





Important events and achievements

► FEBRUARY 2008

Cooperation with the Slovene Postal Service “Petrol Parcel”

10 service stations launched a test service called “Petrol Parcel”, which offers fast, simple and convenient posting of standard size parcels outside regular hours of post offices.

6th Economic Challenge – Slovenia, the land of green energy

The final event of the 6th Economic Challenge entitled “Slovenia, the land of green energy – Bioethanol at Petrol’s service stations”, which was organised by the students’ association TopEF, took place at Petrol’s headquarters. The best students received awards from the president of Petrol’s Management Board.

► MARCH 2008

Petrol Plin attends the international fair DOM

Petrol Plin, d.o.o. held a presentation at one of the most popular construction fairs, the international fair DOM in Ljubljana, which also features heating and cooling equipment.

Golden and Silver Award at SOF

At the 17th Slovene Advertising Festival, Petrol d.d., Ljubljana received a Golden Award for “Carmen Score Invitation”, an advertisement for the opera Carmen, and a Silver Award for “Chimney Sweep”, an advertisement for Prima extra light heating oil.

Petrol attends Zagreb Auto Show 2008

Petrol introduced itself at Zagreb Auto Show, which was also attended by major car manufacturers and producers of automotive products.

► APRIL 2008

Sponsoring of Days of Energy Providers 2008 in Portorož

Petrol d.d., Ljubljana was again the main sponsor of the traditional meeting of energy providers. The event was prepared in cooperation with Jožef Stefan Institute’s Energy Efficiency Centre and the Ministry of the Environment and Spatial Planning. This year’s theme was “Making better use of energy: energy efficiency, the priority of sustainable development of any economy.”

Car and Maintenance Fair in Celje

Petrol d.d., Ljubljana presented itself at the Car and Maintenance Fair, which is Slovenia’s only specialised regional event in the area of car servicing.

Petrol’s Children to Adults project now also on-line

As part of the “Children to Adults” project, which has been promoting creativity for 18 consecutive years with Petrol d.d., Ljubljana as its sponsor, the project’s website was launched: www.otrociodraslim.si. Go visit it and take a look at the artwork created by our youngest artists.

The banks of the Savinja River enriched with 15 sycamore trees

Petrol d.d., Ljubljana and the Municipality of Celje planted 15 young trees on the banks of the Savinja River in Celje.

Golden Thread Award: Petrol again ranked among the best employers

Petrol d.d., Ljubljana was among the recipients of the Golden Thread Award, which was presented by Dnevnik newspaper company to the best employers in 2008.

Petrol attends the Slovene Capital Market Day

Petrol d.d., Ljubljana attended the Slovene Capital Market Day event organised by the Ljubljana Stock Exchange and the Central Securities Clearing Corporation in cooperation with their partners, stock exchange members.

Petrol attends investors’ conference in Zuers

Petrol d.d., Ljubljana attended the annual institutional investors’ conference in Zuers, Austria, which was organised by Raiffeisen Centrobank.

► MAY 2008

Petrol’s environment-friendly services presented at Energy Engineering and Terotech Fairs in Celje

Petrol d.d., Ljubljana presented its activities in the area of environment-friendly energy at two important specialised fairs in Celje, the 14th international Energy Engineering Fair and the 13th international fair Terotech – Maintenance.

Euro-Mediterranean University Foundation (EMUNI) is established

Petrol d.d., Ljubljana co-signed EMUNI’s founding charter, joining the foundation which will enable many students with a thirst for knowledge to study at the new university in Portorož.

► JUNE 2008

Madrid: Petrol attends the 19th World Petroleum Congress

Discussions were mainly focussed on the causes and implications of high crude oil prices. At the congress, Marko Kryžanowski, President of Petrol’s Management Board and Chairman of the association SNNK-WPC, co-pressed a meeting and actively participated in the review and presentation of Forum 19 posters addressing the topic “Industrial management”.

Morigenos receives a dolphin observation boat

Petrol d.d., Ljubljana donated a dolphin observation boat to the organisation Morigenos. This act of support took place as part of the 9th meeting of a mixed Slovene-Croatian-Italian committee for the protection of the Adriatic against pollution, which was organised by the Ministry of the Environment and Spatial Planning.

25,000 lives to save: The European Road Safety Charter is signed

Petrol d.d., Ljubljana co-signed the European Road Safety Charter which aims to halve the number of deaths on the roads in the European Community by 2010. The campaign slogan is: 25,000 lives to save!

The first regional campaign to promote SE Europe capital markets

Petrol d.d., Ljubljana attended the first regional campaign to promote SE Europe capital markets, which was organised by the Ljubljana Stock Exchange and the region’s seven other stock exchanges.

vements

Petrol attends the international conference investo.si

Petrol d.d., Ljubljana attended the meeting of European and world organisations of shareholders and investors organised by the Pan-Slovene Association of Small Shareholders, part of which was also the investo.si conference.

JULY 2008

Support to the project "A Turtle Looking for Friends" successfully continued

In cooperation with The Institute of the Republic of Slovenia for Nature Conservation, Petrol d.d., Ljubljana has been supporting for several years the activities of the project "Conserving the Attractions of the Slovene Sea", which include the campaign "Conserving Turtles in the Slovene Sea". The project represents a breakthrough in the general attitude towards the issue of preserving biodiversity, endangered species and habitats.

Motocross in Orehova vas and Petrol-Ferrari hill climb race

Petrol d.d., Ljubljana again sponsored the largest international motocross event in Orehova vas, Slovenia, and the Petrol-Ferrari Hill Climb Race in Ilirska Bistrica. Each year, the events attract a large number of competitors and spectators.

AUGUST 2008

By the end of 2009, natural gas will also be available in Gornja Radgona

Petrol Plin, d.o.o. and the Municipality of Gornja Radgona signed a concession agreement under which Petrol Plin, d.o.o. will set up gas infrastructure in the territory of the municipality and ensure uninterrupted natural gas supply to 1,590 households over the next 35 years.

Petrol at the fair in Gornja Radgona

In August 2008, Petrol d.d., Ljubljana attended the Gornja Radgona International Agriculture and Food Fair.

SEPTEMBER 2008

Bled Strategic Forum

Marko Kryžanowski, President of Petrol's Management Board, attended the Bled Strategic Forum, which was organised by the

Centre for European Perspective. At the Public Sector Business Conference organised by the Faculty of Economics and Dnevnik newspaper company, Mr Kryžanowski gave a lecture entitled "Oil Crisis and its Implications for the Strategy of Smaller Oil Companies".

Celje International Trade Fair

Petrol Plin, d.o.o. held a presentation at the International Trade Fair in Celje. With more than 1,700 exhibitors from 33 countries, the fair is considered one of the largest events of its kind in this part of Europe.

Petrol co-founds the Hydrogen Technology Development Centre

On 24 September 2008, Petrol d.d., Ljubljana, the companies Domel, d.d., INEA d.o.o., TPJ d.o.o. and Mebius d.o.o., Jožef Stefan Institute and the National Institute of Chemistry Ljubljana signed a contract to establish the Hydrogen Technology Development Centre.

OCTOBER 2008

Slovene Red Cross and Petrol: Give a toy and a smile

The humanitarian campaign to collect toys took place between 15 October and 30 November 2008 at more than 300 Petrol's service stations throughout Slovenia, where toy collection boxes had been placed. During the campaign, more than 20 tons of toys were collected, which will be given to children from Slovenia, Croatia, Bosnia and Herzegovina, Serbia and Montenegro.

Petrol at Energy 08 Conference

At the 4th international conference Energy 08 in Maribor, which is a single most important technical event in the area of electricity markets in SE Europe, experts and economists discussed energy future, trends and challenges. Experts from Petrol d.d., Ljubljana were among the participants.

Stegersbach: Petrol attends the investors' conference

Petrol d.d., Ljubljana attended the investors' conference in Stegersbach, Austria, which is organised each year by Erste Bank and represents one of the largest events of this kind for companies from SE Europe.

NOVEMBER 2008

Portorož: Investment Conference 2008

Petrol d.d., Ljubljana attended an international conference on energy challenges in Western Balkans that was organised by the Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments. Due to energy routes crossing the region,

Western Balkans are becoming strategically more and more important for Europe, which was also demonstrated by the fact that the conference was attended by representatives of global energy companies such as Gazprom and Shell.

"Petrol Parcel" upgraded – letters can now also be posted from service stations

A new "Petrol Mail" service was launched: the Petrol Parcel was supplemented by Petrol Letter (standard and registered). The existing network of service stations offering postal services in Slovenia was expanded to 47. "Petrol Mail" offers fast, simple and convenient posting of parcels and letters, and the collection of parcels received from catalogue sale providers and online stores. For users of postal services, the posting or collecting of mail "on the go", i.e. also outside regular hours of post offices, represents the key advantage of postal services being offered at service stations.

First prize for Petrol's annual report

At the 2007 best annual report competition organised by Finance, a business daily, the annual report of the Petrol Group took first place in the overall competition.

By the end of 2010, natural gas will also be available in Cerklje na Gorenjskem

Petrol Plin d.o.o. and the Municipality of Cerklje na Gorenjskem signed a concession agreement under which Petrol Plin d.o.o. will set up gas infrastructure in the territory of the municipality and ensure uninterrupted natural gas supply to 1,180 households over the next 35 years.

DECEMBER 2008

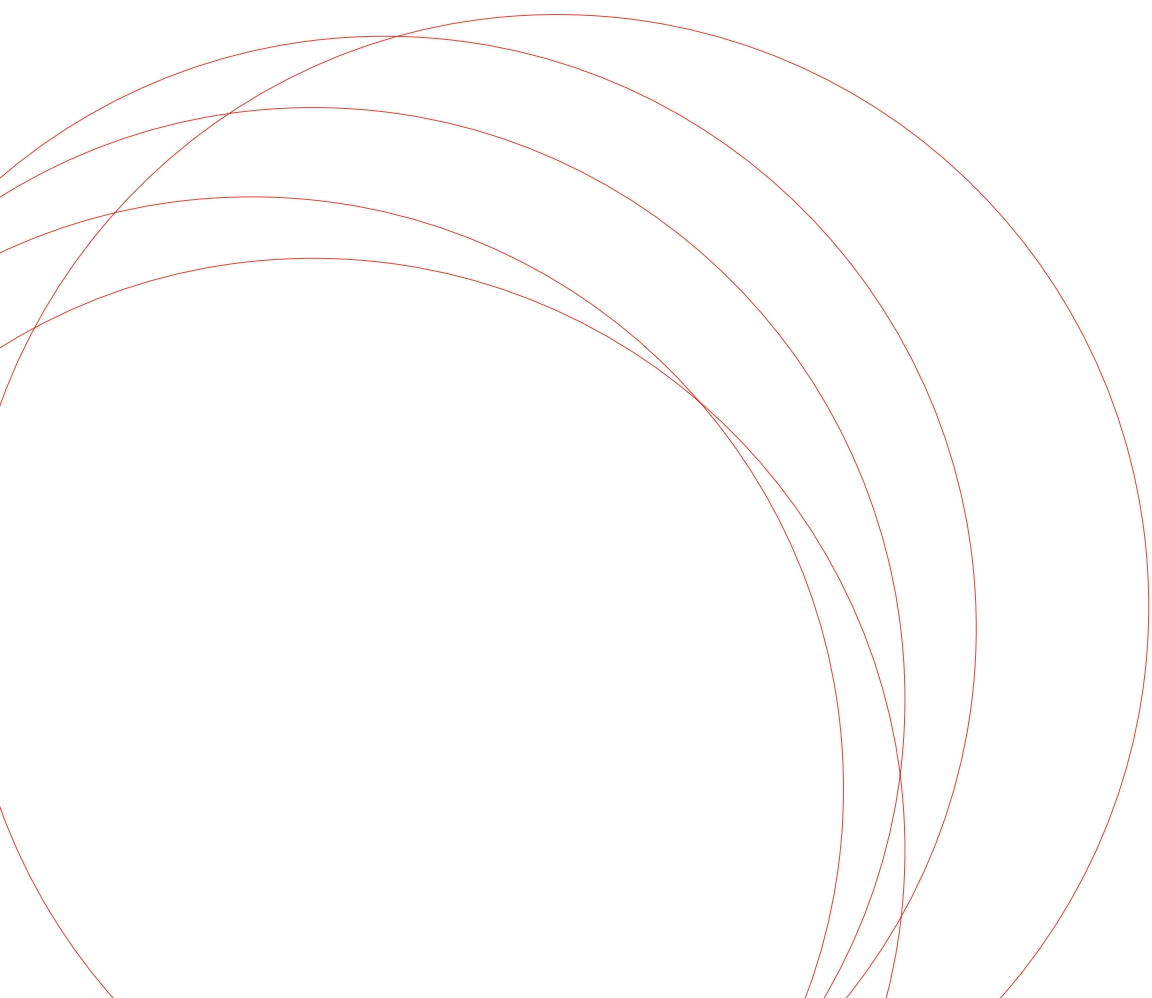
National Museum of Slovenia: Slovene impressionists from Petrol's art collection on public display for the first time

At the National Museum of Slovenia, Petrol d.d., Ljubljana put on show its collection of eighteen works by the famous four Slovene impressionist artists, i.e. Jakopič, Grohar, Sterni and Jama, for the first time. You can find a small part of inspiration for their creations on the pages of this annual report.

Nova Revija in Petrol donate Slovene Fairy Tales

In their joint project, Založba Nova Revija d.o.o. and Petrol d.d., Ljubljana donated 900 copies of the book Slovene Fairy Tales to the Slovene Reading Badge Society of the Slovene Association of Friends of Youth.

Annual report of the Petrol Group
and Petrol d.d., Ljubljana
for the year 2008



Impressive

*A year is but a moment
in the group's development.
Within each of its parts, there are
energies, passions and dreams
being shared, forged and intertwined.
Nobody said it would be easy.
Only a few that it would be successful.
This is the story of this year's report.
It is dedicated to all
who are able to appreciate
the beauty of the world
in the energy of a moment.
To impressionists.
Something which makes
the achievement of daring goals
and completion of the work begun
worthwhile.
The rest, including
what is written on these pages,
is best left to your consideration.*

Statement of the management board

Pursuant to Article 60a of the Companies Act, the members of the Management Board and Supervisory Board of Petrol d.d., Ljubljana certify that the annual report of the Petrol Group and Petrol d.d., Ljubljana for the year 2008, including the corporate governance statement, has been prepared and published in accordance with the Companies Act, Financial Instruments Market Act and International Financial Reporting Standards.

Pursuant to Article 110 of the Market in Financial Instruments Act, the members of the Management Board of Petrol d.d., Ljubljana, which comprises Marko Kryžanowski, President of the Management Board, Igor Irgolič, Vice-president of the Management Board, Alenka Vrhovnik Težak, MSc, Member of the Management Board, Boštjan Napast, Member of the Management Board, and Bojan Herman, Worker Director, declare that to their best knowledge:

- ▶ the financial report of the Petrol Group and Petrol d.d., Ljubljana for the year 2008 has been drawn up in accordance with International Financial Reporting Standards and gives a true and fair view of the assets and liabilities, financial position and financial performance of the company Petrol d.d., Ljubljana and other companies included in the consolidation as a whole;
- ▶ the business report of the Petrol Group and Petrol d.d., Ljubljana for the year 2008 gives a fair view of the development and results of the company's operations and its financial position, including the description of essential risks the company Petrol d.d., Ljubljana and other companies included in the consolidation are exposed to as a whole.

Marko Kryžanowski
President of the Management Board



Igor Irgolič
Vice-president of the Management Board



Alenka Vrhovnik Težak, MSc
Member of the Management Board



Boštjan Napast
Member of the
Management Board



Bojan Herman
Worker Director

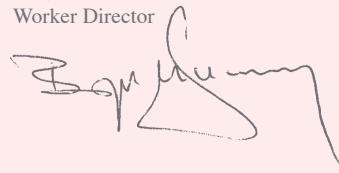


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Business report of the
Petrol Group and the
company Petrol d.d., Ljubljana
for the year 2008

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Business highlights of 2008

THE PETROL GROUP	UNIT	RESULTS		2007 RESULTS	INDEX 2008 BEFORE THE IMPAIRMENT OF INVESTMENTS/ 2007
		2008 BEFORE THE IMPAIRMENT OF INVESTMENTS	2008		
Net sales revenue	EUR billion	2.9		2.1	140
Gross profit or loss	EUR million	285.0		235.7	121
Operating profit before other operating revenues/expenses ¹	EUR million	61.8	-80.7	46.4	133
Operating profit or loss	EUR million	69.7	-72.9	50.5	138
Net profit or loss	EUR million	59.4	-54.8	53.3	111
Equity	EUR million	477.7	363.5	439.5	109
Total assets	EUR million	1,323	1,209	1,115	119
EBITDA ²	EUR million	120	-23	87	137
Profitability of operations ³		1.28	0.78	1.25	102
HIR ⁴		1.76	0.00	1.65	107
Indebtedness ⁵		1.04	1.34	0.95	109
Net profit or loss to equity	%	12.95	-	12.74	102
Earnings per share ⁶	EUR	23	-31	22	104
Share price on the last day of the trading year	EUR	269		908	30
Volume of petroleum products sold	million tons	2.5		2.1	119
Revenue from the sale of supplementary and other merchandise	EUR million	374		263	142
Investments in fixed assets	EUR million	140.8		253.1	56
Number of employees (including franchised service stations) as at 31 December		3,536		2,944	120
Number of retail points of sale as at 31 December		425		380	112

¹ Operating profit before other operating revenues/expenses = gross profit or loss from sales – operating costs excluding depreciation of environment fixed assets and the costs of dump clean-up at Pesniški Dvor

² EBITDA = operating profit or loss + regular depreciation + profit of joint ventures and associates generated in one year

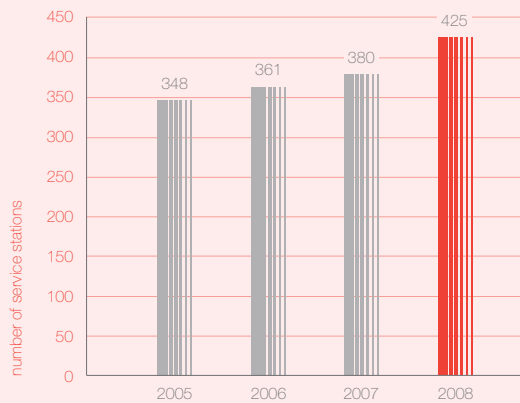
³ Profitability of operations = gross profit or loss from sales / operating costs excluding depreciation of environment fixed assets and the costs of dump clean-up at Pesniški Dvor

⁴ HIR (human investment ratio) = (operating profit before other operating revenues/expenses + labour costs) / labour costs. Labour costs included in HIR comprise all costs that are considered labour costs in substance.

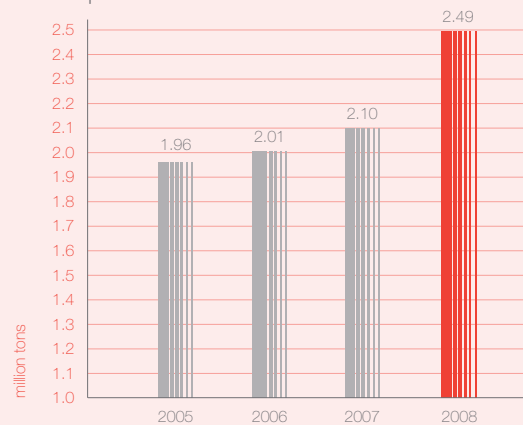
⁵ Indebtedness = (long-term and short-term financial liabilities) / equity

⁶ Earnings per share = net profit or loss of Petrol d.d. for the accounting period / weighted average number of issued ordinary shares, excluding own shares

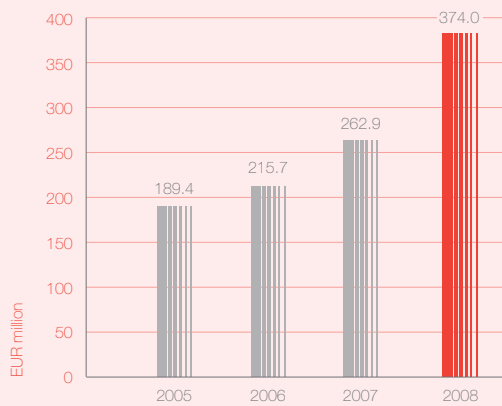
Increase in the number
of service stations



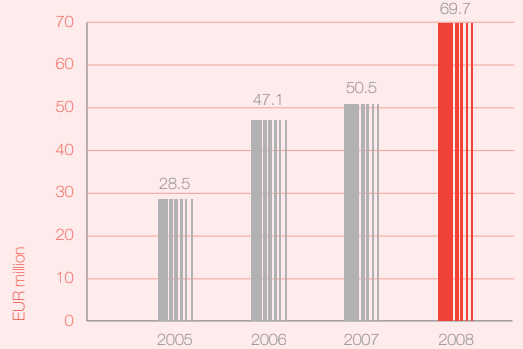
Volume of petroleum
products sold



Revenue from the SM and OM¹



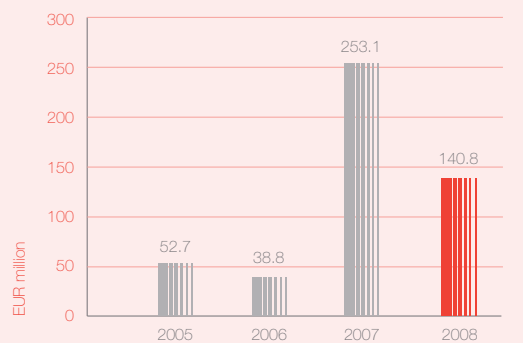
Operating profit or loss²



EBITDA^{2, 3}



Investments in fixed assets



¹ SM = supplementary merchandise, OM = other merchandise

² Before the impairment of investments

³ EBITDA = operating profit or loss + regular depreciation + profit of joint ventures and associates generated in one year

**THE PETROL
GROUP**

Performance in harsh conditions, yet new responsibilities lie ahead

The Petrol Group is the largest Slovene energy group, which is developing into a major regional provider of comprehensive energy and environmental products and services. The year 2008 was characterised by turbulent trends in the oil and financial markets. However, even in the changing operating conditions the Group pursued and realised its strategic policies. We implemented the set sales plans and prepared for the challenges at hand. New ideas and plans are the best remedy for uncertainty.



Oil trading remains our primary activity. We are upgrading the leading role in the domestic market by accelerated expansion of operations into foreign markets. Our widespread network of strategically positioned service stations offers drivers more than merely a point of service; namely, it is one of our main competitive advantages. In 2008 we devoted special attention to further development of the energy activity, as we started actively expanding the natural gas supply to the Serbian market and in Slovenia we upgraded the comprehensive energy service range by acquiring the thermal power plant Toplarna Hrastnik.

