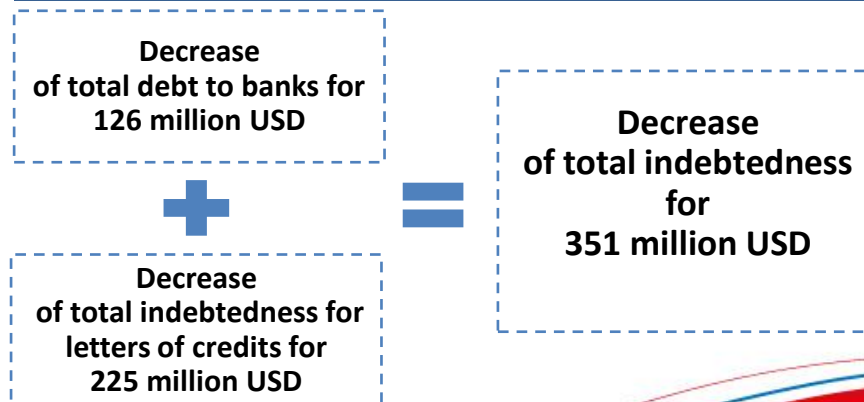
GPN loan (in millions of EUR)



**Structure of total debt to banks per
currency**



In first 9M 2010. NIS records:



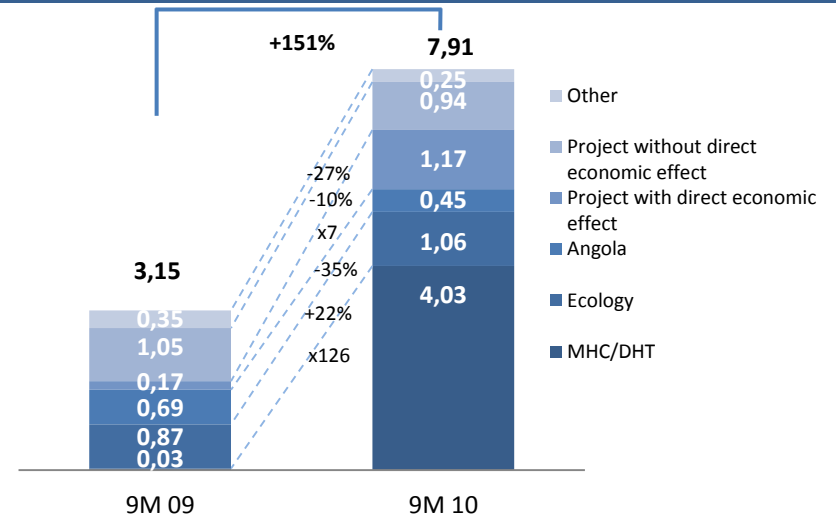
Investments



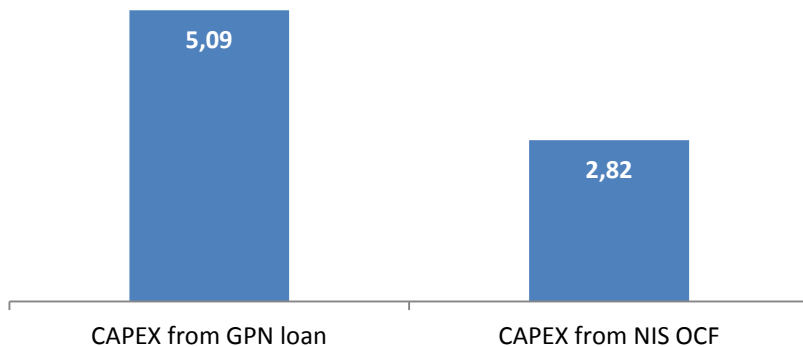
Sources of investment funding	9M '09	9M '10
CAPEX from GPN loan	0,90	5,09
Ecology	0,87	1,06
MHC/DHT	0,03	4,03
CAPEX from OCF (NIS funds)	2,25	2,82
Ecology	0,00	0,00
Angola	0,69	0,45
Projects with direct economic effect	0,17	1,17
Projects without direct economic effects	1,05	0,94
Other	0,35	0,25
Total:	3,15	7,91