We achieved the sales plans, and by co-ordination, transparency and prudence we have maintained the soundness of our business

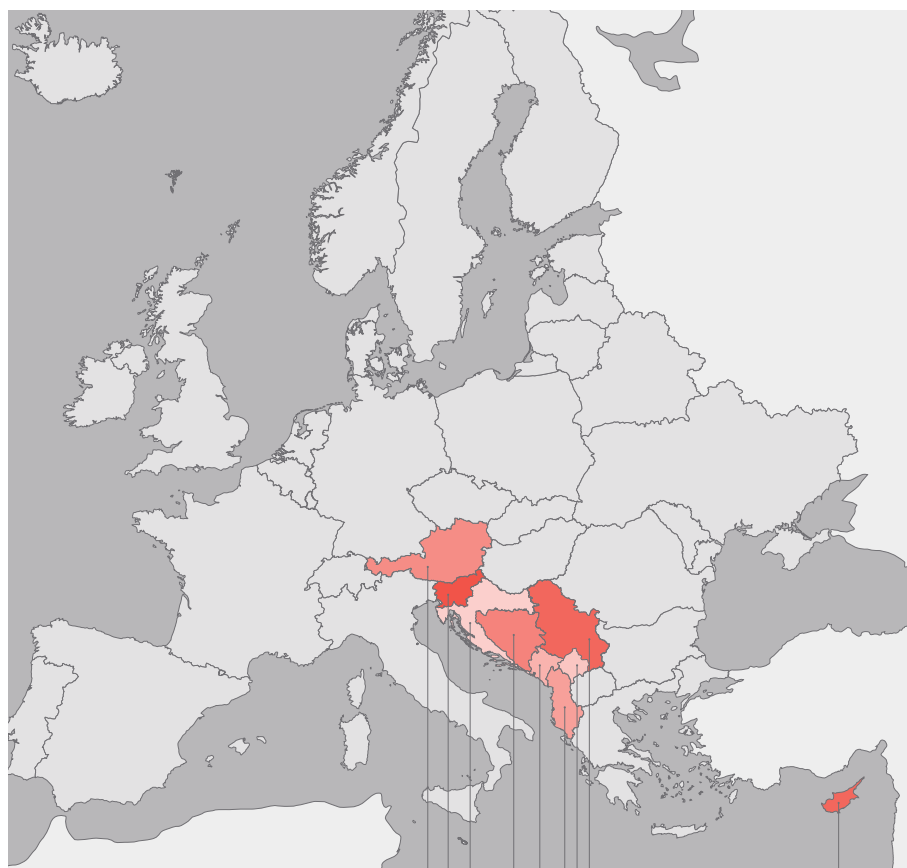
More stringent market conditions warranted additional flexibility and preparedness. As regards the sale of oil products and merchandise in Slovenia and abroad, we have not yet been affected by the economic recession in 2008. The sales results exceeded the plan and the 2007 figures. Being affected by the events occurring in the financial and downward trends in the capital market, the Petrol Group felt the influence of the global financial crisis in the form of a poorer offer of long-term financing and downward trends in the capital market, which influenced the value of the Petrol share. On account of the financial crisis, the company's Management Board already in October 2008 adopted measures to respond to the harsher operating conditions, paying special attention to investment activity.

To provide more reliable and relevant information, Petrol d.d., Ljubljana carried its joint ventures and associates at fair value in its financial statements. As a result of the financial crisis, Petrol also had its investments appraised to examine indications of any impairment. Consequently, some investments were impaired, which was reflected in Petrol's operating results.

Unfavourable circumstances represent a test and a challenge for sustainability commitments. The elements of good performance in 2008 are known. They include commitment and respect for the environment, reliable supply, a strategic presence through our network of more than four hundred service stations, and, above all, our employees, boasting knowledge, energy and a drive for innovative solutions. Responsibility, openness and business soundness – these are the foundations of success also in the uncertain year of 2009. That is how the Petrol Group will operate.

AT 31 DECEMBER
2008

Geography of the Petrol group's operations



Austria
Slovenia
Croatia
Bosnia and
Herzegovina
Serbia
Kosovo
Albania
Montenegro
Cyprus

MISSION

A complete range and reliability of supply

By offering a complete range of energy and environment products and services, Petrol supplies its customers in Slovenia and in the markets of southeastern Europe with reliable, economical and environment-friendly products and services. Through a diversified network of service stations, we offer drivers everything they need for a safe and comfortable journey, while bringing to households all the heat they need right to their doorstep.

VISION

To create in a superior and increasingly sustainable manner

Petrol will be the top supplier of energy and environment products and services, and will be recognised as one of the most advanced, dynamic, reliable, and sustainability-oriented energy companies in Slovenia and southeastern Europe.

VALUES

Thoughtful operation, respectful cooperation and responsible implementation

At Petrol, we feel that we are particularly responsible to our customers, suppliers, business partners, shareholders and to the society as a whole. We meet their expectations with the help of motivated and business-oriented employees. In so doing, we take into account the fundamental legal and moral rules of the Slovene society and broader European criteria, while protecting the environment and providing for sustainable development.

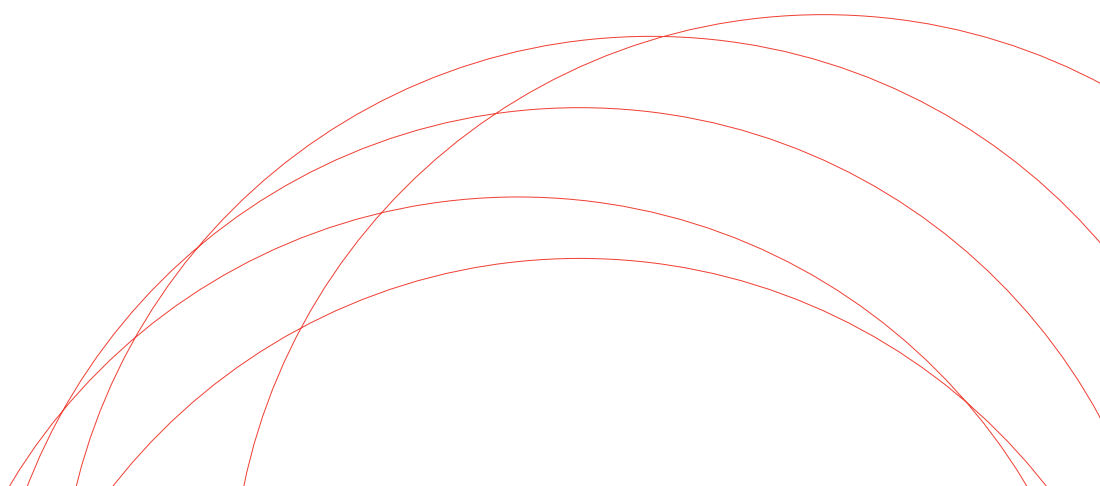
**STRATEGIC GOALS
OF THE PETROL
GROUP 2006–2010**

We achieve these goals and will continue to achieve them as an important regional supplier of energy products and services

With a view to achieving growth and profitability, the Petrol Group set itself the following eight fundamental strategic goals for the period 2006–2010:



- 1.** To maintain its position as a market leader in petroleum products trade in Slovenia.
- 2.** To become a major energy company in southeastern Europe.
- 3.** To be an even more dynamic, flexible, and customer-oriented energy company.
- 4.** Group companies will enter into partnerships with the public and private sector.
- 5.** The processes of supplying natural gas, liquefied petroleum gas and electricity will be upgraded through vertical and horizontal growth.
- 6.** To care for the environment in which we operate. This consists of ensuring comprehensive energy supply, using primary energy in an efficient manner, and implementing demanding environmental projects.
- 7.** To improve business excellence and the quality of operations, while seeing to the satisfaction of our customers and employees.
- 8.** Primarily, to increase the value of the company for the benefit of its shareholders.





An abstract painting with a textured, impasto style. The upper half features a mix of warm colors like yellow, orange, and red, blended with cooler blues and greens. The lower half is dominated by deep, vibrant blues and teals, with some darker, almost black, areas. The brushstrokes are visible and expressive, creating a sense of movement and depth.

Report from the president of the Management Board

**REPORT FROM THE
PRESIDENT OF THE
MANAGEMENT BOARD**

A year of sales growth and effective measures

We have had a dynamic year. Things were not easy and the good sales results not at all taken for granted. In volatile and worsening conditions, we continued to pursue the trend of growth as the majority of sales goals were either achieved or exceeded. What is perhaps the most important – we braced ourselves for the year 2009. In time.

We prepared ourselves for changed market circumstances that lie ahead in 2009, some of which had already become evident in the second half of 2008, unfortunately also causing a fall in the value of our share. We certainly cannot be pleased with that, and yet there is only one thing that can bring value and support our role of being a good energy partner – and that is good performance. We are good at this. That is why we are moving towards 2009 with new plans and without fear.



**2008 THE THIRD
CONSECUTIVE
YEAR OF ORGANIC
EXPANSION AND
FAVOURABLE SALES
TRENDS**

In 2008 we implemented the majority of the plans despite the worsening business environment. We generated record net sales revenue of EUR 2.9 billion, which was 40 percent higher than in 2007.

Due to falls in the price of securities as a result of the widespread financial crisis in 2008, certain investments were impaired using the principle of conservatism. Consequently, operating profit or loss stood at EUR -72.9 million, or EUR 69.7 million before the impairment of investments, and net profit or loss at EUR -54.8 million, or EUR 59.4 million before the impairment.

Shareholders received dividends for the financial year 2007 in the amount of EUR 5.90 per share. This is how we implement one of our main principles of good business – stable dividend policy that allows for a reliable future development of the Group. In line with the above, the company's Management Board proposed that dividends be paid for the financial year 2008 despite the net loss generated in 2008. The dividends will be paid from profit accumulated in previous years.



The collapse of the stock market and the deepening crisis in global financial markets resulted in a decrease in our company's market value. Naturally, we cannot fool ourselves that we are not part of the same story as the rest of the Slovene economy and the global economy as a whole, yet owing to diversification, regional dispersion and the strategic significance of our activities – energy and environment protection being two key strategic orientations of the Group – we are in a better position to absorb market turbulences.

Net sales revenue increased by 40%

GOOD SALES AND CONTINUED EXPANSION

The Petrol Group's activities cover and link four business areas – petroleum, gas, energy and environment activities. In the previous year, we achieved outstanding sales results in all business segments. The sales of petroleum products rose 19 percent compared to the previous year. The sales structure by market remained unchanged: in Slovenia we sell four fifths and in SE Europe markets 20 percent of the total volume of petroleum products sold. In comparison with the previous year, the sales of supplementary and other merchandise increased by as much as 42 percent, indicating that through friendliness, competitive position and balanced range at our service stations we are able to understand and meet the actual needs of our customers. At the end of 2008, the Petrol Group's retail network comprised 425 service stations. What pleases us the most is that according to recent research customers no longer perceive service stations merely as service points for their cars but as a convenient selling environment and rest stops for them, their friends and relatives.

In 2008 successful growth was also recorded in the area of gas supply, with the sales of liquefied petroleum gas and natural gas increasing by 18 and 136 percent, respectively. We acquired three new concessions, increasing the number of concessions operated to 27 at the end of 2008. Customers were supplied via 2,000 gas depots and we also increased the sales of heat and electricity, which indicates that we are successfully completing our range of products. The company sold 345,988 MWh of electricity and 53,104 MWh of heat, meaning that the sales increased by 3 and 17 percent, respectively, relative to 2007. In accordance with our strategic plans and sustainability goals, we expanded and continued our efficient energy consumption projects and further developed our environment activities. Alternative sources, efficient consumption and energy cogeneration are becoming increasingly important parts of the Petrol Group's activities.

Higher sales are an indication of good work. We appreciate every idea that we receive from you or in the form of energy visions contributed at yearly student project competitions. This makes us better co-workers, partners and energy experts.

TIMELY MEASURES FOR STABLE FUTURE OPERATIONS

The year 2008 saw unpredictable changes and the first signs of harsher market and financial conditions. Adopting appropriate measures was therefore the task that received particular attention. In this case, quick reactions made in accordance with our risk management model again proved essential for maintaining the long-term stability of our business. Among other things, we optimised current operating assets and began to implement a receivables capping programme. Moreover, our investment policy had to be adjusted and reassessed as the plan of investments required additional consideration of decisions and processes.

Good credit rating stands for stability and provides for reliable growth

In the previous year, adverse financial climate was reflected in the soaring price of money. Financial stability and liquidity remain the main elements of financial prudence and planning, whereas good planning and stability give rise to one of the most important business values – the Group's good credit rating, which ensures sufficiently accommodating conditions with banks and adequately supports the growth of business.

The financial value may indeed be determined in the stock market, but it is also subject to a range of factors that are beyond the control of an individual company. The increase in the value of the main indicators attests to good performance. As always, the competitiveness and quality of our energy range will be proven at the point of sale. Our past performance can best be assessed by our shareholders, our future performance will be evident from the trust of our customers.

We continued our efforts to participate more actively in the management of the associated company Istrabenz. Our efforts rest on careful consideration, dialogue and the power of arguments, based on which we continue to advocate potential synergies between the two companies. Certainly, the investment, just like other investments in our portfolio or other elements of the Group's operations, needs to deliver reasonable return to our owners.

Due to the situation in the capital markets, we had the value of the company Istrabenz assessed, for financial reporting purposes, by an independent appraiser at the end of the year.

**EXPANSION
OF OPERATIONS
IN THE REGION**

The realisation of our investment plans was supported by the Group's regional expansion also in the previous year. We continued to expand comprehensive natural gas supply in Serbia. By acquiring the company Euro - Petrol d.o.o. we achieved one of our strategic goals and became the second largest company in terms of the number of service stations in Croatia, thereby consolidating the Group's position in SE Europe markets. Particular attention was also devoted to ensuring sufficient storage facilities and logistics channels in all markets where we operate.

**TO OFFER ALL
KINDS OF ENERGY
AT ONE PLACE
WITHOUT ADVERSE
ENVIRONMENTAL
IMPACT**

Our operations are guided by our strategic goals to which the Group feels a particular sense of commitment and responsibility, while keeping them in plain sight. We wish to offer all kinds of energy at one place, introducing to our range increasingly green products and services without adverse environmental impact. We draw closer to this goal every year.

Last year in Koper, we opened the first service station fitted with a solar power plant. Although symbolic at first glance, it represents an important milestone in the Group's activities in the area of sustainable development. Our goal is an energy self-sufficient service station that makes the best use of renewable energy sources. In addition to the systematic sustainable treatment of waste, environmental safety to the highest standards, treatment of wastewaters using biological waste treatment plants and introduction of the best technological practices, our progress is also reflected in the introduction of renewable energy sources.

Petrol is one of the strategic investments of the Republic of Slovenia. That is why we consider, develop and achieve the presence of our energy range in Slovenia and SE Europe markets.

The acquisition of Toplarna Hrastnik in the previous year is an example of good practice for strategic expansion. This is how we complete our energy range, which is based on the best possible use, synergies and cogeneration of various kinds of energy in integrated areas. It is something that we have been for years providing and expanding in economically integrated areas of Ravne na Koroškem and Štore. Carefully considered expansion, new types of scientific and business cooperation, but most of all social and energy responsibility, represent the right direction of the Group's organic growth.

**HOW TO PROCEED?
IN A PRUDENT YET
DECISIVE MANNER.**

The crisis has not yet ended. Besides business challenges, the time of financial uncertainty represents an ideal opportunity to rethink and demonstrate responsibility to the social and natural environment in which we operate. Among other things, we thus brought a touch of happiness to thousands of children's faces in 2008, having launched a humanitarian campaign Give a Toy and a Smile. We continued to cooperate with environment-protection organisations and provided experts with concrete assistance in conducting a more efficient monitoring of dolphins. Petrol's valuable collection of Slovene impressionist paintings was put on public display for the first time. The least we can do is to give something back to the community that helps us operate, create and enrich.

One first needs to know things and life, know how to get ready and know how to show respect. This is how Petrol operates, also thanks to its risk identification and management system. The current situation requires some patience, but also offers opportunities in which certain activities could stabilise business.

**WHAT COMES FROM
WITHIN US IS WHAT IS
THE MOST PRECIOUS**

Our achievements would not have been possible had it not been for our biggest asset – all our co-workers. Their commitment, resourcefulness and knowledge fill me with confidence. Having such a team, and by this I mean all Petrol employees, makes it easy to plan and create, even when harsh conditions require decisive measures.

The most precious is the energy that lies within us. It flows through cooperation; it is enriched through noble actions and reinforced through critical attitude. It inspires us with a thirst for knowledge and is revived, time and time again, through the art of listening.

Nobody said it would be easy, and the year 2009 will certainly be filled with challenges.

We are ready to face them.

Marko Kryžanowski

President of the Management Board



ANALYSIS OF THE PETROL GROUP'S OPERATIONS

Good sales

In 2008 the Petrol Group achieved good results in the area of petroleum products and merchandise sales in Slovenia and abroad as this area of business was not yet affected by the economic downturn. At the end of 2008, however, the adverse effects of the global financial crisis were felt in the form of decreased availability and higher price of long-term funding sources in Slovenia and abroad, which was accompanied by worsening customer liquidity.



The most important factors that affected the operations of the Petrol Group in 2008 were the organic growth of business, changes in petroleum products prices on the global oil market, the US dollar exchange rate and intense investment activities associated with the establishment and acquisition of companies in Slovenia and SE Europe markets in the last quarter of 2007 and at the beginning of 2008. The developments on the global financial markets and, consequently, on the Slovene stock exchange further affected the Petrol Group's operations. In order to provide more reliable and relevant information, investments were stated at fair value in 2008. Due to a fall in the value of securities as a result of the widespread financial crisis in 2008, certain investments were impaired, which also affected the amount of net profit or loss.

INCREASE IN NET SALES REVENUE AND GROSS PROFIT OR LOSS

In 2008 the Petrol Group generated EUR 2.9 billion in **net sales revenue**, which is 40 percent more than in 2007.

Gross profit from sales stood at EUR 285.0 million, which is 21 percent more than in 2007. Compared with the year 2007, the following influenced the amount of gross profit or loss in 2008:

- ▶ an increase of 20 percent in the volume of motor fuels sold (petrol and diesel fuel),
- ▶ an increase of 19 percent in the volume of extra light heating oil sold,
- ▶ an increase of 42 percent in revenue from the sale of supplementary and other merchandise, and
- ▶ increase in the volume of other petroleum products sold (bitumen, liquefied petroleum gas, petroleum fractions, etc.).

40% increase in
net sales revenue
compared to 2007

The Petrol Group's costs of ordinary activities totalled EUR 224.8 million in 2008, up 16 percent from 2007. The Group's continued expansion was the main factor in higher costs.

Compared to 2007, **the costs of materials** increased mostly due to higher costs of energy and the costs of materials for the maintenance of buildings and equipment. **The costs of services** stood at EUR 112.8 million, an increase of 12 percent from 2007. Due to the opening of new service stations, contributions associated with operations along motorways and franchise costs were higher compared to 2007. Franchise costs also rose as a result of the legally required adjustment of salaries to inflation. The higher volume of extra light heating oil sold resulted in an increase in goods transportation costs, with higher retail prices of petroleum products giving rise to higher payment transaction fees. The costs of building and equipment maintenance increased as well. The acquisition of new gas distribution concessions resulted in higher concession fees, while the costs of cleaning up the dump at Pesniški Dvor, which are recorded in the equivalent amount under other operating revenue, remained unchanged compared to 2007. **Depreciation and amortisation charges** increased by 16 percent compared to the year 2007 on account of the opening of new service stations and integration of new companies into the Petrol Group. **Labour costs** were 12 percent higher than in 2007, mostly due to new recruitments and integration of new companies into the Petrol Group, but also on account of the legally required adjustment of salaries to inflation.

Moreover, at the end of 2008 the Group recorded EUR 142.6 million in write-downs resulting from the impairment of investments in joint ventures and associates, the effect of which on net profit or loss amounted to EUR 114.2 million. Total operating costs of the Petrol Group thus stood at EUR 367.4 million in 2008.

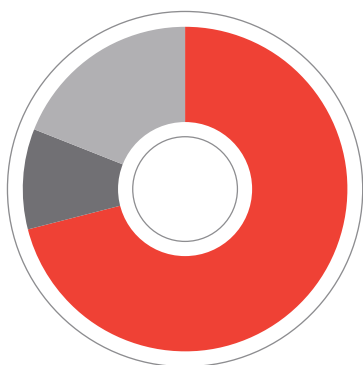
Operating profit before other operating revenues/expenses¹ before the impairment of investments stood at EUR 61.8 million in 2008, up 33 percent on 2007. **Profitability of operations before the impairment² of investments** was 1.28 in 2008 (in 2007: 1.25), meaning that added value exceeded operating costs by 28 percent. **Human investment ratio (HIR)³ before the impairment of investments** was 1.76 in 2008, meaning that added value exceeded labour costs by 76 percent and was above the HIR for 2007, which stood at 1.65.

¹ Operating profit before other operating revenues/expenses = gross profit or loss from sales – operating costs which do not include depreciation of environment fixed assets and the costs of dump clean-up at Pesniški Dvor.

² Profitability of operations = gross profit or loss from sales / operating costs which do not include depreciation of environment fixed assets and the costs of dump clean-up at Pesniški Dvor.

³ HIR (human investment ratio) = (operating profit before other operating revenues/expenses + labour costs) / labour costs. Labour costs included in HIR comprise all costs that are considered labour costs in substance.

Operating profit or loss before the impairment of investments totalled EUR 69.7 million in 2008, which is 38 percent more than in 2007. **EBITDA⁴ before the impairment of investments** amounted to EUR 119.8 million and was 37 percent higher than in 2007. Seventy-one percent of the EBITDA was generated through petroleum activities⁵ in Slovenia, 10 percent through petroleum activities in SE Europe markets, and the remaining 19 percent through gas, environment and other energy activities.



EBITDA of the Petrol Group by business activity

In 2008 the Petrol Group's **net financial income** was 13.0 million lower than in 2007. This was mostly the result of net interest expenses increasing due to intense investment activities in the last quarter of 2007, when we acquired a stake in the company Istrabenz d.d., the expansion to SE Europe markets through the establishment or acquisition of companies in those markets, and higher interest rates brought about by the global financial crisis.

Profit or loss before taxes and the impairment of investments totalled EUR 72.5 million in 2008, an increase of 9 percent over 2007.

Net profit or loss after the impairment of investments totalled EUR -54.8 million, whereas **net profit or loss before the impairment of investments** stood at EUR 59.4 million and was 11 percent higher than the net profit in 2007, which further attests to the Petrol Group's excellent results in the area of ordinary business activities.

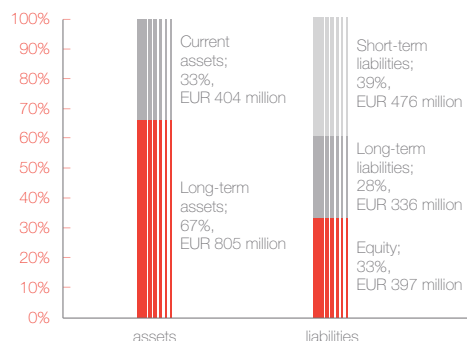
⁴ EBITDA = operating profit or loss + regular depreciation + profit of joint ventures and associates generated in one year.

⁵ Petroleum activities include the subsidiary activity of selling supplementary merchandise.

CHANGES IN ASSETS AND LIABILITIES

The Petrol Group's total assets stood at EUR 1.2 billion as at the last day of 2008, which is 8 percent more than at the end of 2007.

Balance sheet structure as at 31 December 2008



The most important items of long-term assets are the items of property, plant and equipment, which total EUR 559.3 million, and long-term investments in joint ventures and associates, which amount to EUR 145.4 million.

SUCCESSFUL MANAGEMENT OF WORKING CAPITAL

The management of current assets, which account for 33 percent of the Petrol Group's total assets, is given particular attention. The amount of operating current assets affects the amount of borrowing from suppliers and financial institutions. However, with short-term crediting ensured both at home and abroad, we are able to quickly respond to changes in the amount of operating current assets.

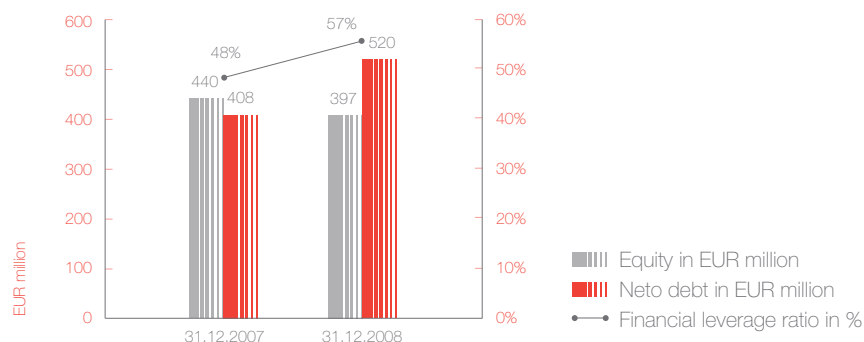
Among current assets, operating receivables increased the most, namely by 20 percent, compared to the last day of 2007, while the value of inventories only increased by 4 percent. The integration of the new subsidiary Euro - Petrol d.o.o. into the Petrol Group had the biggest impact on the amount of operating receivables, whereas the impact of the financial crisis in the form of worsened customer liquidity did not begin to show until the last two months of 2008. The receivables are still successfully managed nonetheless. At the end of 2008, the value of inventories was affected by a higher quantity of goods held in inventories, which was very low at the end of 2007. The quantity of goods held in inventories was further affected by the provision of goods of higher quality and the integration of the new subsidiary Euro - Petrol d.o.o. into the Petrol Group. The effect of the increasing quantity of inventories on the value of inventories was partly mitigated by a fall in petroleum product prices on the global oil market.

Cash was tied up for an average of 13 days in 2008

Changes in petroleum products prices on the global oil market, the integration of new subsidiaries into the Petrol Group and the impact of the financial crisis on the Petrol Group's operations, especially in the last two months of 2008, were the factors due to which the Petrol Group's cash was tied up for an average of 13 days, which is 2 days more than in 2007. The Petrol Group's working capital⁶ exceeded EUR 140 million as at the last day of 2008, up EUR 33 million from the end of 2007.

The expansion of business at the end of 2007 was also reflected in debt ratios at the last day of 2008. The financial liabilities⁷ to equity ratio (D/E ratio) was 1.34 as at the last day of 2008, whereas at the end of 2007 it had stood at 0.95. The financial leverage⁸ ratio stood at 57 percent at the end of the period, amounting to 48 percent at the end of 2007.

Equity, net debt and the financial leverage ratio



CASH FLOWS

All of the above factors affected the amount and size of cash flows. In 2008 net cash flows from operating activities totalled EUR 40.2 million, an increase of EUR 39.7 million from 2007. The successful sales of petroleum products, other goods and services had a positive effect on the amount of cash flows generated, with working capital affecting them adversely. Surplus net cash flows from operating activities or generated own funds were used for investment activities, payment of dividends and repayment of loans. The remaining funds were obtained from banks.

⁶ Operating receivables + inventories – short-term operating liabilities

⁷ Short-term and long-term financial liabilities

⁸ Financial leverage = (financial liabilities – cash and cash equivalent) / (equity + financial liabilities – cash and cash equivalents)

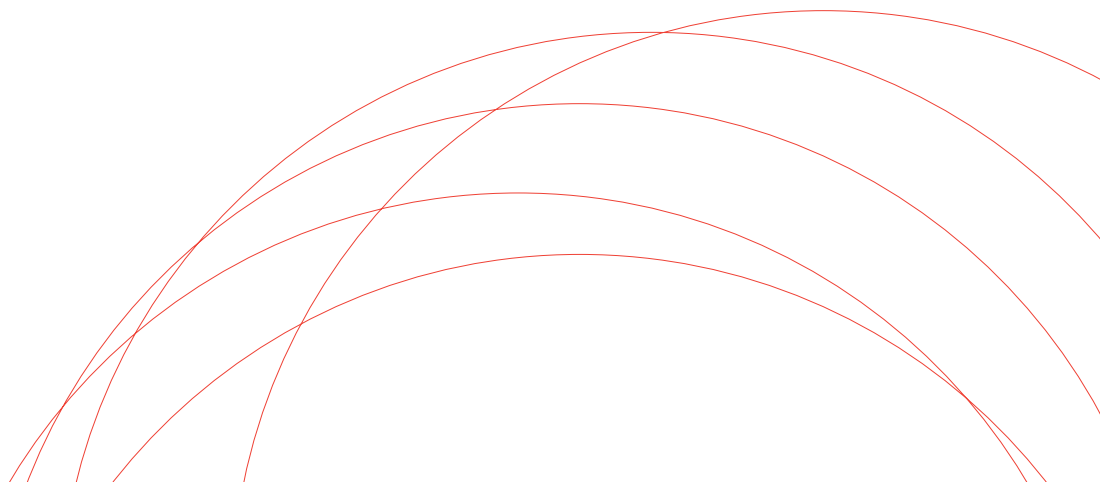
Petrol's operations in 2008 prove that its strategy and strategic goals are being effectively implemented

THE VISIONS OF LONG-TERM DEVELOPMENT

The Petrol Group has a clear development vision. Its strategic plan lays down long-term goals for the period until 2010, which cover all major areas of operations, i.e. successful financial performance, care for customer satisfaction, efficiency of processes and care for the satisfaction of employees. Comparing the 2008 sales figures with strategic goals reveals that the year 2008 was very successful as far as sales are concerned. The overall customer satisfaction with our service stations in Slovenia is already above the target for 2010, indicating a high level of satisfaction with Petrol's services.

The successful realisation of plans is evident from process efficiency ratios in areas such as the number of service stations and gas concessions, all areas of sales and the satisfaction of Petrol Group employees, which have already surpassed or come very close to the strategic target values set for 2010.

Due to a fall in the value of securities as a result of the widespread financial crisis in 2008, certain investments were impaired, which was also reflected in the amount of profit or loss. All ratios of financial performance before the impairment of investments already exceed the strategic targets for 2010.



Successful implementation of the strategy and achievement of goals

	TARGET	INDICATOR	UNIT	RESULTS		TARGET VALUES 2010	ALIGNMENT WITH STRATEGIC GOALS IN 2008 BEFORE THE IMPAIRMENT OF INVESTMENTS
				2008 BEFORE THE IMPAIRMENT OF INVESTMENTS	2008		
Financial performance	Increase	Net profit or loss	EUR million	59.4	-54.8	40.9	✓
		Net profit or loss to equity	%	12.9	-	8.9	✓
		EBITDA ¹	EUR million	119.8	-22.8	90.3	✓
	To optimise capital structure	Profitability of operations ²		1.5	0.9	1.5	✓
		EPS ³	EUR/share	29	-27	20	✓
Customers	To maintain market share	Market share in Slovenia by the number of service stations	%	63		as in 2006 (67)	!
	Care for customer satisfaction	General satisfaction of customers at service stations in Slovenia ⁴	between 0 and 100	82		at least as in 2006 (80)	✓
Processes	Increase	Number of service stations		425		458	☀
		Number of gas concessions		27		23	✓
		Number of gas depots		2,000		3,010	☀
		Waste treatment plants and other environment projects	no. of PE	46,000		91,000	☀
		Number of TPF projects		9		23	☀
		Volume of petroleum products sold	million tons	2.5		2.1	✓
		Volume of natural gas sold	million m ³	102		53	✓
		Sale of electricity	MWh	345,988		243,000	✓
		Distribution of electricity	MWh	300,782		320,000	☀
		Revenue from SM and OM sales	EUR million	374.0		283.7	✓
		Investing activities	EUR million	140.8		61.6	✓
Employees	Care for employee satisfaction	Satisfaction of employees ⁵	Organisational climate index	3.6		as in 2006 (3,6)	✓
	To optimise the number of employees	Number of employees		3,536		3,250	✓
	To optimise labour costs	HIR ⁷		1.8	0.0	1.6	✓
		Share of variable pay in the overall salary based on individual's performance	%	20		increase in variable pay in relation to the overall salary	✓
	Employee development	Share of employees engaged in education or training	%	70		90	!
		Average number of teaching hours spent on education and training per employee	number of teaching hours	22		35	!

✓ Target value for 2010 achieved or exceeded

☀ Results for 2008 indicate a favourable trend that will enable the achievement of strategic goals in 2010

! Results for 2008 indicate a need for intensified activities so that strategic goals can be achieved in 2010

¹ EBITDA = operating profit or loss + regular depreciation + profit of joint ventures and associates generated in one year

² Profitability of operations = (EBITDA + operating costs) / operating costs. Operating costs do not include the depreciation of environment fixed assets and the costs of dump clean-up at Pesniški Dvor

³ EPS = net profit or loss of the Petrol Group / no. of shares, excluding own shares

⁴ On a scale of 0 to 100, with 100 indicating the highest satisfaction of customers at service stations

⁵ On a scale of 1 to 5, with 5 indicating high satisfaction of employees with the organisational climate

⁶ HIR (human investment ratio) = (operating profit before other operating revenues/expenses + labour costs) / labour costs. Labour costs included in HIR comprise all costs that are considered labour costs in substance.

NEW COMPANIES IN THE PETROL GROUP

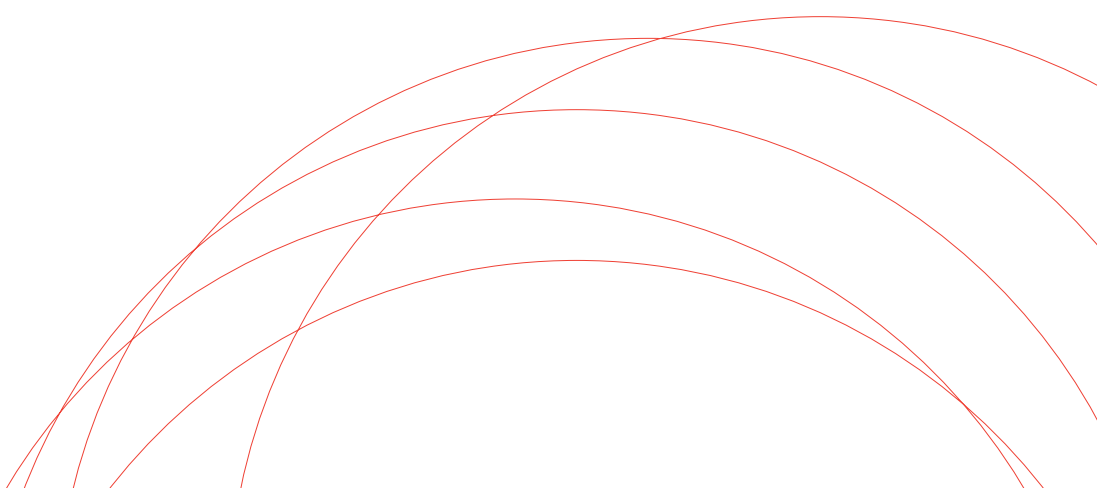
January 2008

- ▶ **Acquisition of an ownership interest in the company Bio Goriva d.o.o.**
Petrol d.d., Ljubljana increased the capital of Bio Goriva d.o.o. acquiring a 25-percent interest in the company. Bio Goriva d.o.o. is engaged in biodiesel processing.

February 2008

- ▶ **Petrol - Invest d.o.o. is established**
Petrol d.d., Ljubljana established a new subsidiary, Petrol - Invest d.o.o. which is engaged in petroleum activity investments in the market of Montenegro.
- ▶ **Acquisition of a 51-percent interest in Euro - Petrol d.o.o.**
Petrol d.d. acquired a 51-percent interest in the company Euro - Petrol d.o.o. which is engaged in petroleum products trading in the Croatian market. The Petrol Group thus became the second largest oil trader in Croatia.

September 2008

- ▶ **Acquisition of Toplarna Hrastnik d.o.o.**
Petrol d.d., Ljubljana became the sole owner of Toplarna Hrastnik d.o.o. which is engaged in the distribution, production and sale of heat.
- 

KEY IMPACTS ON OPERATIONS

Pricing of petroleum products

Understanding market characteristics is necessary in all markets. The Petrol Group operates in a rather volatile and unpredictable economic environment. Our operations are mostly affected by the pricing of petroleum products in the countries where we operate, pricing of other energy products, oil prices and US dollar exchange rate.



SLOVENIA

Until 8 October 2008, petrol, diesel fuel and extra light heating oil were priced in accordance with the Regulation on the Price Methodology for Petroleum Products, which entered into force on 9 October 2007. According to the Regulation, government-regulated prices of petroleum products changed fortnightly based on the average 14-day price from the stock exchange including all quotations.

The new government regulation will remain in force until 9 October 2009

On 9 October 2008, a new regulation on the price methodology for petroleum products entered into force for the period of one year, i.e. until 9 October 2009. The method of calculating retail prices and the model-based margin for petroleum products (petrol, diesel fuel and extra light heating oil), both government-regulated, remain unchanged. Since 15 December 2008, quotations for petrol and diesel of improved quality have been used for calculating retail prices.

In Slovenia, gross margins for petroleum products are still below the European average

In Slovenia, gross margins for petroleum products, which are, according to the model, set at a fixed amount and do not change with retail prices, are still below the European average. In the case of petrol, they amount to 70 percent of the average gross margin in the EU, in the case of diesel fuel to 66 percent and in the case of extra light heating oil to only 51 percent.

CROATIA

In Croatia, the prices of petroleum products, i.e. petrol, diesel fuel and extra light heating oil, are also government-regulated. They are set in accordance with the Petroleum Product Pricing Rules ("Pravilnik o utvrđivanju cijena naftnih derivata") which have been in force since 4 January 2007. The prices change fortnightly according to the prescribed methodology, provided that prices, inclusive of all duties, increase or decrease by more than 2 percent.

The prescribed methodology for setting maximum permitted retail prices of fuel is similar to the methodology in place in Slovenia; the harmonisation of prices is subject to changes in prices on the oil market and changes in the exchange rate of the US dollar against the national currency.

The leading oil company, INA, whose retail prices at service stations are set below the maximum permitted level despite the model, plays a major role in the setting of prices in the Croatian market. Actual retail prices at the service stations of individual oil companies may differ as a result.

BOSNIA AND HERZEGOVINA

In Bosnia and Herzegovina, retail prices of petroleum prices are not government-regulated and are set freely in accordance with market conditions. The prices change weekly. In the Federation of Bosnia and Herzegovina, retailers notify the Federal Ministry of Commerce of new retail prices three days in advance (in the Serbian Republic, changes in prices need not be notified in advance). Despite the free setting of prices, retail fuel prices do not vary significantly among service stations, but they are slightly lower in the Serbian Republic, which enjoys lower purchase prices thanks to its supply sources.

SERBIA

In Serbia, the prices of petroleum products are regulated by the government and set in accordance with the Petroleum Product Pricing Regulation (“Uredba o cenama derivata nafte”). The prescribed margin for all petroleum products amounts to RSD 5 per litre, except for eurodiesel, where it amounts to RSD 10 per litre. Under the applicable legislation, the prices are harmonised every fifteen days, subject to certain conditions.

MONTENEGRO

In Montenegro, the prices of petroleum products are set in accordance with the Regulation on the Method of Setting Maximum Retail Prices (“Uredba o načinu obrazovanja maksimalnih maloprodajnih cijena”), which has been in force since 1 January 2003. The prices are thus changed fortnightly, reflecting changes on the oil market (Platt’s European Marketscan) and in the exchange rates of the euro and US dollar. In addition to market oil prices and changes in the exchange rates of the euro and US dollar, the price calculation methodology also includes all taxes and charges, and the oil companies’ margin.

KOSOVO

In Kosovo, retail and wholesale prices of petroleum products are not government-regulated. Only in petroleum product sales to government institutions and state-owned companies are prices set in accordance with the prescribed methodology, which takes into account market prices, changes in the exchange rate of the euro and US dollar, logistics costs and the maximum margin. This price represents an unofficial basis for setting retail prices, which change two to three times a month.

CHANGES IN CRUDE OIL PRICES IN 2008

In 2008 the average purchase price of crude oil on the world oil market was 34.34% higher than in 2007

In the first half of 2008, crude oil prices were generally on the increase, reaching USD 144.23 per barrel at the beginning of July. In the second half of the year, they fell sharply as a result of the impact of the financial crisis and the onset of recession in the world’s leading economies. Oil prices per barrel thus ranged from USD 33.66 to USD 144.23 in 2008. In 2008 the average purchase price of crude oil on the world oil market stood at USD 97.26 per barrel, up 34.34 percent from 2007. The prices of petroleum products followed the same trend.

Changes in oil prices in 2008



US DOLLAR EXCHANGE RATE

In 2008 the average exchange rate of the US dollar according to the middle exchange rate of the European Central Bank stood at 1.47 US dollars for 1 euro.

EVENTS AFTER THE END OF THE ACCOUNTING PERIOD

- ▶ On 14 January 2009, Andrej Bratož resigned as member of the Supervisory Board of Petrol d.d., Ljubljana.
- ▶ Petrol d.d., Ljubljana again received the Superbrands award.
- ▶ Petrol d.d., Ljubljana was once again among the finalists of “Golden Thread”, a media and research project of Dnevnik newspaper company focusing on relations between employees and employers.
- ▶ At its 4th meeting held on 16 February 2009, the Workers’ Council of Petrol d.d., Ljubljana appointed Samo Gerdin, Franc Premrn and Andrej Tomplak as new Supervisory Board members – employee representatives. They were appointed for a four-year term of office beginning on 22 February 2009.
- ▶ At its 46th meeting held on 4 March 2009, the Supervisory Board nominated Milan Medved, Bruno Korelič, Stanislav Valant, Dari Južna, Milan Podpečan and Miran Mejak as new members of the Supervisory Board of Petrol d.d., Ljubljana.
- ▶ On 6 March 2009, the Supervisory Board announced the convening of the 18th General Meeting of Petrol d.d., Ljubljana, which will take place on 7 April 2009. At the General Meeting, shareholders are to adopt resolutions pertaining to new Supervisory Board members, amendments to the Articles of Association connected with business activities, editing changes (the Companies Act currently in force) and modifications to the method of informing the public.

PLAN FOR 2009

Goals and challenges for 2009: concrete, transparent, attainable

In 2009 the Petrol Group's operations will be affected by price movements on the oil market, recession or slowing economic growth, and the financial crisis, which is manifested in limited access to long-term financing sources. Still, we have set ourselves bold goals.



The prices of our main products, i.e. petrol, diesel fuel and extra light heating oil, will remain government-regulated, and the Government of the Republic of Slovenia decided that due to the financial crisis it will try to increase general government revenue also by raising excise duties.

Business operations of the Petrol Group are based on promoting business excellence, monitoring and implementing current market requirements in the area of services, information technology and environment protection. In the field of petroleum activities, the Petrol Group will continue in 2009 its strategy of consolidating its leading position in the domestic market while expanding the business activities in SE Europe markets. In the area of energy, Petrol will work towards strengthening its position both at home and in SE Europe markets. Due to a decreased availability of long-term sources, the Petrol Group reassessed the economic feasibility of all new capital investment decisions and it might even wait for a more appropriate time to invest.

In drawing up the Petrol Group's plan for 2009, we took into account the worsening economic and financial situation, but we have set ourselves ambitious sales goals nonetheless. Considering the uncertain market and financial conditions, the Petrol Group's plan for 2009 will be subject to quarterly reviews and reconciliation.

Continued consolidation of the leading market position and prudent organic growth in SE Europe markets

MAIN OPERATING GOALS FOR 2009

- ▶ EUR 2.6 billion in net sales revenue
- ▶ 2.3 million tons of petroleum products sold
- ▶ 119 thousand tons of liquefied petroleum gas, natural gas and industrial gases sold
- ▶ EUR 408 million from the sale of supplementary and other merchandise
- ▶ Retail network comprising 444 service stations
- ▶ 29 gas concessions

MANAGEMENT
OF PETROL D.D.,
LJUBLJANA

Compliance with legislation and the corporate governance system

Pursuant to Article 70(5) of the Companies Act, Petrol d.d., Ljubljana hereby issues the corporate governance statement.

1. Reference to the applicable Corporate Governance Code:

In the period 1 January 2008 to 31 December 2008, the company was subject to the Corporate Governance Code for Joint Stock Companies (Official Gazette of the Republic of Slovenia, No. 118/2005 of 17 December 2005, as amended), which entered into force on 5 February 2007.

The Code is publicly available in Slovene and English on the website of the Ljubljana Stock Exchange:

<http://www.ljse.si/cgi-bin/jve.cgi?doc=8179&sid=HaDajxG7cwteu32m>

<http://www.ljse.si/cgi-bin/jve.cgi?doc=8377&sid=HaDajxG7cwteu32m>

The company did not adopt a separate code of its own, and it is managed in accordance with and under the provisions the Companies Act and the above Corporate Governance Code.

2. Information on the scope of derogations from the Corporate Governance Code:

The company operated in conformity with the Code's provisions. Because certain Code recommendations do not apply to the company, it cannot violate them and does not mention them specifically. The obligations imposed on the Company or its bodies in particular cases will be fulfilled if such cases occur.

Below we provide some explanations with regard to the provisions of the applicable Code and explanations relating to the binding recommendations of the Code that the company has not yet implemented:

3.1.5. Availability of the Supervisory Board rules of procedure to all shareholders:

In 2006 the Supervisory Board adopted its rules of procedure and determined there was no need to make them available to other stakeholders.

3.1.9.: Use of information technology for distributing materials and convening Supervisory Board meetings:

Due to insufficient safety of telecommunications and high degree of data confidentiality, the use of information technology will not be possible until all members have been equipped with secure connections and protocols preventing any unauthorised access to documents.

3.4.6.: Liability insurance of Supervisory Board members:

In the middle of the year, the company took out liability insurance of Supervisory Board members which protects the interest of the company, not the Supervisory Board members.

8.15.5. : Internal act regulating trading limitations:

The company has not drawn up an internal act that would govern trading limitations in addition to legal provisions and regulations. Nevertheless, any person having access to internal information signs a special statement to keep internal information confidential. In accordance with the requirements of the Securities Market Agency, the company keeps a list of persons with access to internal information.

The company will continue to conform to the Code's recommendations. Should it become evident that the company is not able to observe any of the obligations under the Code, the Management Board and the Supervisory Board will prepare a justified explanation. We would like to emphasise that in the period from the end of the accounting period to the publication of this statement, no changes or new derogations occurred other than those mentioned above.

This announcement is permanently posted on the official website of the company, www.petrol.si.

3. Description of the main characteristics of the company's internal control and risk management systems in connection with the financial reporting process

The company Petrol d.d., Ljubljana, reasonably applies the COSO model⁹ of risk management and the internal control system in relation to the financial reporting process. Three objectives are pursued in the establishment of the internal control system:

- ▶ Accuracy and reliability of financial reporting;
- ▶ Compliance with applicable laws and regulations and
- ▶ Effectiveness and efficiency of operations.

The company's Management Board strives to establish a control system that is on the one hand the most efficient as regards the prevention of undesired events and on the other hand acceptable in terms of cost.

⁹ The Committee of Sponsoring Organizations of the Treadway Commission is the author of the risk management model for companies, used under the name of the COSO model. Its application is recommended by all relevant international institutions and standards. This is a three-dimensional model, which means that all risks and the control system have to be established so that the objectives of the company and its organisation are considered at all times. The model has eight levels which are constantly repeating, namely: control environment, objective setting, event identification – risks, risk assessment, risk response, control activities – establishment of control system, information and communication, with the aim of people assuming their responsibilities, and monitoring or controlling of the system.