*in billions of RSD

CAPEX per investment projects (in billions of RSD)



CAPEX from GPN loan and CAPEX from NIS OCF in first 9 months 2010 (in billions of RSD)



Changes in CAPEX per investment projects in first 9M 2010 compared to same period in 2009:

- **Project MHC/DHT** – realization of MHC/DHT project commenced at the end of 2009
- **Ecology** – most of ecological projects are approved and are in the realization stage
- **Projects with direct economic effect** – transfer of obligations from 2009 and commencement of setup works on the large number of retail-sale facilities
- **Projects without direct economic effect** – in first 9M of 2010 decrease of 10% compared to same period last year was recorded
- **Angola** – operator's costs in Angola are lower compared with the costs in 2009
- **Other** – decrease due to the fact that smaller portion of obligations for the rest of projects were transferred to 2010

Stock exchange trading

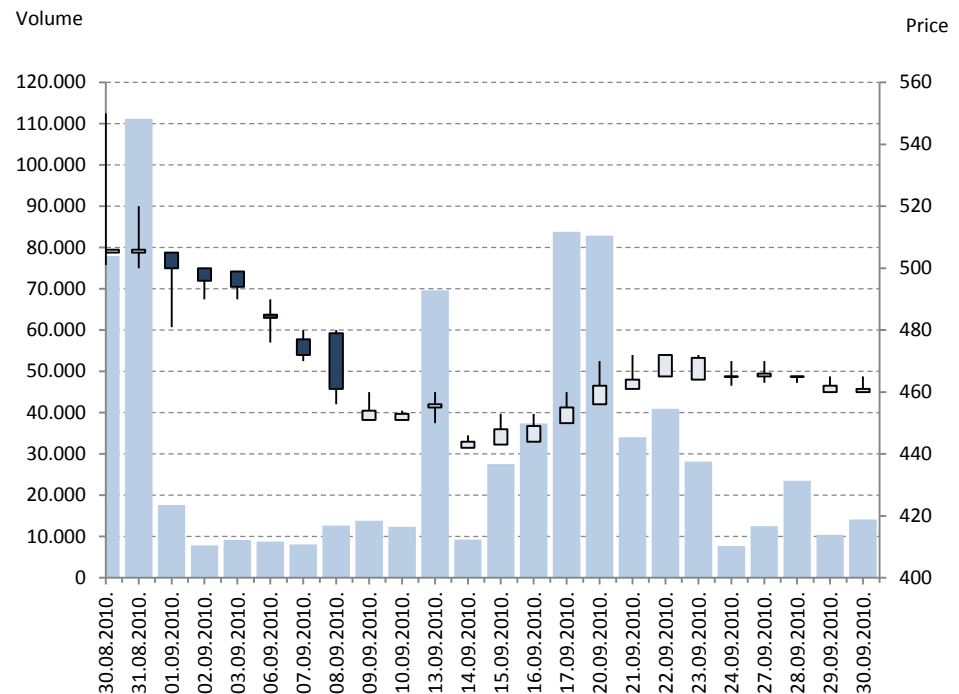


Trading on Belgrade Stock Exchange in the period August 30th – September 30th, 2010