The company's Management Board is aware that every internal control system, regardless of how well it functions, has restrictions and cannot fully prevent errors or frauds, but must be established so that it points them out as soon as possible and provides the management with suitable assurance about the achievement of the objectives.

Given the general restrictions of control systems and with a view of achieving the above objectives, the relevance of separate business risks is evaluated every two years, taking into account the changed circumstances of the external and internal environment in which the Petrol Group operates, and based thereon the need for setting up new or different controls is examined and the efficiency of the existing internal control system is checked. Such a system enables us to focus on important risks and to assess and control them continuously. The Risk Management and Internal Controls chapter of this business report presents the risk management and control mechanisms in greater detail and in connection with the relevance of a specific type of risk (based on the risk assessment for 2008).

In our opinion, the existing internal control system in the company Petrol d.d. and the Petrol Group in 2008 provided for efficient and successful achievement of business objectives, operation in compliance with legislative provisions, and fair and transparent reporting in all key aspects.

4. Information under Article 70(6) ZGD-1

As a company bound by the act governing takeovers, Petrol d.d., Ljubljana hereby provides information on the balance as at the last day of the financial year and all the necessary explanations in accordance with Article 70(6) of the Companies Act:

1. Structure of the company's share capital

The company has only ordinary registered no-par value shares, the holders of which have the right to participate in the management of the company, the right to profit participation (dividends) and the right to a corresponding share in other assets in the event of liquidation or bankruptcy of the company. All shares belong to a single class and are issued in book-entry form.



Share capital structure of the company Petrol d.d., Ljubljana as at 31 December 2008

The largest shareholders of Petrol d.d., Ljubljana as at 31 December 2008

SHAREHOLDER	ADDRESS	NUMBER OF SHARES	SHARE IN %
1 SLOVENSKA ODŠKODNINSKA DRUŽBA, D.D.	MALA ULICA 5, 1000 LJUBLJANA	412,009	19.75
2 KAPITALSKA DRUŽBA, D.D.	DUNAJSKA CESTA 119, 1000 LJUBLJANA	172,639	8.27
3 NOVA LJUBLJANSKA BANKA, D.D.	TRG REPUBLIKE 2, 1000 LJUBLJANA	126,515	6.06
4 GB D.D., Kranj	BLEIWEISOVA CESTA 1, 4000 KRANJ	84,299	4.04
5 ISTRABENZ D.D.	CESTA ZORE PERELLO-GODINA 2, 6000 KOPER	79,990	3.83
6 JULIUS FOND D.D. and JULIUS K.D.D.	TRG SVOBODE 3, 2000 MARIBOR	78,985	3.79
7 VIZIJA HOLDING, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	71,676	3.44
8 VIZIJA HOLDING ENA, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	63,620	3.05
9 NFD 1 DELNIŠKI INVESTICIJSKI SKLAD D.D.	TRDINOVA 4, 1000 LJUBLJANA	62,567	3.00
10 HYPO BANK D.D.	DUNAJSKA CESTA 117, 1000 LJUBLJANA	43,500	2.09

2. Restrictions on the transfer of shares

All the shares are fully transferable.

3. Qualifying holdings under the Takeovers Act

Pursuant to Article 77(1) of the Takeovers Act (acquiring a qualifying holding), we provide the following information:

- ▶ on 31 December 2008, Slovenska odškodninska družba held 412,009 shares of Petrol d.d., Ljubljana, representing 19.75 percent of the issuer's share capital,
- ▶ on 31 December 2008, Kapitalska družba d.d. held 172,639 shares of Petrol d.d., Ljubljana, representing 8.27 percent of the issuer's share capital,
- ▶ on 31 December 2008, Nova Ljubljanska banka d.d. held 126,515 shares of Petrol d.d., Ljubljana, representing 6.06 percent of the issuer's share capital.

4. Holders of securities carrying special control rights

The company did not issue any securities carrying special control rights.

5. Employee share scheme

The company has no employee share schemes.

6. Restrictions on voting rights

There are no restrictions on voting rights.

7. Shareholder agreements that could result in the restriction on the transfer of shares or voting rights

The company has no information as to such agreements.

8. The company's rules regarding:***Appointment and replacement of the members of management or supervisory bodies:***

Members of the Management Board are appointed by the Supervisory Board for a term of five years with the possibility of reappointment. The members of the Supervisory Board appoint the members of the Management Board with due care and in a responsible manner. The Supervisory Board first specifies criteria for the selection of candidates, and then determines candidates who meet the criteria. Provided that appropriate and suitable candidates are found, the Supervisory Board appoints the members of the Management Board at a session convened for such purpose, but may decide to carry out an internal or public call for applications before doing so. If the Supervisory Board decides to issue a call for applications, a three-member committee is established which carries out a call for applications and determines candidates suitable to become members of the Management Board. In 2008 the Supervisory Board established the Nomination and Remuneration Committee which could conduct eventual calls for application. The Supervisory Board reappoints the Management Board within one year before the expiry of the term, but it usually does so three months before the expiry. If the company's General Meeting passes a vote of no confidence in the Management Board, the Supervisory Board forms an opinion concerning a recall of a Management Board member. Without prejudice to the above, the Supervisory Board may recall the Management Board for reasons stipulated by law on its own discretion.

The Supervisory Board may appoint its members to deputise for missing or absent members of the Management Board for a period of not more than a year. Reappointment or extension of the term of office is permitted if the entire term of office is not longer than one year.

The Supervisory Board is required to notify the Management Board that does not fully fulfil the tasks falling under its mandate immediately of its findings

and opinions and to determine the shortest deadline possible to eliminate the shortcomings determined. If the Management Board fails to achieve the expected results within a set deadline, the Supervisory Board decides on recalling individual members of the Management Board.

The Supervisory Board of the company comprises nine members, of which six are elected by the company's General Meeting with a majority vote of shareholders present and three are elected by the company Workers' Council. The members of the Supervisory Board are elected for a term of four years and can be re-elected when their term of office expires. A resolution on an early recall of the Supervisory Board members representing shareholders is adopted with a three-quarters majority of votes present at a General Meeting, while the conditions for the recall of the Supervisory Board members representing the employees shall be determined by the Workers' Council in a general act.

Amendments to the Articles of Association:

The General Meeting decides on amendments to the Articles of Association with a majority of three-quarters of share capital represented in the voting.

9. The powers of Management Board members, particularly in connection with own shares:

The powers of Management Board members have been laid down later on in this chapter. The Management Board has no particular powers concerning the issue or purchase of own shares.

10. Important agreements that enter into force, are amended or expire due to changes in the control over the company resulting from a takeover bid:

The company has not been informed of such agreements.

11. Agreements between the company and the members of its management and supervisory bodies or employees, which foresee compensation should such persons resign, be discharged without cause or have their employment relationship terminated due to a bid as defined in the Takeovers Act:

In the event of a resignation, Management Board members are not entitled to compensation, but they are entitled to receive it in the event of a recall and termination of their employment contract without cause.

5. Information on the workings of the General Meeting

In accordance with applicable legislation, specifically the Companies Act, the General Meeting is a body through which the shareholders exercise their rights in respect of matters concerning the company. The convening of General Meetings is governed by the Articles of Association in conformity with applicable legislation.

The General Meeting is convened on the request of the Management Board, at the request of the Supervisory Board, or at the request of the company's shareholders who collectively represent at least five percent of the company's share capital. The party requesting the convening of a General Meeting must submit to the Management Board an agenda for the General Meeting together with an explanation and justification of the purpose and reasons for convening the General Meeting.

The Management Board calls the General Meeting one month before the meeting by announcing the call in the Official Gazette of the Republic of Slovenia, in the daily newspaper Delo and via the Ljubljana Stock Exchange information system SEOnet. In the announcement of the convening of the General Meeting, the Management Board specifies the time and place of the meeting, the bodies conducting the meeting, the agenda and proposed resolutions.

On 15 May 2008, shareholders decided on the distribution of accumulated profit

The Management Board called one General Meeting in 2008. At the General Meeting on 15 May 2008, the company's shareholders were acquainted with the annual report and the Supervisory Board's report on the verification of the annual report for the financial year 2007. They decided on the distribution of accumulated profit, the granting of a discharge from liability to the Management Board and Supervisory Board for the year 2007, and on the appointment of the company's auditor that will audit the financial report and review the business report for 2008. Because of the withdrawal of the motion to introduce a one-tier management system, which was part of the envisaged amendments to the Articles of Association, the General Meeting also did not adopt decisions regarding the harmonisation of the company's activity with the new classification of activities 2008, amendments to the Articles of Association arising from legislative amendments, and phrasing changes.

6. Information on the composition and workings of management and supervisory bodies

The company Petrol d.d., Ljubljana is managed using a two-tier system. The company is led by the Management Board which is supervised by the Supervisory Board. The management of the company Petrol d.d., Ljubljana is conducted on the basis of legal provisions, Articles of Association being a fundamental legal act, internal acts, and established and generally accepted good business practices.

Workings of the Management Board

The Management Board of Petrol d.d., Ljubljana manages the company independently and on its own responsibility. It represents and acts on behalf of the company. According to the Articles of Association, the Management Board is comprised of the president, one or more vice-presidents and one or more members. One its members is a worker director who only participates in decisions relating to human resources and social policy issues, and does not have the power to represent the company.

The Management Board comprises at least three and not more than six members. The actual number of its members is determined by the company's Supervisory Board in a decision on the appointment of the Management Board. The Management Board had five members in 2008.

In 2008 the Management Board discussed issues falling within its competence at 45 meetings. All decisions were adopted unanimously. In addition to holding formal meetings, the Management Board exercised the powers and responsibilities constituting its daily activities as well as powers and responsibilities to the General Meeting, as stipulated by the Companies Act. Activities in relation to the Supervisory Board were carried out in accordance with Chapter 4 of the Supervisory Board rules of procedure. The Management Board regularly reported to the Supervisory Board on the company's operations, and the presidents of the Supervisory Board and Management Board were in regular contact in 2008, deliberating the company's strategy, business development and risk management. There were no exceptional or important events in 2008 that would require convening the Supervisory Board at an extraordinary meeting. The Management Board focused some of its activities on the cooperation with the Workers' Council and the Petrol Group's representative trade union.

The members of the Management Board are elected for a five-year term of office and may be re-elected. The president of the Management Board and one of the vice-presidents or members of the Management Board represent and act on behalf of the company. Vice-presidents or individual members of the Management Board can represent the company only with the president of the Management Board.

Legal representatives, i.e. Management Board members, need approval by the Supervisory Board to acquire or dispose of their own shares, and acquire, establish or dissolve companies and business units. Approval is also required for raising or granting of loans, which individually exceed five percent of the company's total capital, or for other individual capital investments exceeding five percent of total capital. They also need approval for the granting of power of attorney and the granting of mortgages.

45 Management Board meetings and regular reporting to the Supervisory Board

*Marko Kryžanowski**Igor Irgolič***Management Board
members****Marko Kryžanowski,
President of the Management Board**

Appointed for a five-year term of office beginning on 1 December 2005. Born in 1966, he holds a bachelor degree in electrical engineering and has finished a presidential MBA programme at the IEDC School of management. He is Honorary Consul of Principality of Monaco.

**Igor Irgolič,
Vice-president of the Management Board in charge of marketing**

Appointed for a five-year term of office beginning on 1 December 2005. Born in 1963, he holds a bachelor degree in engineering and a specialist degree in management (from Ljubljana Faculty of Economics).

*Boštjan Napast**Alenka Vrhovnik Težak**Bojan Herman*

Alenka Vrhovnik Težak, MSc,

Member of the Management Board in charge of finance

Appointed for a five-year term of office beginning on 1 December 2005.

Born in 1968, she holds a bachelor and master's degree in economics.

She has worked for Petrol since 1995. In 2001 she was appointed assistant to the member of the Management Board in charge of finance.

Boštjan Napast,

Member of the Management Board in charge of energy

Appointed for a five-year term of office beginning on 1 December 2005.

Born in 1971, he holds a bachelor degree in engineering. He has worked for Petrol since 1998.

Bojan Herman,

Worker director

Appointed for a five-year term of office beginning on 25 September 2002.

He was appointed for another five-year term of office on 25 September 2007.

Born in 1951, he is a grammar school graduate. He has worked for Petrol since 1975.

Responsibilities and composition of the Supervisory Board

In accordance with the Articles of Association, the Supervisory Board of the company Petrol d.d., Ljubljana comprises nine members, of which three are employee representatives elected by the Workers' Council.

After the resignation of one of its member, the Supervisory Board operated with 8 members, of which three were employee representatives.

The members of the Supervisory Board are elected for a term of four years and can be re-elected when their term of office expires. The Supervisory Board elects its president and a vice-president from among its members. The president of the Supervisory Board is always a representative of shareholders.

The president of the Supervisory Board represents the company in relation to the Management Board, and the Supervisory Board in relation to the Management Board and third parties, unless otherwise determined in a specific case.

On 28 May 2008, the Supervisory Board of Petrol d.d., Ljubljana established the following committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Strategic Projects Committee
4. Business Organisation Committee

Supervisory Board members

Viktor Baraga,

President of the Supervisory Board, shareholder representative

Honorary Consul of Australia to the Republic of Slovenia.

Appointed for a four-year term of office beginning on 16 July 2005 at the 11th General Meeting held on 4 April 2005. On 4 August 2006, he was appointed to the position of the Supervisory Board president until the end of term of office.

Milan Podpečan,

Vice-president, shareholder representative

President of the management board of Slovenska odškodninska družba, d.d.

Appointed for a four-year term beginning on 5 April 2005 at the 11th General Meeting held on 4 April 2005.

Matjaž Gantar,

Shareholder representative

CEO of KD Group and KD Holding.

Appointed for a four-year term of office beginning on 5 April 2005 at the 11th General Meeting held on 4 April 2005. He resigned as Supervisory Board member on 15 May 2008.

Bojan Šrot,

Shareholder representative

Mayor of the Municipality of Celje, attorney.

Appointed at the 14th General Meeting held on 14 March 2006 for the period 14 March 2006 to 5 April 2009.

Aleš Marinček,

Shareholder representative

Advisor to the director of the Public Guarantee and Maintenance Fund of the Republic of Slovenia.

Appointed at the 14th General Meeting held on 14 March 2006 for the period 14 March 2006 to 5 April 2009.

Andrej Bratož,

Shareholder representative

Director of Nova Ljubljanska Banka d.d. branch in Trieste.

Appointed at the 16th General Meeting held on 16 May 2007 for a term of office beginning 16 May 2006 and ending 5 April 2009. On 14 January 2009, he resigned as Supervisory Board member.

Samo Gerdin,

Employee representative

Four-year term of office beginning on 21 February 2005.

Cvetka Žigart,

Employee representative

Four-year term of office beginning on 21 February 2005.

Ciril Pirš,

Employee representative

Four-year term of office beginning on 21 February 2005.

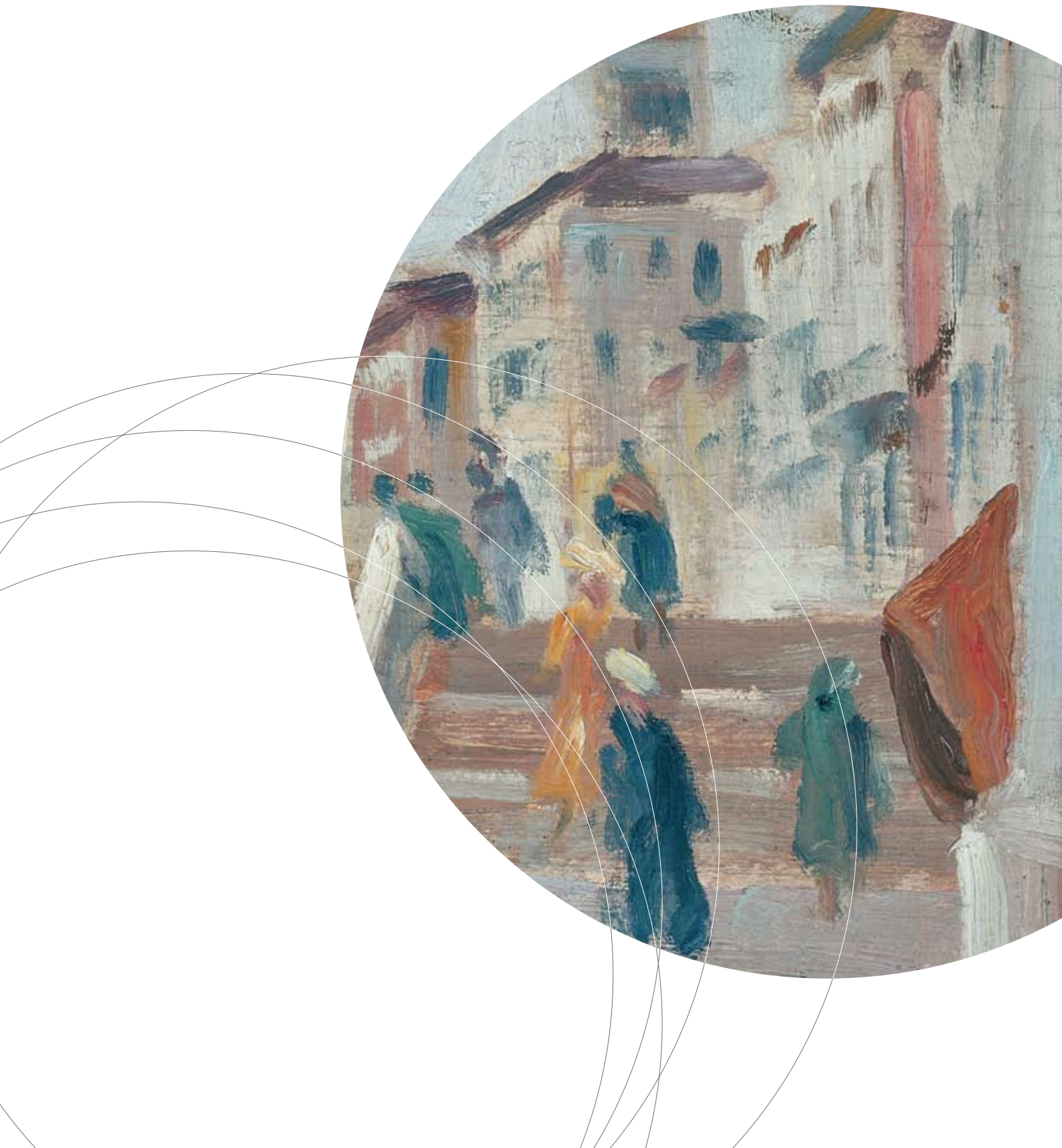


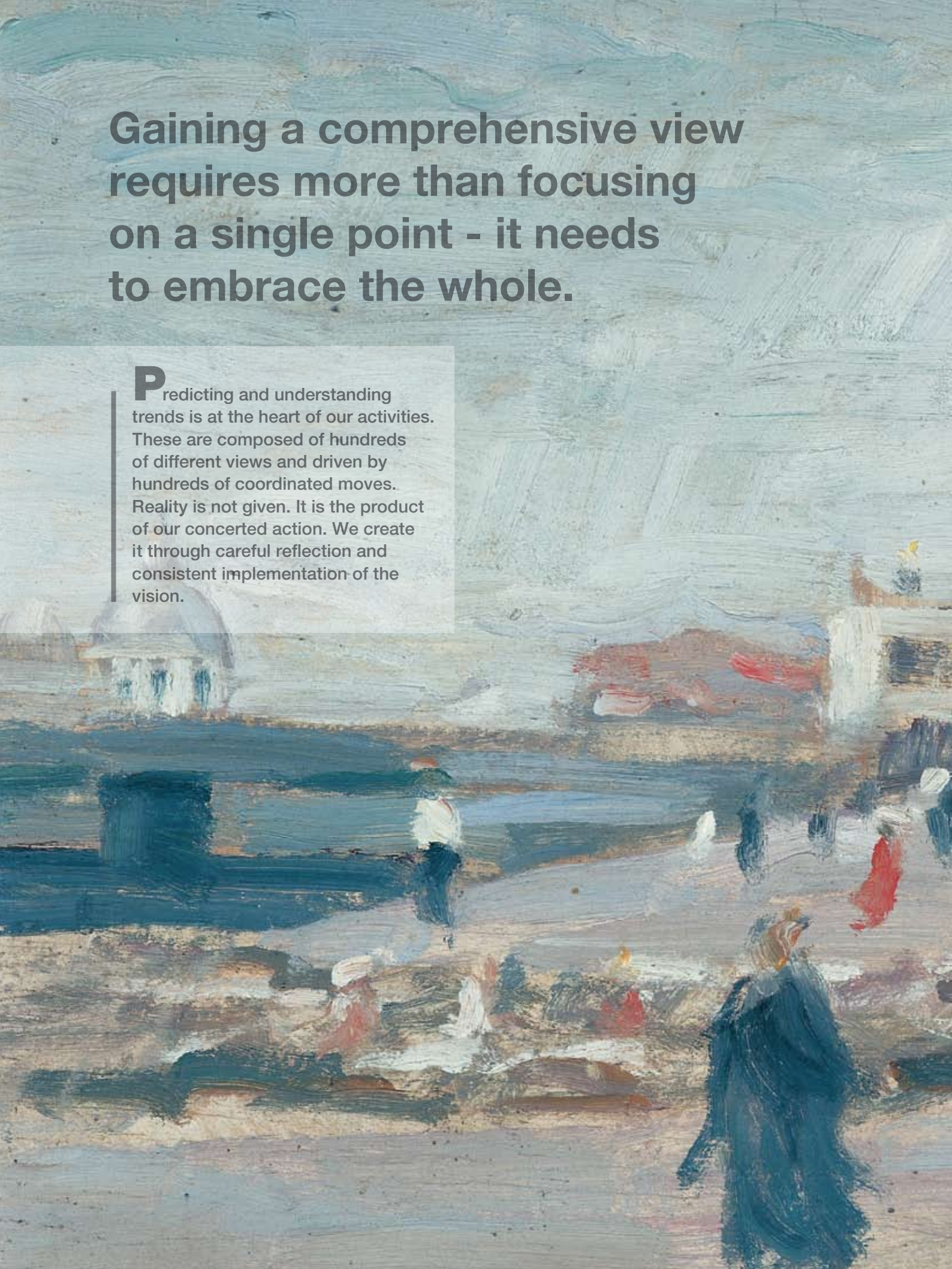
01 Petrol's share

„It isn't an easy job to paint oneself – at any rate, if it is to be different from a photograph.“

Vincent van Gogh





An impressionistic painting of a harbor scene. In the foreground, a figure in a dark blue coat stands with their back to the viewer, looking out over the water. Several other figures are scattered throughout the scene, some near the water's edge and others further back. The background features a large domed building on the left and a red-roofed building on the right. The sky is a mix of light blue and white, suggesting a bright, hazy day. The overall style is loose and expressive, with visible brushstrokes and a focus on light and color rather than fine detail.

Gaining a comprehensive view requires more than focusing on a single point - it needs to embrace the whole.

Predicting and understanding trends is at the heart of our activities. These are composed of hundreds of different views and driven by hundreds of coordinated moves. Reality is not given. It is the product of our concerted action. We create it through careful reflection and consistent implementation of the vision.



**PETROL'S
SHARE**

Commitment to responsible development builds trust

In 2008 global and European stock markets were affected by a distinct trend of declining share prices. As one of the local European stock markets, the Ljubljana Stock Exchange also succumbed to the unfavourable global impact, experiencing a drop in its indices. These trends also affected Petrol's shares whose value decreased considerably. Stock market developments evidently do not reflect successful operation but are subject to the interaction of numerous external factors. Yet there is one thing that can preserve and restore trust, and that is good business performance. Carefully considered decisions, adjusting to actual needs and responsible actions bring long-term stability and provide for organic growth of the Group.

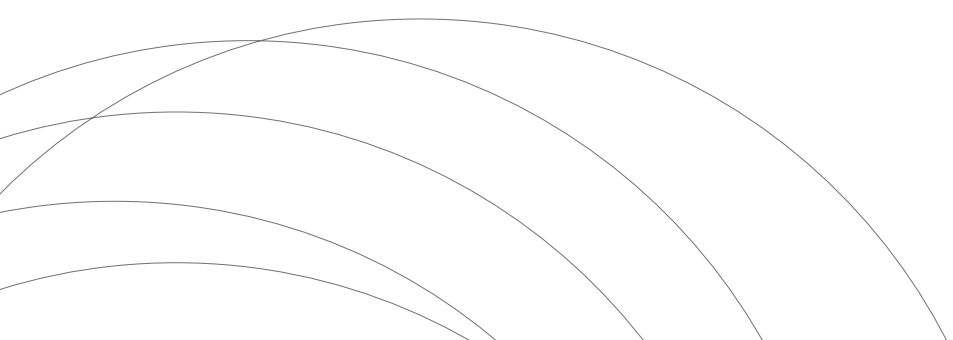


Implementing a stable dividend policy

Petrol's share is traded on the prime market of the Ljubljana Stock Exchange, but has been listed on the stock exchange since 5 May 1997. In 2008 the volume of trading in Petrol's share at the Ljubljana Stock Exchange amounted to EUR 55.48 million, down 78.5 percent compared to 2007. Nevertheless, the share remained among the shares with the highest volumes of trading on the Ljubljana Stock Exchange.

From the beginning of 2001 to the end of 2003, the share's growth exceeded the growth of the SBI20 index. In 2004 the trend turned, with the SBI20 index outperforming Petrol's share. In 2005, 2006 and 2007, the trend turned again, this time with Petrol's share outperforming the SBI20 index. The year 2008 was marked with significant drops in share prices on global stock markets, which also affected the conditions on the Slovene stock market. In 2008 the value of Petrol's share decreased slightly more than the value of the SBI20 index.

Petrol's share was again among the shares with the highest volume of trading on LJSE in 2008



Comparison of the base index of Petrol's share average price and the SBI20 index for 2008



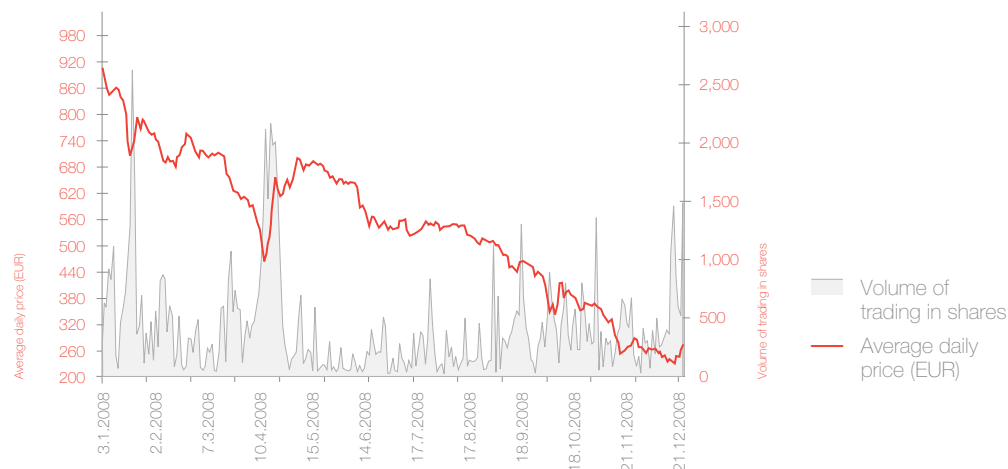
In 2008 the prices of all shares making up the SBI20 index decreased considerably

Between 1 January and 31 December 2008, the share's daily average price decreased by 70.3 percent, although it has increased more than sixfold since its listing. The yearly average price of Petrol's share, which stood at EUR 541.51 in 2008, decreased by 29.1 percent in comparison with the previous year. In 2008 the average price of Petrol's share ranged between EUR 225.86 and EUR 904.19 per share.

Petrol's share prices in the period 2007–2008 in EUR

	2008	2007
High	904.19	1,001.34
Low	225.86	500.60
Average price in the current year	541.51	763.67
Price on the last trading day of the current year	268.82	907.58
Increase/decrease in the average daily price from 1 January to 31 December of the current year	-70.27%	81.30%
Increase in the average price in the current year relative to the price as at 5 May 1997	655.39%	965.30%

Average price and the volume of trading in Petrol's share in 2008



RANKED FOURTH BY VOLUME OF TRADING AND MARKET CAPITALISATION

In 2008 the volume of trading on the stock market amounted to EUR 55.48 million, down 78.5 percent from 2007. The trading in Petrol's share accounted for 4.3 percent of the total trading volume on the Ljubljana Stock Exchange and 5.8 percent of the share trading volume.

By volume of trading, the share of Petrol d.d., Ljubljana was ranked fourth on the Ljubljana Stock Exchange. On average, the monthly volume of transactions involving Petrol's share totalled EUR 4.6 million. Lower trading volumes and trading shares recorded in 2008 were partly the result of new shares being listed on the stock market, with the overall share trading volume on the Ljubljana Stock Exchange also being lower than in the previous year. The share was liquid at all times in 2008.

The market capitalisation of Petrol d.d., Ljubljana as at the last day of 2008 totalled EUR 561 million, which accounts for 6.6 percent of the stock market's total capitalisation. Petrol d.d., Ljubljana thus climbed to the fourth place in terms of market capitalisation, and its share was one of the four shares that accounted for more than ten percent of the SBI20 index.

The average monthly volume of trading in Petrol's share at EUR 4.6 million in 2008

SHARE CAPITAL STRUCTURE

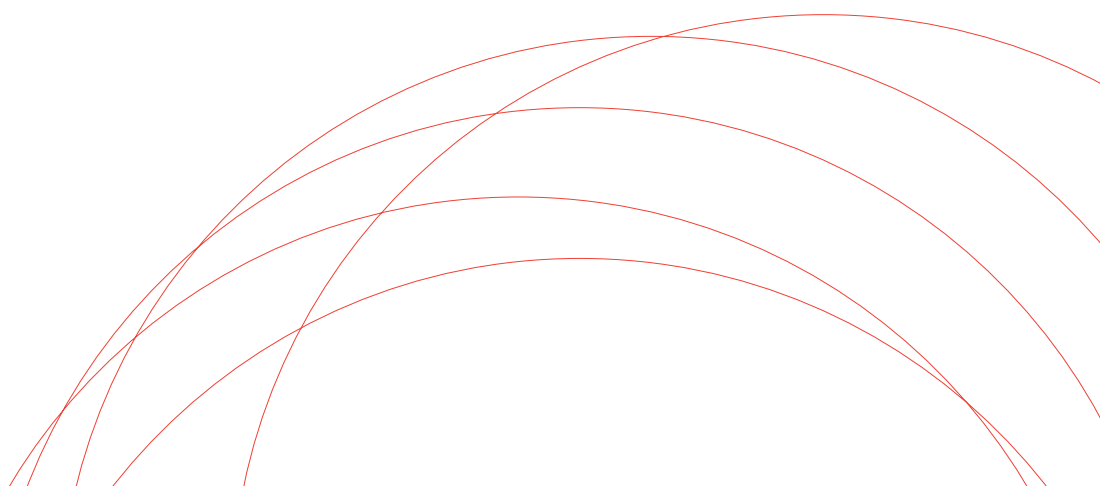
Slovenska
odškodninska
družba remains
the largest single
shareholder

In 2008 there were no substantial changes in Petrol d.d., Ljubljana's share capital structure. With 412,009 shares, Slovenska odškodninska družba, d.d. remains the largest single shareholder, followed by Kapitalska družba d.d. with 172,639 shares. Other large shareholders include NLB d.d., GB d.d., Kranj, Istrabenz d.d., Julius fond d.d. and Julius k.d.d., Vizija Holding k.d.d., Vizija holding ena k.d.d., Nacionalna finančna družba 1 d.d. and Hypo bank d.d.

The chart describing the share capital structure is shown in the chapter Management of Petrol d.d., Ljubljana.

At year-end, 26,414 shares or 1.3 percent of all shares were held by foreign legal or natural persons. The number of shareholders decreased from 40,397 as at the end of 2007 to 39,796. Although the number of shareholders has been decreasing since the public limited company started operating, the trend has stabilised recently.

The ten largest shareholders of Petrol d.d., Ljubljana are shown in the chapter Management of Petrol d.d., Ljubljana.



Shares owned by Supervisory Board and Management Board members as at 31 December 2008

AS AT 31 DECEMBER 2008				
	NAME AND SURNAME	POSITION	NUMBER OF SHARES	SHARE OF EQUITY
	Supervisory Board		702	0.03%
	Internal members		647	0.03%
1.	Ciril Pirš	Supervisory Board member	552	0.0265%
2.	Samo Gerdin	Supervisory Board member	-	0.0000%
3.	Cvetka Žigart	Supervisory Board member	95	0.0046%
	External members		55	0.00%
1.	Viktor Baraga	Supervisory Board president	21	0.0010%
2.	Milan Podpečan	Supervisory Board vice-president	34	0.0016%
3.	Bojan Šrot	Supervisory Board member	-	0.0000%
4.	Aleš Marinček	Supervisory Board member	-	0.0000%
5.	Andrej Bratož	Supervisory Board member	-	0.0000%
	Management Board		2,379	0.11%
1.	Marko Kryžanowski	Management Board president	641	0.0307%
2.	Igor Irgolič	Management Board vice-president	256	0.0123%
3.	Alenka Vrhovnik Težak, MSc	Management Board member	739	0.0354%
4.	Boštjan Napast	Management Board member	326	0.0156%
5.	Bojan Herman	Management Board member – worker director	417	0.0200%

OTHER EXPLANATIONS BY PETROL D.D., LJUBLJANA

The prospectus of the company Petrol d.d., Ljubljana, which has been prepared for the purpose of listing the shares on the stock exchange, is published on the company's website. All amendments have been published in the company's strategy document, annual report of Petrol d.d., Ljubljana and public announcements that are available via the company's website, www.petrol.si, and the website of the Ljubljana Stock Exchange, seonet.ljse.si.

Authorised capital

Petrol d.d., Ljubljana had no authorised capital as at 31/12/2008.

Contingent increase in share capital

The General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions regarding the contingent increase in share capital.

Reserves for own shares

As in previous years, Petrol d.d., Ljubljana did not repurchase its own shares in 2008. On the last day of 2008, the company held 24,703 own shares, representing 1.2 percent of its registered share capital. Compared with the previous year, the number of own shares decreased by 324 because of the payment of a bonus to the Management Board. The total book value of own shares equalled EUR 2.6 million as at 31 December 2007 and was EUR 4.0 million lower than their market value on the said date.

DIVIDEND POLICY FOR THE MAXIMISATION OF LONG-TERM RETURNS

Shareholder policy that is based on the long-term maximisation of returns for shareholders is one of the cornerstones of Petrol's development strategy. Petrol's management advocates a stable long-term dividend payout. This fits best the company's development needs as it delivers predictable returns.

Advocating long-term stability of the dividend policy to ensure better predictability of returns

In accordance with a General Meeting resolution, gross dividend per share for 2007, payable in 2008, stood at EUR 5.90.

Overview of dividend payments 2004-2007

PERIOD	TOTAL DIVIDENDS IN ACCORDANCE WITH GENERAL MEETING RESOLUTION	GROSS DIVIDEND PER SHARE
2004	EUR 7,860,919.00	EUR 3.80
2005	EUR 8,706,085.20	EUR 4.20
2006	EUR 11,474,655.50	EUR 5.50
2007	EUR 12,309,175.90	EUR 5.90

THE AMOUNT OF ACCUMULATED PROFIT

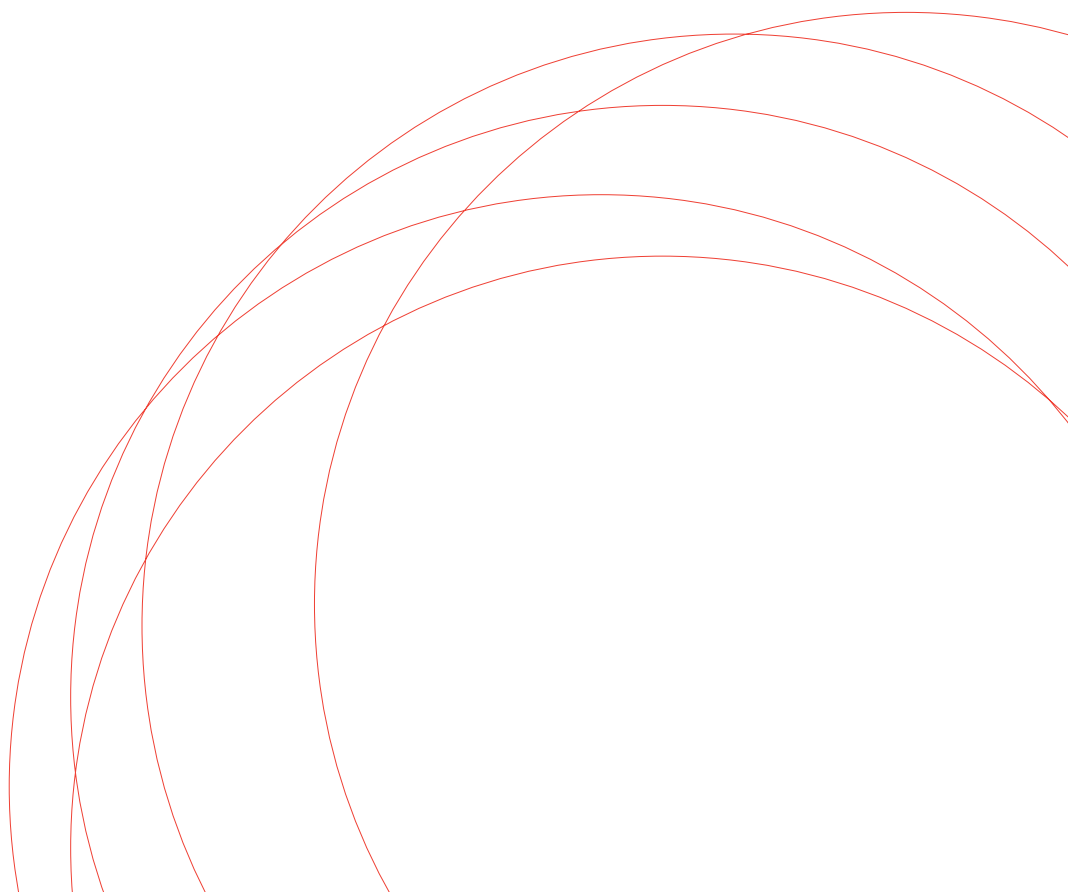
The amount of accumulated profit of Petrol d.d., Ljubljana for 2008, determined in accordance with IFRS, stood at EUR 14.6 million.

REGULAR PARTICIPATION AT INVESTORS' CONFERENCES AND ACCESS TO INFORMATION

Petrol d.d., Ljubljana has set up a programme of regular cooperation with domestic and foreign investors, enabling it to be well informed, share ideas and enter into new strategic partnerships. The programme consists of public announcements, individual meetings and presentations, and public presentations. The company also regularly attends investors' conferences organised each year by the Ljubljana Stock Exchange and various banks. In 2008 the company participated at five important international conferences: Slovene Capital Market Days in Ljubljana and Zagreb organised by the Ljubljana Stock Exchange and its partners, and investors' conferences in Zuers and Stegersbach, Austria, which were organised by Raiffeisen Centrobank and Erste Bank, respectively. We were one of the sponsors of investo.si, an event organised in June 2008 by the Pan-Slovene Association of Small Shareholder as part of the meeting of European and world organisations of shareholders and investors. Petrol also successfully introduced itself at the investo.si Conference.

All information relevant to shareholders, including the financial calendar, is published on the company's website. The contact person responsible for investor relations is Ms Barbara Jama Živalič who can be reached at investitorji.informacije@petrol.si.

More information
at investitorji.informacije@petrol.si



02 Oil trading


„ You are an individual, there is only one of you, so don't paint like everyone else. ”

Ted Smuskiewicz







An abstract painting with thick, expressive brushstrokes. The color palette is dominated by various shades of blue, ranging from deep navy to light sky blue. Interspersed are strokes of white, cream, and pale yellow. There are also some warmer tones, including hints of red, orange, and green, particularly in the middle and lower sections. The overall texture is very tactile, with visible ridges and valleys from the paint application.

The power of creativity and the reliability of growth

Reliability is a reflection of action. It can develop from a simple gesture, word or look of encouragement. Because we are all customers ourselves, we can understand and expect professional approach, good assortment, kindness, attentiveness. In the previous year, we once again achieved or even exceeded our sales plans. This represents a good starting point, brings responsibility, and gives us space and time to further improve as people and energy experts.

**SALE OF PETROLEUM
PRODUCTS,
SUPPLEMENTARY
MERCHANDISE AND
SERVICES**

Good results, implemented plans, exceeded goals

The successful implementation of the strategy was reflected in outstanding sales as the majority of sales targets were achieved or exceeded in 2008. Attesting to that is the fact that petroleum product sales rose 19 percent and their sales plan was exceeded by 18 percent. A strong, 15% growth in sales was also recorded in the markets of SE Europe. The sales of supplementary and other merchandise increased by as much as 42 percent. In SE Europe they rose more than 79 percent. Each part of the Group, each of us, contributed their share. This is a good starting point for implementing plans and addressing difficult challenges in the future.



The Group's past financial year was again marked by rapidly changing market characteristics, legitimate customer demands, global energy and economic developments, and increasing competition in the area of energy solutions. On the other hand, strategic partnerships, openness to innovation and the expanding network of service stations bring substantial efficiency and improved long-term stability of business operations. Behind successful sales, there are hundreds of carefully considered moves, a desire to improve, tactical intelligence, but most of all the ability to listen and understand the actual needs of our customers.

**SUCCESSFUL SALES
OF PETROLEUM
PRODUCTS**

The sales of petroleum products rose 19% relative to 2007

In 2008 we sold 2.5 million tons of petroleum products, up 19 percent from 2007 and 18 percent more than planned. 79 percent of the sales were generated in Slovenia, the remaining 21 percent in the foreign markets.

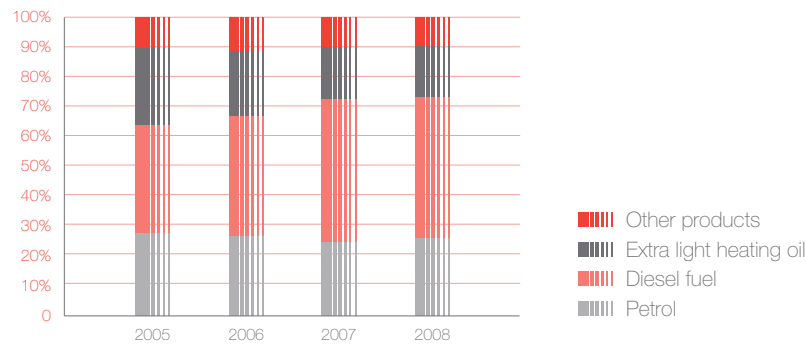
49 percent of the sales were generated in the retail market and 51 percent in the wholesale market. Sales in the Slovene market up 18 percent on 2007. In the markets of SE Europe, the sales of petroleum products increased by 15 percent relative to 2007. The Petrol Group's sales of motor fuels rose 20 percent, with the sales of extra light heating oil increasing by 19 percent.

The structure of fuel sales has significant influence on business. In 2008 the share of diesel in the fuel structure continued to increase, a trend typical of the past six years. This was primarily the result of changes in the composition of customers' vehicle fleet and increasing lorry transit through Slovenia.

The Group's motor fuel sales increased by 20% in comparison with 2007

Diesel fuel sales continue to increase

Sale of petroleum oil



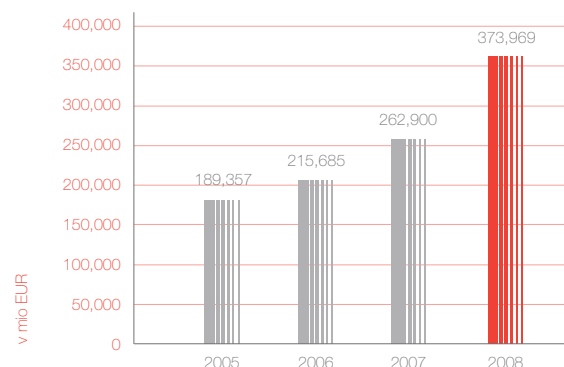
HIGH INCREASE IN THE SALE OF SUPPLEMENTARY AND OTHER MERCHANDISE

The sale of supplementary merchandise again recorded strong growth. In 2008 the sales of supplementary and other merchandise amounted to EUR 374 million, which is 42 percent more than in 2007 and 32 percent more than planned. Compared to 2007, the sales results improved in all categories of sales. The Petrol Group still generates the greater share of revenue from the sale of supplementary and other merchandise in the Slovene market, although the sales in the markets of SE Europe are quickly increasing, which is evident from the 79-percent growth relative to 2007.

Results improved
in all categories of
sales compared
to 2007

We achieved 42% growth and exceeded the 2008 plan by 32%

Increased sales of SM and OM¹⁰ in 2005-2008



¹⁰ SM = supplementary merchandise, OM = other merchandise

In SE Europe, the sales of supplementary and other merchandise rose 79%

In the Slovene market, the growth stood at 41 percent. This is the rate at which revenue from the sale of supplementary and other merchandise increased compared to 2007. A breakdown by product group shows that sales revenue increased in all groups of supplementary merchandise, with lottery, coupon and card sales, which also include motorway vignettes and tobacco products, recording the highest increase.

SALE OF SERVICES

The sale of services was also higher than expected in 2008. The greater part of the Group's revenue from services is generated by the parent company. In 2008 the company generated EUR 33.4 million in services revenue, which is 21 percent more than planned and 21 percent more than in 2007. Petrol's most important services include transport services, carwashes, waste treatment plants, leasing of restaurant facilities and Magna card. The "coffee to go" service, which was introduced at Petrol's service stations at the end of 2007, proved to be a real sales hit in 2008.

All of the above reinforces our belief that we are on the right track. The ability to quickly adjust the range to the customers' actual needs is one of the strategic components of good sales. In addition to carefully selecting the services and products, real information, transparent selling environment and a surrounding area that is always tidy are no less important. The Petrol Group's service stations are successfully developing into friendly stops offering everything that we, not just our cars, need for a smooth journey.



Coffee to go was one of selling novelties of the previous year. This convenient and customer-friendly solution, which was developed in cooperation with the Barcafe brand, turned out to be a real sales hit with our customers. In addition to the strategic energy solutions, we will therefore continue to introduce in 2009 such practical and delicious "energisers" needed by drivers on the road.