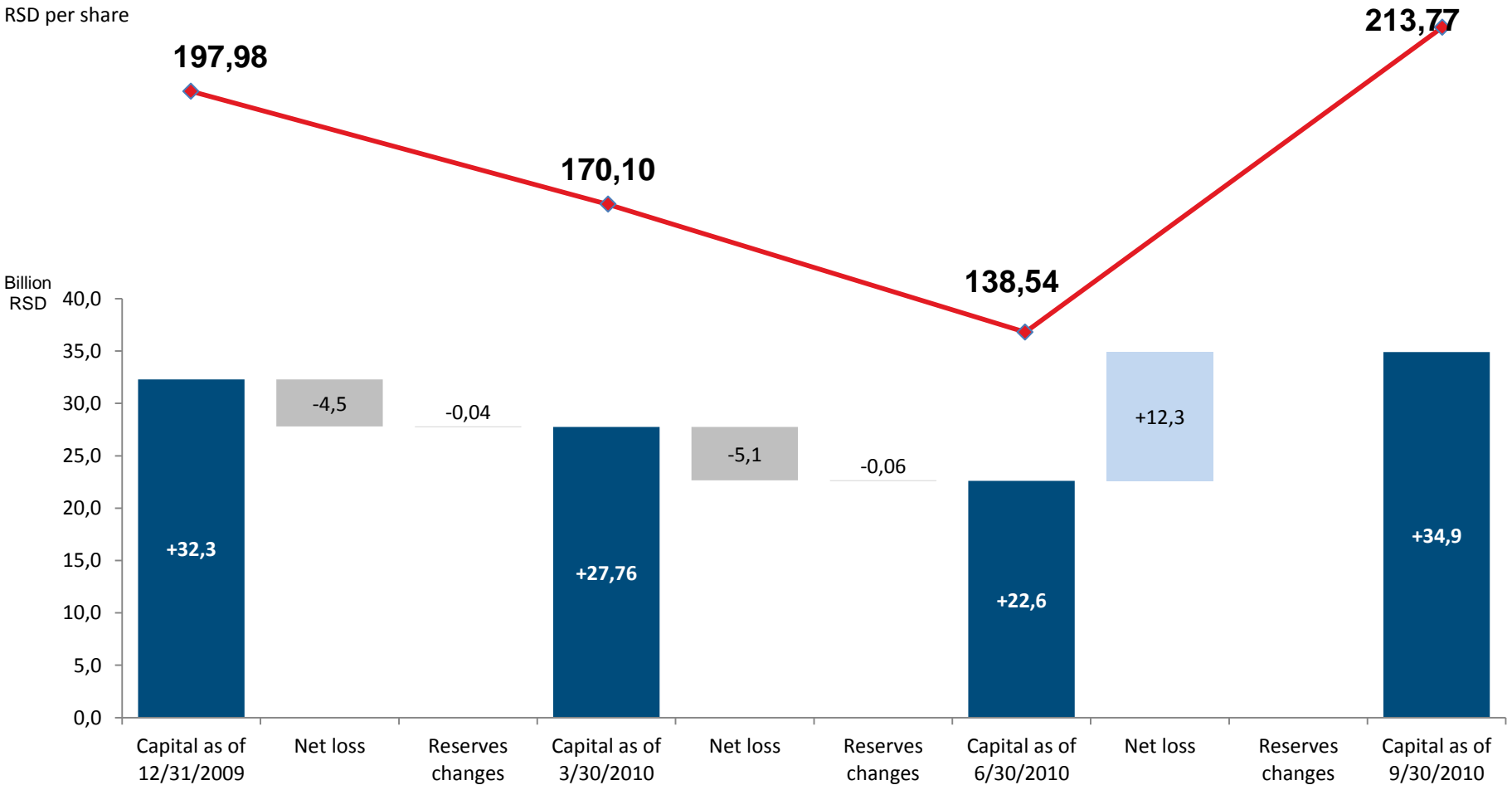
Last price	461 RSD
High	550 RSD
Low	442 RSD
Total turnover	359,961,200 RSD
Total volume	761,498 shares
Total number of transactions	122,651
Market cap as of September 30 th , 2010	75,170,844,400.00 RSD
EPS	16,42 RSD
P/E	28,08
Book value as of September 30 th , 2010	213,77 RSD
P/BV	2,16

- **August 23rd, 2010** – Belgrade Stock Exchange made the decision on the admission of NIS a.d., Novi Sad shares to listing A - Prime Market
- **August 30th, 2010** – First trading day for NIS shares

Price and volume movements – Candlestick chart



Dynamics of share capital and book value per share



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