"Coffee to go"
one of the
sales hits
of 2008



Customer satisfaction surveys and sales results confirm the high level of trust

Sales figures and the results of customer satisfaction surveys speak of a high degree of trust enjoyed by the Petrol Group's products and services among customers. Their buying experience and decisions, but first of all their demands, feedback and critical attitude serve as an important reference points for an even better, competitive and environment-friendly range.



In June 2008, a new service station was opened in Koper that has a solar power plant built on top to produce electricity powering the entire service station. This represents an important environment-friendly novelty. By using photovoltaic electricity at the service station, we have concretely contributed to the lowering of greenhouse gases in the atmosphere and, consequently, to a healthier living environment. In addition, we also pursue the vision of the energy self-sufficient service station with a zero environmental footprint. The year 2009 brings new environmental challenges and pilot energy projects. Ensuring energy efficiency and introducing environmentally friendlier solutions represents one of strategic long-term goals of the Group's sustainable development.

The first solar power plant at service station in Koper

WHAT CONTRIBUTED TO THE GOOD SALES FIGURES?

Expansion of operations and modernisation of service stations

The Group expands its operations through the construction of new service stations and modernisation of service stations that have higher sales potential.

Meaningful improvements and improved range

In addition to boosting the sales of the more efficient diesel fuel, we also increased sales by setting up new points of sale for AdBlue additive, which contributes to cleaner exhausts of goods vehicles, and introducing high-volume diesel dispensers for transport vehicles.

Adjusting to traffic trends

Petrol benefited from the increase in transit traffic. Opening hours have been adjusted to reflect seasonal traffic flows and actual customers' needs.

Completeness and flexibility of the range

Successful sales of supplementary merchandise are the result of a broad range of product groups, continuous expansion of the range with new products, sales campaigns, planograms, and other sales promotion campaigns. By offering a complete range of industrial lubricants, Petrol reinforced its position of being a competent supplier in the Slovene market. What is more, Petrol successfully expands its knowledge and partnerships to the markets of SE Europe.

Acting preventively

At the beginning of the winter season, we organised, together with the Slovene Road Safety Council, free preventive checks for our customers' vehicles at more than 150 service stations.

A network of 425 service stations offering supplementary range, 100 carwashes, 98 bars, 31 TIP STOP quick service facilities

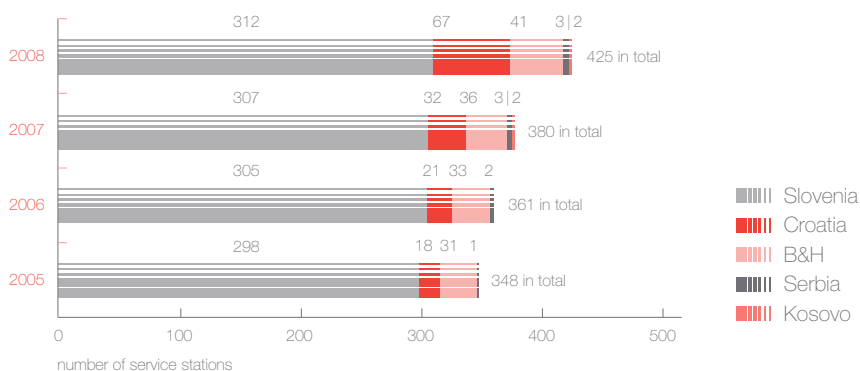
Strategic importance of wholesale trade

Wholesale trade accounts for approximately half on the Group's total sales. Good wholesale results were also the result of sales to major owners of service stations, although the strategic positioning of regional wholesale units in the territory of Slovenia is also an important factor of success.

Reliable growth of retail trade

By the end of 2008, the Petrol Group's retail network grew to 425 service stations, of which 312 in Slovenia, 67 in Croatia, 41 in Bosnia and Herzegovina, 3 in Serbia, and 2 in Kosovo. The services provided at service stations are complemented by 100 car washes, 98 bars and 31 TIP STOP quick service facilities. The latter are designed for maintaining goods and passenger vehicles, and operate as franchises.

Expansion of Petrol's service station network in 2005-2008



PETROL AND THE COMPETITION

In Slovenia, there are 22 traders engaged in the retail trade in motor fuels. With its 312 service stations, Petrol d.d., Ljubljana has a 63-percent market share in terms of the number of service stations. Its competitive advantage consists of having a leading position as regards transit routes, with particular emphasis on motorway locations and key urban and border locations. Thanks to the continuous strategic expansion of its retail network, the Petrol Group is also becoming an increasingly important energy supplier in the markets of SE Europe.

Petrol's has a 63-percent market share in terms of the number of service stations in Slovenia

MAGNA CARD – BENEFITS FOR CUSTOMERS AND THE GROUP'S STRATEGIC MARKETING TOOL

Magna already
has nearly
200,000 users

In 2008 wholesale trade was marked by intense competition by smaller traders and oil companies. The attractiveness of offers and sales campaigns is a market fact, which promotes knowledge and encourages the adjustment of the Petrol Group's range to novelties. In the previous year, we again succeeded in justifying trust and increasing the scope of cooperation with major customers and partners through responsibility, flexibility, reliability, attentiveness and favourable purchasing conditions.

The Petrol Group has been using the Magna card for years to develop an efficient own direct marketing network and establish a comprehensive customer relationship management (CRM) system. The usability and positioning of the card, which can be used "along and on the road", provides users with numerous advantages, including discounts and instalment payment. The introduction of Petrol's prepayment cards enabling safe, reliable and convenient transfer of electronic money proved to be a success as well.

By the end of 2008, more than 84,000 payment cards were issued to natural persons. The number of cards issued to legal entities exceeded 110,000, of which more than 12,000 were issued in the markets of SE Europe. Petrol also issued more than thousand Uta-Petrol cards that are used in international transport. These cards are accepted at all service stations of the Petrol Group and at numerous service stations in more than 30 other countries.



In Slovenia, we will

- ▶ consolidate our position as a market leader in terms of competence, quality and completeness of our range
- ▶ increase the sales of fuel and other petroleum products by 4 percent relative to 2006
 - ▶ increase the sales of supplementary and other merchandise by approximately 40 percent relative to 2006
- ▶ expand the range of complementary services at service stations and in their proximity
- ▶ increase the number of users of Petrol's payment cards and the frequency of their use
 - ▶ introduce new and fast-growing groups of supplementary and other merchandise at our points of sale

In the markets of SE Europe, we will

- ▶ expand our retail network
- ▶ increase the volume of wholesale operations
- ▶ establish ourselves as a reliable and quality partner
 - ▶ promote card operations
- ▶ increase the volume of sales of supplementary and other merchandise

Strategic tasks until 2010

**PROCUREMENT
AND LOGISTICS OF
PETROLEUM PRODUCTS
AND SUPPLEMENTARY
MERCHANDISE**

Reliable supply begins with reliable procurement

In carrying out procurement, the Petrol Group enters into strategic cooperation with the largest multinational oil and energy companies. The mutual observance of rules and conditions builds trust, presents new opportunities for cooperation and for finding alternatives aimed at ensuring reliable supply, provides the stability of the system, and enables the realisation of opportunities for shareholders. All of the Group's suppliers have to ensure that their goods fully comply with European environmental and energy standards. And so cooperation eventually turns into partnership.



**PROCUREMENT
AND LOGISTICS
OF PETROLEUM
PRODUCTS**

In 2008 Petrol continued to look for alternatives enabling it to adjust to market developments and customer demands. In addition to the channels of strategic importance, it thus also paid attention to new potential procurement sources that are subject to global changes and new capital ties in its environment, in particular in SE and Eastern Europe. In the procurement of goods, we always pursue the goal of ensuring optimal procurement conditions, considering the requirements in the markets (customs, quality) where the Petrol Group operates. The procurement of motor fuels and extra light heating oil mostly involves carriage by sea, with the procurement of other petroleum products taking place by land.

Selection and cooperation

Procurement activities conform to long-term financial objectives, strategic goals and the company's orientation towards sustainability. In the selection of suppliers, two factors are the most important:

- ▶ strict compliance with standards: all purchased products need to comply with applicable European standards and regulations,
- ▶ purchase price and conditions: the lowest purchasing costs have to be ensured.

Excellent sales figures are the result coordinated activities

In 2008 the petroleum product logistics was in line with our strategic goals. The fuel supply chain was monitored all the way from the warehouse to tanks at service stations and to end customers, and the project of fitting road tankers with new technology was launched. At the end of the year, the entire supply chain made a transition to petrol and diesel fuel conforming to new the standard of quality for 2009. Throughout the year, intensive activities were underway to provide storage capacity in the markets of SE Europe.

**THE INTEGRATION
OF PROCUREMENT,
LOGISTICS AND SALES
IS REFLECTED IN THE
SUPPLEMENTARY
MERCHANDISE SALES
FIGURES**

Optimisation is the goal, with reliability and flexibility serving as our guiding principles

The sale of supplementary merchandise, which has recorded high growth levels, requires the coordination of procurement and sales channels to optimise the entire process. A lot of attention and knowledge is directed towards ensuring that new products are included in the product range and towards special sales arrangements with suppliers. Supplementary merchandise is purchased from producers and authorised distributors. In the procurement process, the principles of business partnership are always observed.

In supplementary merchandise logistics, reliability and flexibility serve as our guiding principles. The supplementary merchandise logistics is conducted via storage and distributions centres, while fresh merchandise is daily delivered directly to retail points of sale.



In the procurement of petroleum products, we will

- ▶ look for alternative procurement sources and channels
- ▶ improve procurement conditions in all markets where the Petrol Group operates

In the procurement of supplementary merchandise, we will

- ▶ continuously improve procurement conditions in terms of financial conditions and innovations in our product range

In the area of logistics, we will

- ▶ ensure technically flawless functioning of the storage and logistics process
 - ▶ continue to optimise storage capacity, thus improving the efficiency of the logistics chain, and
 - ▶ ensure stock optimisation

**Strategic
tasks until
2010**



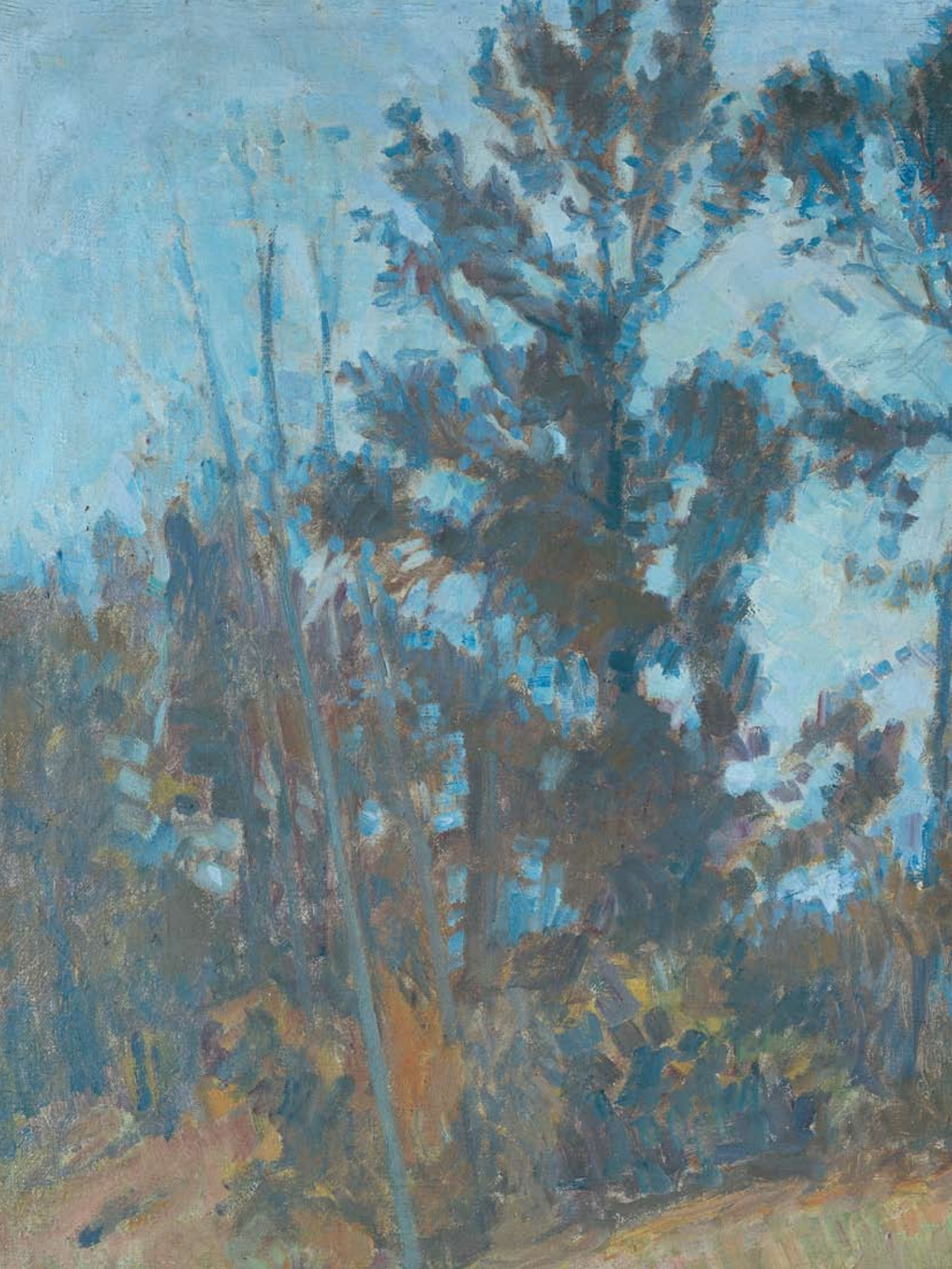
- 03** Sale and distribution of gas
- 04** Production, sale and distribution of electricity and heat
- 05** Environment activities
- 06** Efficient energy consumption projects

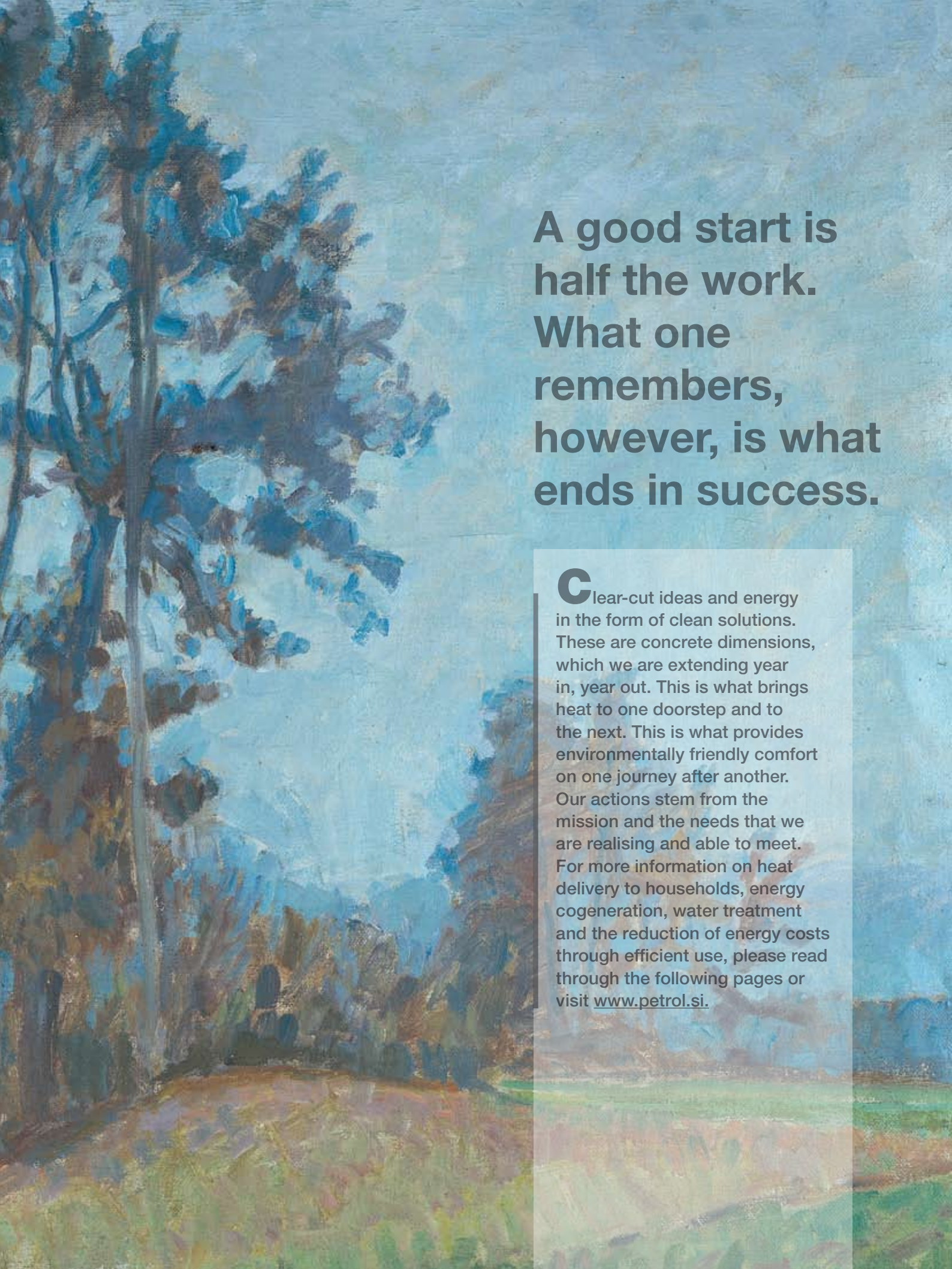
„*For an impressionist to paint from nature is not to paint the subject, but to realize sensations.*”

Paul Cezanne









**A good start is
half the work.
What one
remembers,
however, is what
ends in success.**

Clear-cut ideas and energy in the form of clean solutions. These are concrete dimensions, which we are extending year in, year out. This is what brings heat to one doorstep and to the next. This is what provides environmentally friendly comfort on one journey after another. Our actions stem from the mission and the needs that we are realising and able to meet. For more information on heat delivery to households, energy cogeneration, water treatment and the reduction of energy costs through efficient use, please read through the following pages or visit www.petrol.si.

**SALE AND
DISTRIBUTION OF GAS**

Expanded supply of clean heat

Energy advantages, economic use and the lowering of environmental impacts constitute, in addition to the necessary completeness of supply, three main reasons underlying the successful expansion of the supply and sale of natural and liquefied petroleum gas in the segments of heating, household supply, industrial supply and cleaner vehicle propulsion. Two additional concessions were also obtained.



The Petrol Group strategically expands its gas supply. At the end of 2008, it thus operated 27 gas concessions, of which 22 were related to the natural gas supply and 5 to the liquefied petroleum gas supply. The management of concessions is split between the parent company and the Group's subsidiaries. Twenty-one concessions are operated by Petrol Plin, d.o.o. (three of which are owned by the parent company Petrol d.d., Ljubljana), four by Petrol Energetika d.o.o. and one by Rodgas AD Bačka Topola and Petrol Gas Group, d.o.o. from Serbia.

In 2008, in line with our goals, two additional natural gas supply concessions were obtained – in Gornja Radgona and Cerklje na Gorenjskem – and the construction of a natural gas distribution network was launched in Pečinci.

**NEW OPPORTUNITIES
AND SUCCESSFUL
SALES**

The progressive liberalisation of the market in natural gas provides new business challenges and opportunities that have been carefully analysed at the Petrol Group. To this end, we developed our own model for trading and forecasting natural gas needs.

Natural gas sales totalled 102,2 million Sm³, an increase of 136 percent from 2007. The reason for the high growth lies in the acquisition of new large clients and increased sales from the newly constructed gas supply network. The distribution of natural gas amounted to 81.6 million Sm³, an increase of 16 percent from 2007.

At the end of 2008, customers were supplied with gas also via 2,000 gas depots, which is 241 more than in 2007. The Petrol Group sold 46 thousand tons of liquefied petroleum gas, up 18 percent from 2007. The sale of liquefied petroleum gas used in motor vehicles, which was sold at 61 service stations at the end of 2008, exceeded the 2007 sales by 111 percent.

The Petrol Group sold 3.5 thousand tons of industrial gases, up 7 percent compared to 2007.

27 concessions
and 2,000 gas
depots at the end
of 2008

Sales of LPG
for use in motor
vehicles: up 111%
in 2008 relative to
2007

Continued expansion to the Serbian market

In 2007 Petrol d.d., Ljubljana entered the Serbian energy market by purchasing a stake in the company Rodgas AD Bačka Topola, establishing the company Petrol Gas Group, d.o.o. and obtaining two gas supply concessions. The strategic expansion of gas activities in the market of the Republic of Serbia, both in terms of supplying Serbian market with natural gas and liquefied petroleum gas and providing services of designing, advising and preparing technical solutions for improving energy efficiency, remains the company's main goal. In the Municipality of Pećinci, where Petrol Gas Group, d.o.o. had been awarded the right to set up a distribution network and distribute natural gas, the building permit required to set up the distribution network was obtained in 2008 and the construction began.

In addition to developing the existing gas supply network, activities to establish the second pillar of gas activities in Serbia, i.e. liquefied petroleum gas supply, were also underway in 2008.



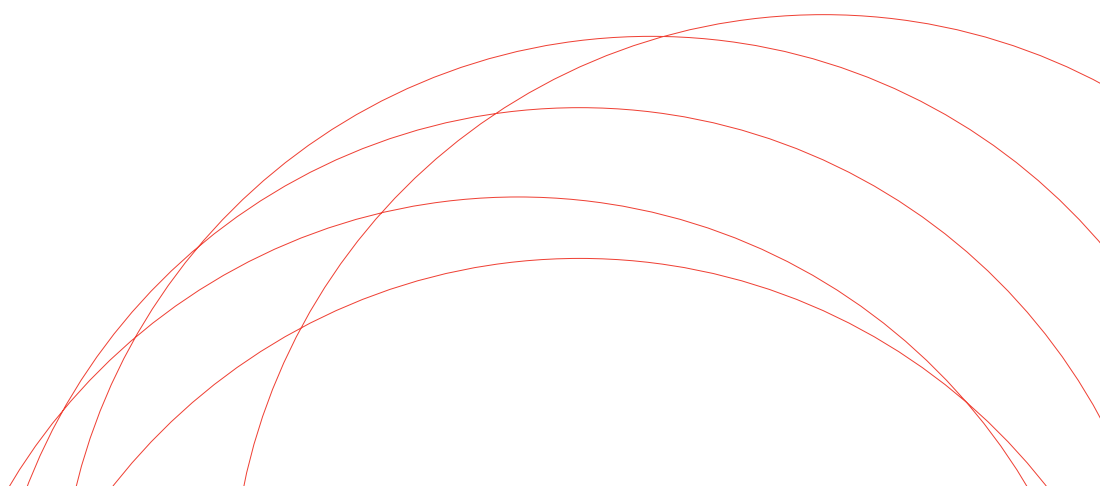
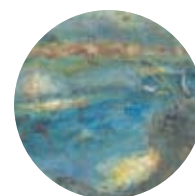
Natural gas

- ▶ to increase market share in the area of natural gas supply and distribution by 10 percent

Liquefied petroleum gas

- ▶ to maintain market share in the area of bottled gas sales
 - ▶ to set up 300 gas storage tanks a year
- ▶ to achieve 70 percent market share in the area of selling liquefied petroleum gas for vehicle propulsion in Slovenia

**Strategic
tasks until
2010**



**PRODUCTION, SALE
AND DISTRIBUTION OF
ELECTRICITY AND HEAT**

A full circle of growth

Developing cleaner and more efficient forms of cogeneration represents one of Petrol's strategic challenges, goals and commitments. It constitutes an important part of the Group's balanced energy range and serves as an example of a reliable supply of economic zones. In 2008 the sales of electricity and heat increased by 3 and 17 percent, respectively.



The marketing of electricity was included in the Petrol Group's portfolio in 2001, when the parent company obtained an electricity trading licence. The production, sale and distribution of electricity and heat were transferred to the company Petrol Energetika d.o.o., when the parent company purchased from the company Slovenske železarne d.d. 80 percent interests in Energetika Ravne and Energetika Štore. Through a capital increase, the company Petrol d.d., Ljubljana increased its ownership interest in Petrol Energetika d.o.o. to 99.33 percent in 2008.

Petrol Energetika, d.o.o.'s market role is that of a producer, trader, dealer and broker engaged in the marketing of energy products. Moreover, it has also been assuming the role of distribution system operator. Its most important customers include energy-intensive steel and manufacturing industry as well as users in geographically integrated local communities.

In 2008 the parent company purchased a 100-percent interest in Toplarna Hrastnik d.o.o., a company engaged in the production, distribution and sale of heat, from the company Rudnik Trbovlje-Hrastnik, d.o.o. and the Municipality of Hrastnik. It thus began to expand the multi-utility model, which brings together the provision of comprehensive energy services to industrial and retail clients in technological, economic and environmental sense, from the regions of Carinthia and Savinja to Zasavje Region.

Petrol Toplarna Hrastnik d.o.o. performs the following activities:

- ▶ production, sale and distribution of heat,
- ▶ production and sale of electricity,
- ▶ construction services, and
- ▶ chimney sweeping services.

Steel and manufacturing industry are the most important customers

HIGHER VOLUME OF SALES AND DISTRIBUTION IN 2008

3% growth in
electricity, 17%
growth in heat
sales

In 2008 the Petrol Group sold 346 million kWh of electricity, exceeding the 2007 sales by 3 percent.

Out of the total quantity sold, the company distributed 300.8 million kWh of electricity, exceeding the quantity distributed in 2007 by 2 percent.

Moreover, the Petrol Group sold 53,1 million kWh of heat in 2008, up 17 percent from 2007, and distributed 48.2 million kWh of heat, an increase of 2 percent compared to 2007.

ENVIRONMENT ACTIVITY

Small-scale, yet important

Environment activities range from wastewater cleaning to comprehensive water cycle services, from water treatment to traceable and environment-friendly waste management. The relatively small scale of the Group's environment activities is the very thing that presents opportunities for achieving a truly comprehensive energy range, which can be tapped into through the right ideas, partnerships and well considered investments. This strategy was gradually implemented also in the previous year.



In the Group's energy services as a whole, environment activities currently account for a relatively small share, but they are vitally important for development of the Petrol Group. In addition to protecting the environment, they represent a dynamic economic activity of public importance, through which knowledge and capital are combined into various forms of cooperation, including private-public partnerships.

Opportunities and readiness for environmental public-private partnerships

THE YEAR 2008 – AGAIN FULL OF ACTIVITY

Murska Sobota,
Mežica: treating
wastewater for
46,000 population
equivalents

In the previous year, the Petrol Group carried out environment activities under two concessions for the operation of municipal wastewater treatment plants and the performance of public economic service of municipal wastewater treatment in the Municipality of Murska Sobota (capacity of 42,000 population equivalents) and in the Municipality of Mežica (capacity of 4,000 population equivalents). Both wastewater treatment plants operated successfully in 2008.

As an important company member of Aquasystems d.o.o., Petrol d.d., Ljubljana is also involved in the treatment of municipal wastewaters in the Municipality of Maribor, the capacity of which is 190,000 population equivalents.

In addition to providing comprehensive water cycle services, the Petrol Group monitors and plans the expansion of environment activities also to other areas. Particular attention is devoted to waste management, which comprises waste processing, using waste to produce solid fuel, using waste to produce electricity and heat, incineration plants, composting plants.

The tracking system for collecting and processing all types of waste has been a part of daily activities at all service stations since the end of the 1990s. The ultimate strategic environmental goal of the Group's activity is clear: to operate without adverse effects on the environment and the biosphere.



- ▶ each year we will try to obtain concessions for constructing new or upgrading the existing waste treatment plants
- ▶ the activity of constructing and operating waste treatment plants will be expanded to the management of the entire water cycle
- ▶ as partners we will take part in the provision of alternative solutions in the field of municipal waste treatment

**Strategic
tasks until
2010**



**EFFICIENT ENERGY
CONSUMPTION
PROJECTS AND OTHER
ENERGY PROJECTS**

Own knowledge and partnership-based cooperation

In the time of energy insecurity, efficient energy consumption represents the most efficient solution. In 2008 the Petrol Group's experts continued to design, implement and manage projects resulting in financial savings and lower emissions.



The Petrol Group uses the third party financing (TPF) concept to help its customers achieve more efficient energy consumption (EEC). The main advantage of implementing EEC and renewable energy projects using the above approach is that customers receive a professional energy solution which requires no capital investment funding on their part, while the results are contractually guaranteed.

Petrol carries out the following contract-based activities:

- ▶ identification of saving opportunities,
- ▶ energy consulting,
- ▶ planning, implementing and financing of necessary investments,
- ▶ selection and supply of optimum energy products,
- ▶ management and maintenance of energy plants,
- ▶ energy supply of sufficient quantity and quality based on a predetermined pricing formula,
- ▶ guaranteed achievement of the goals set.

Relying on own experience and knowledge and using appropriate state-of-the-art energy plants, we provide our customers with optimum energy supply, more efficient use of primary energy products and lower greenhouse gas emissions, thus making an important contribution to a cleaner environment.

The above energy services complement the standard business lines of the Group and create added value for our customers, while providing a substantial competitive edge for the Petrol Group.

WHAT WAS ACHIEVED IN 2008

Managing nine
EEC projects

At the end of the past year, the Petrol Group already managed nine such projects in the manufacturing, housing and public sector.

EEC and renewable energy projects managed by Petrol:

- ▶ electricity and heat cogeneration units: Martex, Unior and Tehnološki park Ljubljana (a trigeneration energy plant)
- ▶ EEC projects in hospitals: Brežice Hospital and Begunje Psychiatric Hospital
- ▶ central boiler rooms in apartment blocks: Hutter Building in Maribor and Stane Rozman boiler room in Murska Sobota
- ▶ photovoltaic power plant at the Šmarska service station in Koper
- ▶ enabling energy savings at the company Ogrevanje Piran d.o.o.

In 2008 we successfully optimised the functioning of the existing projects and began the process of transferring these operations from the parent company to the subsidiary Petrol Energetika d.o.o. (to consolidate activities within the specialised subsidiary). The areas of project development and marketing were strengthened within the parent company. At the same time, we made additional efforts to develop the concept and began to actively market EEC projects in the public sector. In accordance with a signed letter of intent to cooperate, we set up an electronic energy bookkeeping system for one of Slovenia's major industrial consumers of electricity and carried out preliminary feasibility studies of various future energy supply scenarios.

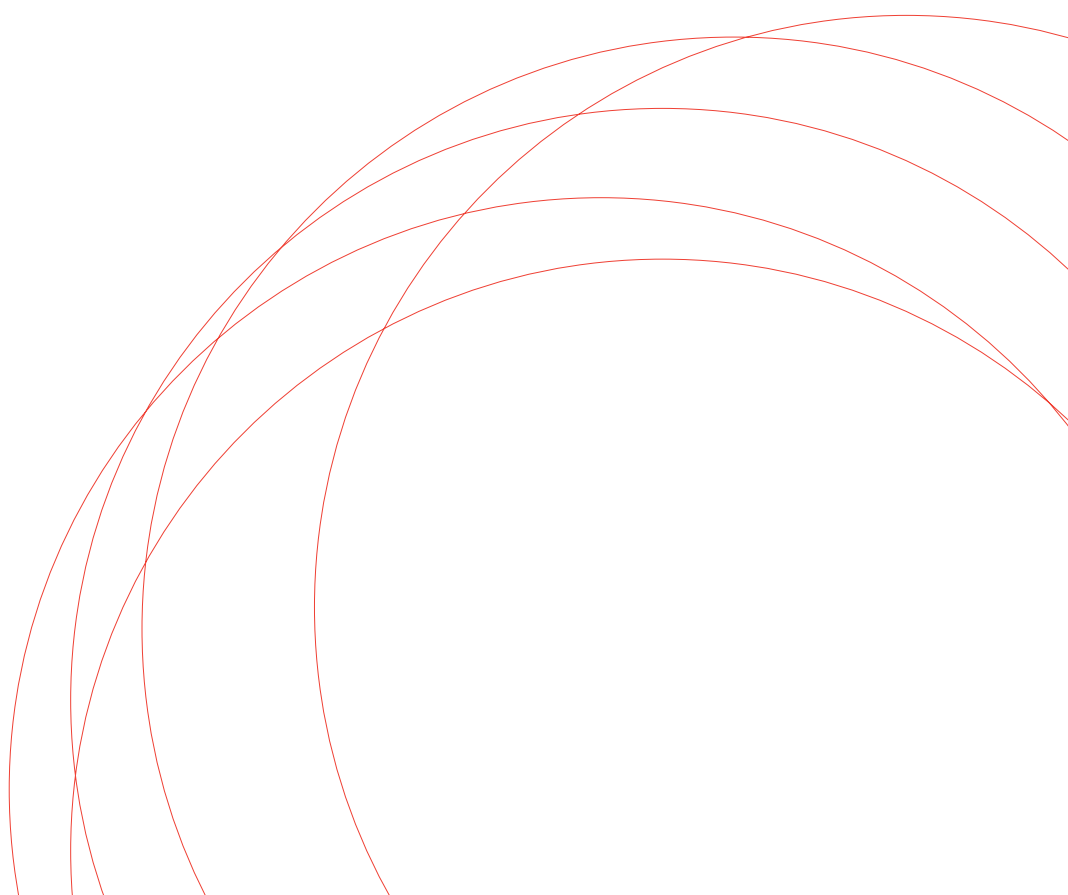
The Petrol
Group's first EEC
project for district
heating systems

In 2008 the Petrol Group also carried out a new EEC project – the project of reconstructing the entire district heating system in cooperation with Ogrevanje Piran.



- ▶ each year we will carry out up to two major projects in the industrial and public sector and two minor projects of boiler room renovation in accordance with the principles of efficient energy consumption
- ▶ we will implement pilot projects in the field of solar, wind and geothermal energy
 - ▶ we will ensure cost optimisation on all active projects

**Strategic
tasks until
2010**



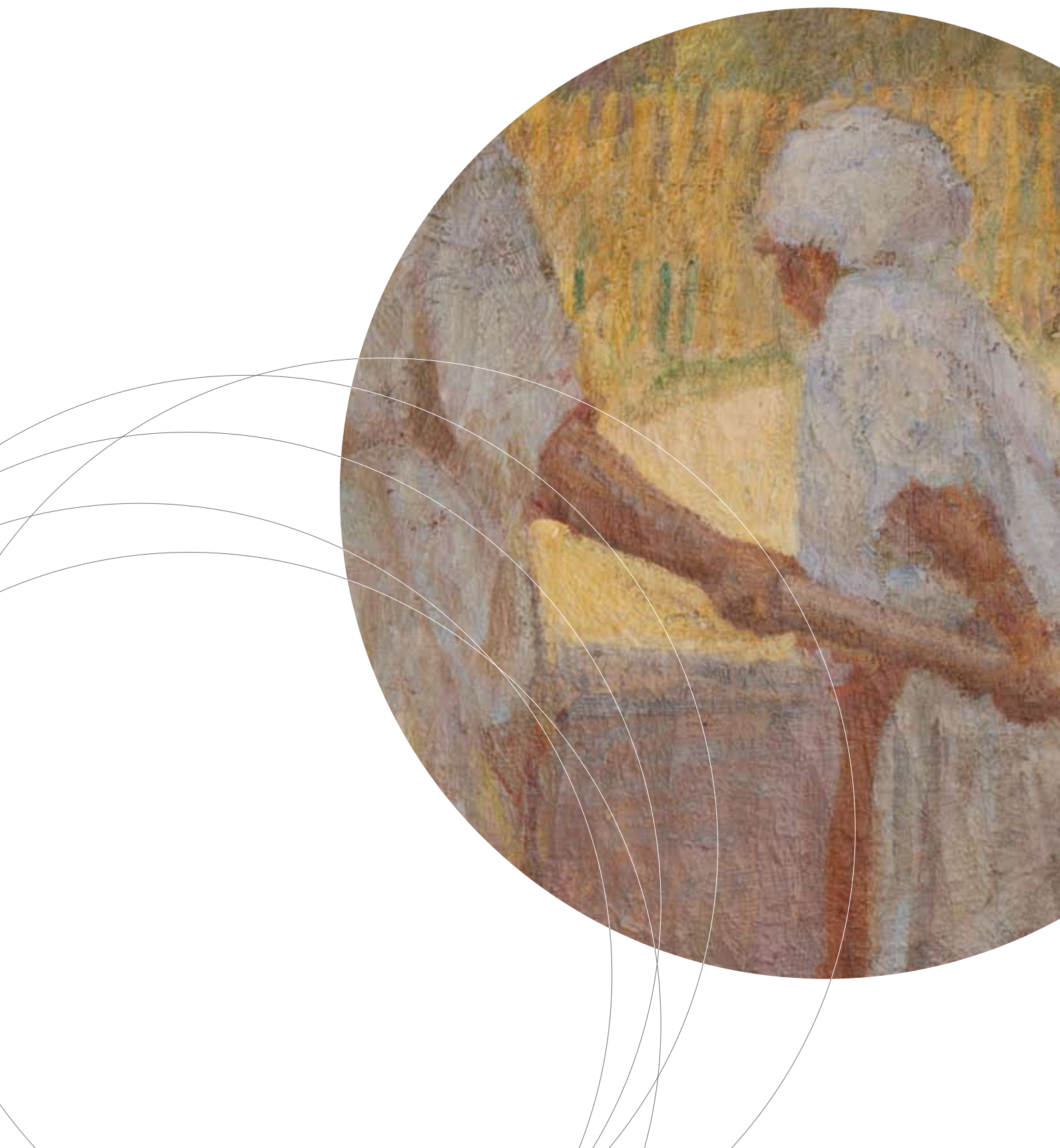
07 Business risks

„Go on,
don't hesitate!*" „

Anton Ažbe

* "Nur fest!" Professor Ažbe's famous words of encouragement to students at his school of painting in Munich.





An impressionistic painting of three figures in a field. The figures are rendered with visible brushstrokes and a warm, golden-yellow color palette. The background is a mix of green and blue, suggesting a natural setting. The overall style is soft and painterly.

**Sometimes one
needs to take
a step back
to see things
from a different
perspective.**

Detection and prediction. Openness and understanding. Attentiveness to detail and the sense of the whole. Seeing with our own eyes and using our own head. Using light and energy to create our own model for managing information received from the environment. This is how we understand moments in the spirit of time and avoid unnecessary risks.



**RISK
MANAGEMENT**

Integrated into all levels of operation

All companies are faced with operational uncertainty. But only some have prepared for it already in the planning phase. Business risk management represents a safety mechanism, important in strategic and tactical terms, in the process of planning, monitoring and controlling operations. Uncertainty gives rise to risks as well as opportunities, which is why the Petrol Group integrated its risk management policy into the process of strategic and business planning. The policy thus became an integral part of the Strategic Business Plan of the Petrol Group (2006–2010).



The Petrol Group has set up a comprehensive business risk management system, which is based on ongoing monitoring of risks in the business environment. It ensures that the key risks that the company is exposed to are identified, highlighted, assessed and controlled in due time.

**RISK MANAGEMENT
IS INTEGRATED
INTO THE OVERALL
ORGANISATIONAL
STRUCTURE AND
ALL LEVELS OF THE
BUSINESS PROCESS**

In 2008 the Petrol Group successfully carried out its third methodology-based risk management project. The purpose of this project was to examine the efficiency of the existing risk management system and to assess potential threats for operations in the future.

The Petrol Group conducted its first business risk assessment project in 2004. The assessment process included 67 business risks. A risk catalogue was produced, featuring a map of the most relevant and probable risks along with recommendations for improvement. Business risks were reassessed in 2006. We also analysed the existing insurance system in order to transfer certain business risks to an insurance company. At the same time, we determined key business risks and strategic activities through which risks are systematically managed and controlled.

In 2007 the Business Risk Committee had a key role in assessing the risk of the business environment. Within the Petrol Group, this Committee is tasked with regular monitoring of the business risk management system. In 2007 the Committee determined that the Petrol Group was not exposed to any new business risk that would need to be included in the business risk catalogue compiled in 2006.

The beginning
and functioning
of the model
2004–2008

Therefore, the 2006 risk management model was adopted as the framework model for 2007. This model highlighted the risks that were in 2007 either successfully managed or that we need to be on guard for in the future. In 2007 the Committee, in conjunction with the persons in charge of individual areas of business risk management, also prepared the “Report on Business Risk Management in the Petrol Group for the period January–September 2007 Period” and submitted it to the Management Board of the company. In January 2008, the Management Board approved the submitted report and the recommendations on business risk management for 2008 defined therein.

PETROL'S MODEL 67 REDESIGNED

Two major
changes in the
risk assessment
process

The proposals and recommendations given by the Committee in 2007 represented important criteria for formulating the business risk assessment model in 2008. Two major changes were introduced in the business risk assessment process in 2008. The first is the redesigned business risk framework with descriptions of business risks. Petrol's model 67 was redesigned for the purpose risk assessment. To allow for a more efficient evaluation, 67 individual risks were integrated according to their content into 20 risk categories that were subject to assessment in 2008. These risk categories were divided into two main groups: environment risks and performance risks. Carrying out such assessments is much simpler and, as it turned out, yields more reliable results because the risks are closely interrelated, as are the effects of hedging against them.

Scheme of business risks in the Petrol Group in 2008

I. ENVIRONMENT RISKS		
I.1. Political risks	I.3. Economic environment risks	I.5. Disasters
I.2. Financial environment risks	I.4. Legislative and regulative risks	
II. PERFORMANCE RISKS		
II.1. Operating risks	II.2. Management and decision-making risks	II.5. Financial risks
II.1.1. Human resources management risks	II.2.1. Management risks	II.5.1. Price risks
II.1.2. Commercial risks	II.2.2. Risks of business and financial decision-making	II.5.2. Credit risks (counterparty risks)
II.1.3. Safety and protection risks	II.2.3. Risks of strategic decision making	II.5.3. Liquidity risks
II.1.4. Risks of discontinued operations	II.3 Risks of information provision	II.5.4. Foreign exchange risks
	II.4. Risks of frauds and other illegal actions	II.5.5. Interest rate risks
		II.5.6. Financial instruments risks

The second major change is represented by the supplemented methodology for assessing business risks by value variables. In 2008, risks were assessed based on a 5-grade scale of relevance and probability (frequency). Each relevance level constitutes the estimate of a potential loss event influencing the operations of the company, whereas the probability (frequency) level refers to the number of events per unit of time. Individual risks were assessed under the assumption that none are secured against, namely as if risk hedging instruments did not exist. Participating in the business risk assessment process were the Management Board of Petrol d.d., Ljubljana, advisors to the Management Board, directors of departments of Petrol d.d., Ljubljana, and directors of subsidiaries from the Petrol Group.

We prepared a new catalogue of major risks with recommendations for improvements

The final result of the business risk assessment project in 2008 was a new inventory of risks in the form of a risk catalogue showing the most relevant and probable risks, and a report with improvement recommendations, which was drawn up at the end of the financial year. As part of the project we also analysed the existing insurance system in order to transfer certain business risks to the insurance company. At the same time, we determined key business risks and strategic activities through which risks are systematically managed and controlled.

Distribution of business risks in the Petrol Group in 2008

In 2008 the Petrol Group carried another business risks assessment in which 20 business risk categories were highlighted and separately evaluated.

The risks were assessed based on two criteria:

- ▶ relevance of the loss event occurrence; and
- ▶ probability (frequency).

The result of the risk assessment is graphically presented by dots denoting individual business risks on a grid defined by the values and levels of assessment criteria.

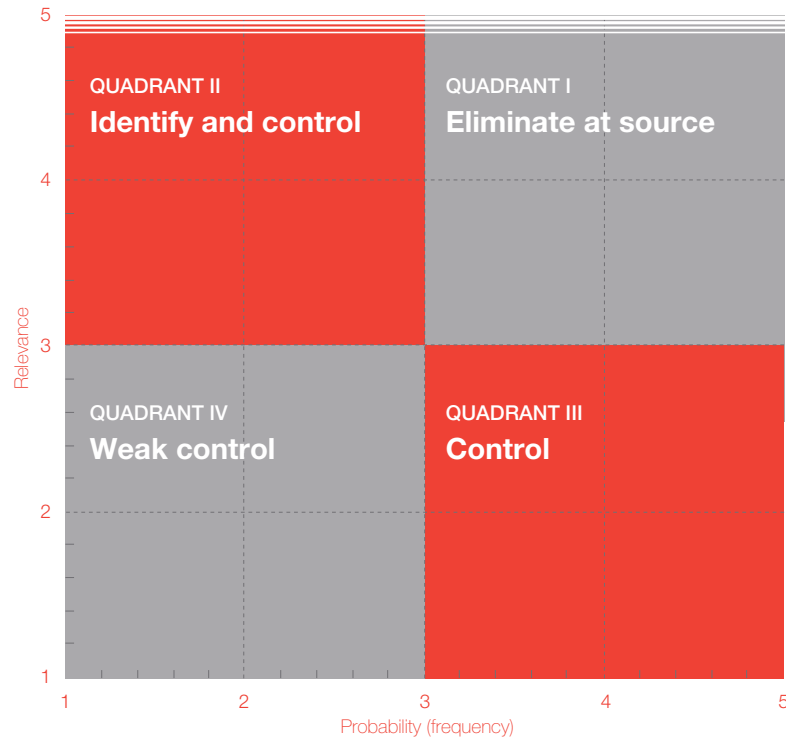


According to the results of the 2008 business environment risk assessment, the most relevant and probable business risks of the Petrol Group comprise financial risks (price risks, credit risks (counterparty risks), currency risks, interest rate risks, liquidity risks, and financial instrument risks); financial environment risks; commercial risks; risks of strategic decision-making; risks of business and financial decision-making and economic environment risks.

MANAGEMENT OF BUSINESS RISKS IN THE PETROL GROUP

Based on assessments obtained for individual risk categories in terms of relevance and probability, the Petrol Group classifies risks into four quadrants giving a broad indication of what kind of control system should be in place for the purpose of controlling or managing risks.

Schematic diagram of business risks management in the Petrol Group and control methods



In 2008 individual risk categories were managed as follows:

ENVIRONMENT RISKS

After examining the business environment risks of the Petrol Group, we assessed the major environment risks in 2008. Namely:

- ▶ political risks;
- ▶ financial environment risks;
- ▶ economic environment risks;
- ▶ legislative and regulative risks; and
- ▶ disaster risks.

The Petrol Group hedges against the risks arising from the external environment by systematically monitoring events in the business environment and responding to them in a timely manner.

In 2008, on the basis of the Management Board's recommendations, the risks related to legislative changes were treated separately and the flow of information on legislative novelties and amendments was improved within the Petrol Group.

Five environment risks in 2008

Environment risk management: systematic monitoring and timely response

PERFORMANCE RISKS

Performance risks were among the most likely and relevant business risks of the Petrol Group also in 2008. They comprise:

- ▶ operating risks;
- ▶ management and decision-making risks;
- ▶ risks of information provision;
- ▶ risks of frauds and other illegal actions; and
- ▶ financial risks.

Operating risks

Operating risks represent a group of risks including human resources management risks, commercial risks, safety and protection risks, and risks of discontinued operations.

Of the operating risks, in 2008 we especially underlined the importance of commercial risks. Classified in this group are the risks of customer dissatisfaction, limited supply sources of petroleum products and other goods, inefficient alliances, inefficient distribution channels, and low service quality or the sale of poor-quality products.

The Petrol Group hedges against these types of business risks by regularly assessing service stations and conducting comprehensive supervision of its suppliers. According to the recommendations made by the Management Board in 2007, we continued implementing the comprehensive supervision of suppliers in 2008 in terms of the management of risks related to source availability, especially in the procurement of oil products. As for managing the risks of customer dissatisfaction, we successfully audited and supplemented the procedures for managing non-conforming products.

Management and decision-making risks

Management and decision-making risks are closely connected with operating risks. They comprise management risks, business and financial decision-making risks, and strategic decision-making risks.

Management risks are controlled by regular measuring of the organisational climate in the entire Petrol Group and an annual interview system. The risks of strategic decision-making are reduced through a clear strategy, control over the implementation of the strategy, and annual strategic and development conferences.

Risks of information provision

This group covers information reliability and adequacy risks, information transfer risks, ICT reliability and adequacy risks, information access or information confidentiality risks, and information availability risks.

Hedging against operating risks: regular assessments of service stations and comprehensive supervision of suppliers

Management through regular measuring of the organisational climate and annual interviews

Information risks are managed using the disaster recovery system

In the Petrol Group, the management of risks related to ICT adequacy and security represents an imperative and constant activity. Systematic management is conducted due to the nature of the work, its rapid development, and the emergence of new risks in this area. IT risks are managed within the Group using the disaster recovery system.

In 2008, with regard to the management of ICT reliability and adequacy risks, the Petrol Group, acting on the Management Board's recommendations from 2007, upgraded the system for training users in information security policy and improved the arrangement of the management, normative and organisational aspects of IT security and the restoration of the business information system.

Risks of frauds and other illegal actions

In 2008 the risks of frauds and other illegal actions were managed in line with the proposals made by the Management Board in 2007. The concepts and methodology of protection against major employee and third-party frauds were redefined.

Financial risks

In 2008 the financial risks that were given particular attention included price risks, foreign exchange risks, credit risks, liquidity risks, interest rate risks and financial instruments risks.

Price and foreign exchange risks

Price risks are also hedged against by harmonising procurement and selling prices of petroleum products

In the Petrol Group, we purchase petroleum products under conditions on international markets, pay for them in US dollars and sell them in local currencies. Because the US dollar and the global oil market constitute two of the most volatile global markets, the Petrol Group is exposed to the foreign exchange risk (changes in EUR/USD exchange rate) and the price risk (changes in prices of petroleum products) when pursuing its core line of business.

The differences between prices in the world and domestic market are hedged against using appropriate financial instruments. Since April 2000, the pricing model for petroleum products has allowed changes in world prices to be passed through to domestic prices. This has significantly reduced the Petrol Group's exposure to price risks.

Use of appropriate financial instruments

The Petrol Group takes additional precautions against price risks by harmonising the procurement and sales price formulas of petroleum products. In certain cases, it hedges against changes in petroleum product prices at the OTC market (direct transactions between two parties outside the stock exchange) using price and commodity swaps. These precautions are mainly aimed at matching the prices recognised by the petroleum product-pricing model. Our business partners in this area are international financial organisations, banks and major oil corporations, which supply petroleum products to the Petrol Group.

The importance of entering into forward contracts on EUR/USD

In 2008 the Petrol Group paid for purchases of petroleum products within deadlines standard for the oil business, thus exposing its business to foreign exchange risks, i.e. to changes in the EUR/USD exchange rate occurring in the period between the transaction date and the payment date. The controlling company uses forward contracts on EUR/USD entered into with Slovene banks to hedge against foreign exchange risks. Moreover, the company supervises and offers advice on hedging against foreign exchange risks to its subsidiary companies.

The Group enters into transactions with derivatives only to hedge against price and exchange rate risks and not for reasons of speculative nature.

Credit risks

The controlling company actively monitors the balance of operating receivables using a decentralisation principle, while conducting a uniform policy on payment terms and potential exposure to individual customers or groups of customers. Receivables are systematically monitored by age, region and organisational unit as well as by quality and individual customer. To monitor receivables, we use a computer-based receivables management application, providing us with constant and automated control over exposure to individual customers and with the possibility to respond immediately. The process of managing counterparty risks includes active involvement of numerous functions, which regularly meet and adopt appropriate measures.

Systematic monitoring of receivables

Deferred payments are exposed to the counterparty risk, but they represent only a portion of the company's invoiced sales. The company offers deferred payments out of the need to provide its customers with at least some form of crediting and thereby increase its sales revenue.

Owing to the nature of its products, market share and a diversified customer base, the Petrol Group is not exposed to any individuals or groups of individuals that could pose a significant single risk.

Involvement in planning allows for strategic anticipation, and constant control for immediate response

Through a 24-hour information support and communication to employees, we actively monitor credit ratings of our customers and suppliers. A credit rating represents an assessment of all types of risks involved in dealing with these entities. Based on the risk assessment, the company's receivables are appropriately secured using a wide range of instruments.

In accordance with the plans and recommendations of the Management Board for 2008, the credit risk management policy was supplemented with an upgraded collection system enabling the electronic submission of enforcements.

Liquidity risks

In 2008 the company was faced with a financial crisis in the Slovene and global financial market. The liquidity of the banking sector was considerably lower, with interest rates (Euribor and interest margin) increasing dramatically.

The weakened liquidity of banks and unfavourable financing conditions can significantly affect the operations of companies and individuals. That is why the Petrol Group is exercising greater caution in maintaining its short-term solvency. In 2008 short-term solvency was achieved through a careful planning and coordinating of cash flows within the Group. We also paid additional attention to the solvency of customers and the balance of receivables. In so doing, we mainly took into account the risks related to payment indiscipline which hinder the planning of revenue inflows from deferred payments. The liquidity or short-term solvency of companies in the Petrol Group was ensured through the central management and reconciliation of current cash flows.

Greater caution was exercised in maintaining short-term solvency

The controlling company performs centralised liquidity management for the entire Group. To this end, it introduced in 2006 a cash pooling system for all Slovene subsidiaries. The controlling company and its subsidiaries use dedicated software to plan and monitor daily liquidity, giving them detailed insight into and control over cash flows.

The Petrol Group is capable of meeting all of its outstanding liabilities at any given moment as it has, in addition to its own funds, access to liquidity reserves through approved credit lines with domestic and foreign banks. It thus maintains the highest credit rating with its business partners and financial organisations at home and abroad.

Our ability to meet all our outstanding liabilities at any given moment is the main element of trust

The Petrol Group ensures its long-term solvency by maintaining and increasing the amount of its equity as well as by establishing a proper financial balance. This is achieved through the creation and continuous implementation of appropriate financing structure and maturity, which proved especially difficult in 2008.

In accordance with the Management Board's recommendations for 2008, we achieved our liquidity risk management goal, i.e. to ensure optimal long-term and short-term solvency of the Group and include new subsidiaries in the liquidity monitoring system as soon as possible.

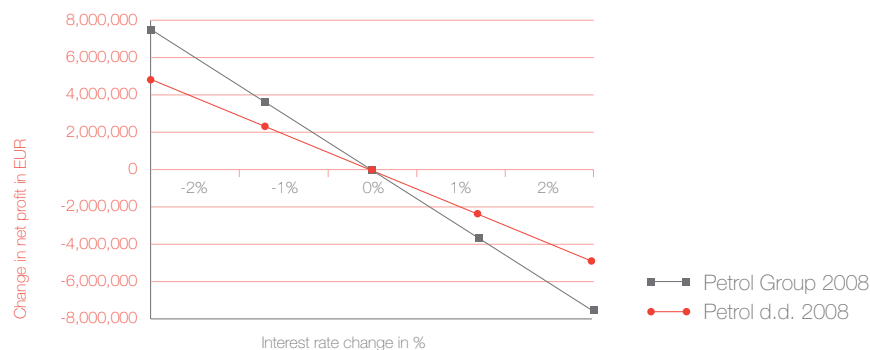
Interest rate risk

The Petrol Group regularly monitors its exposure to the interest rate risk. The financing of its capital investment activities and current operations is associated with the interest rate risk because it enters into long-term and short-term loan agreements that are based on the Euribor base rate, which changes daily. Using derivative financial instruments (interest rate swaps), we replace the variable portion of the interest rate with a fixed portion, thus securing and ensuring constant cash flow.

In accordance with the Management Board's recommendations, additional normative and organisational protective measures were adopted in 2008 in the area of hedging activities.

How interest rate risk works

The effect of changing interest rates on net profit or loss.



INTERNAL AUDIT

In terms of organisation, Internal Audit has operated within the controlling company as an independent and autonomous support function since 2002. It is responsible directly to the president of the Management Board and functions at the level of the entire Petrol Group.

The purpose of Internal Audit is to give objective assurance and advice to the Management Board and all management levels as regards property protection and improvement of quality and efficiency of the Petrol Group's operations, thus helping the company achieve its strategic and business goals based on best practices. Internal Audit conducts its work in accordance with the Rules Governing the Work of Internal Audit and the principles of independence, professional competence, objectivity and ethical principles as the fundamental principles of the auditing profession. It reports on its work to the Management Board and, if necessary, to the Supervisory Board.

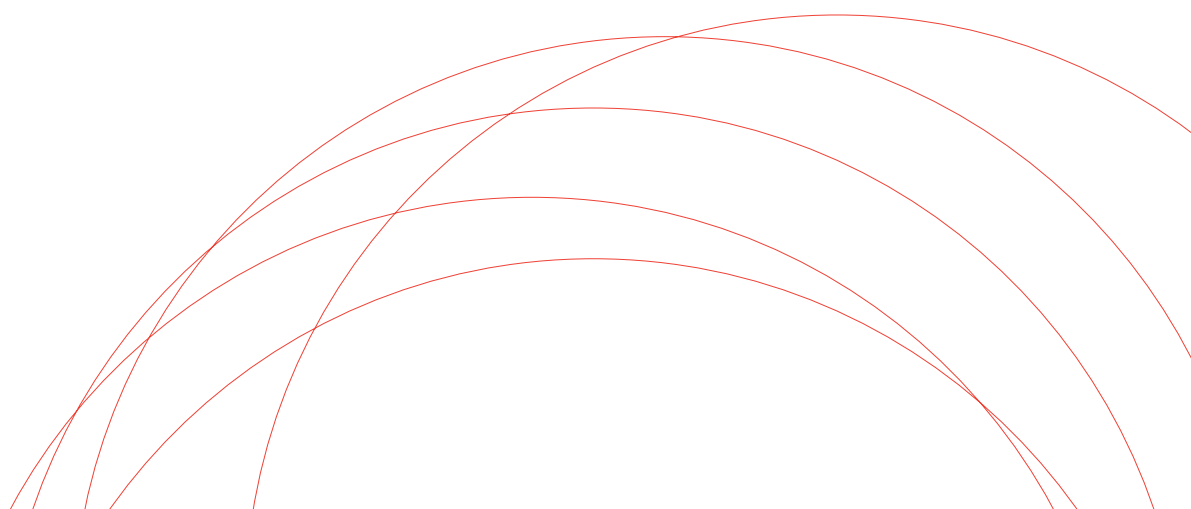
The audit approach is based on the analysis of the Petrol Group's business risks and the analysis of control risks. It is mainly focused on the existence and efficiency of the functioning of the internal control system and risk management within the Petrol Group. The verification of the functioning of internal controls in the Petrol Group's retail network is carried out by a dedicated team of qualified experts who mainly verify cash transactions and fuel handling.

In 2008 Internal Audit carried out 24 reviews and advisory sessions and also monitored the implementation of recommendations from previous years. It mainly focused on the verification of the efficiency of financial risk management and operations of subsidiary companies as well as on the verification of the efficiency of key business processes in accordance with the parent company's rules and best practices.

THE COMPANY'S CREDIT RATING

Petrol enjoys a high credit rating with its business partners and financial institutions at home and abroad. The high rating reflects the company's ability to settle its liabilities on time and its financial strength, which stems from its market position, financial flexibility, generation of stable cash flows and added value from operations.

Thanks to its financial strength, the Petrol Group is able to achieve, in the domestic and foreign markets, the most favourable financing conditions, given the current situation in the domestic and foreign banking markets.

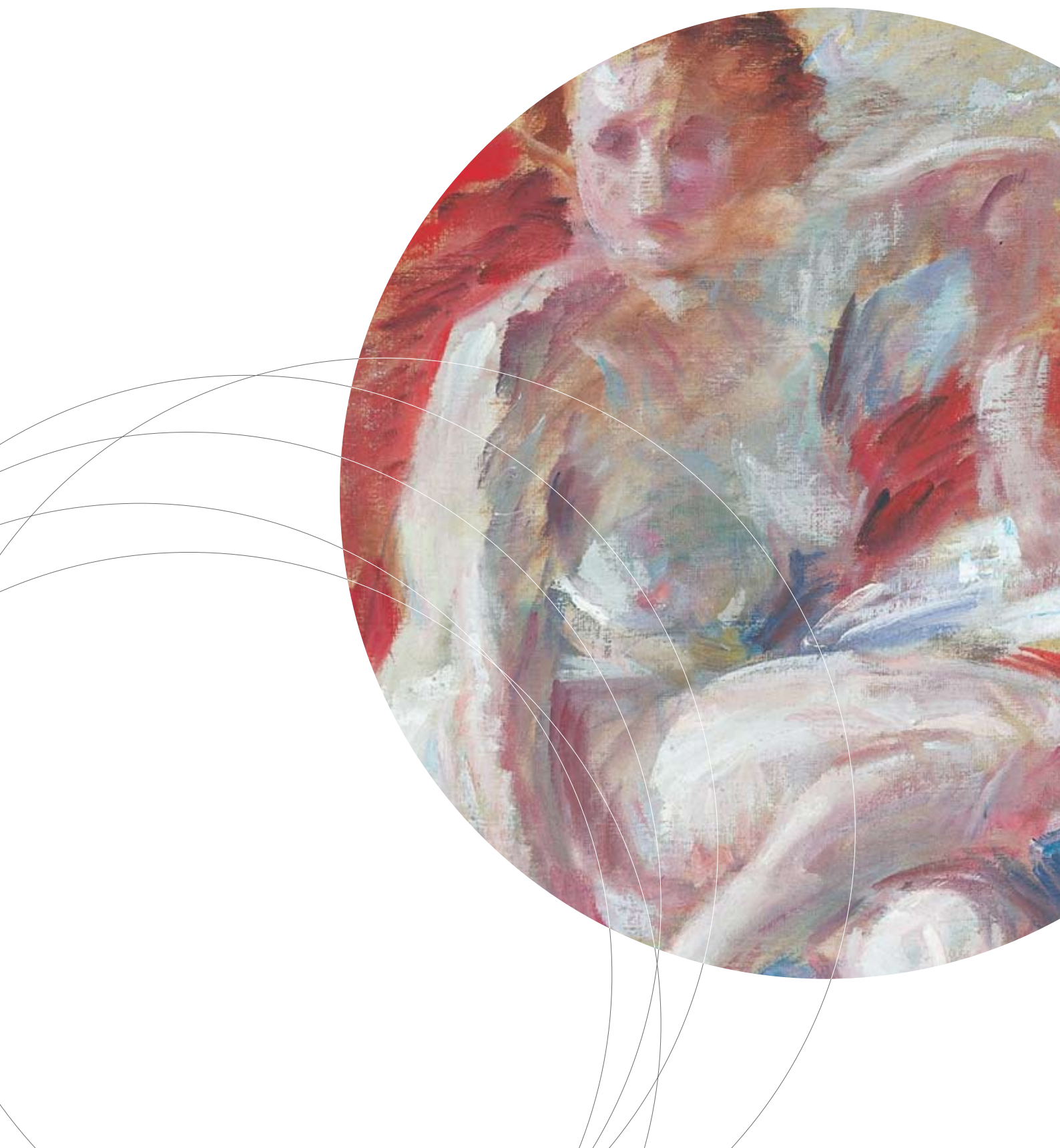


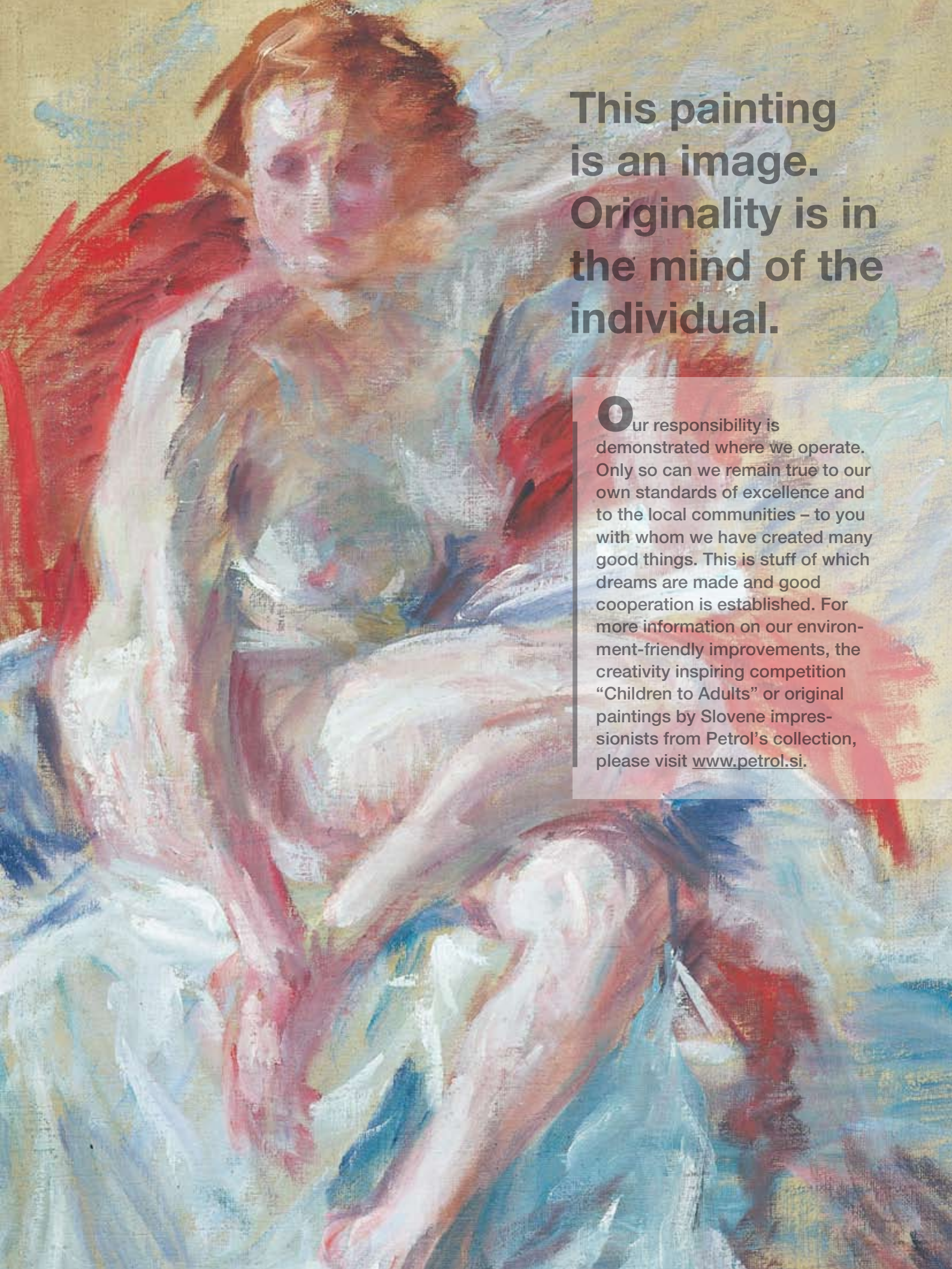
08 Sustainable development

„ Art, in setting out to express nature with ever growing accuracy, teaches us to look, to perceive, to feel. The stone itself becomes an organic substance, and one can feel it being transformed as one moment in its life succeeds another. ”

Georges Clemenceau





An impressionist painting of a woman with reddish-brown hair, wearing a red garment, sitting and looking towards the viewer. The brushstrokes are visible and expressive, with a warm color palette dominated by reds, oranges, and yellows, accented with cooler tones like blues and greens in the shadows and background. The overall style is soft and painterly, characteristic of late 19th or early 20th-century Impressionism.

**This painting
is an image.
Originality is in
the mind of the
individual.**

Our responsibility is demonstrated where we operate. Only so can we remain true to our own standards of excellence and to the local communities – to you with whom we have created many good things. This is stuff of which dreams are made and good cooperation is established. For more information on our environment-friendly improvements, the creativity inspiring competition “Children to Adults” or original paintings by Slovene impressionists from Petrol’s collection, please visit www.petrol.si.

The Petrol Group has in place a system for assessing the sustainability of operations, which is partly based on the goals of UN Global Compact (www.Unglobalcompact.org). Organised on a voluntary basis, the Compact promotes sustainable development through ten principles pertaining to four areas: human rights, labour, environment and anti-corruption activities. The progress in these areas is measured and reported using the Global Reporting Initiative indicators (GRI, www.globalreporting.org), some of which are indicated below.

EMPLOYEES

A diversity of views is invaluable in creating a mutual energy

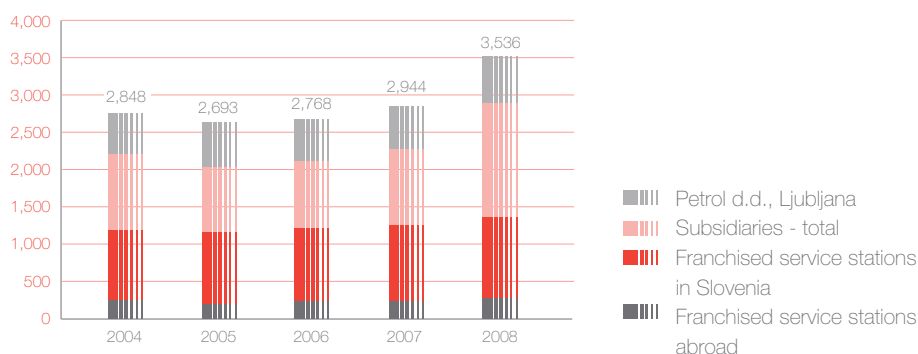
A good company listens, understands and integrates all parts of its organism, all members of the group, for tomorrow's success is based on today's satisfaction and a desire to cooperate, with organic growth stemming from a confident implementation of a shared vision, openness to novelty and respect for each other.



20% growth in the number of employees in 2008

At the end of 2008, there were 3,536 people employed within the Petrol Group and at franchised services stations, of which 27 percent worked for subsidiary companies and at franchised service stations abroad. The number of employees increased by 592 people or 20 percent compared to the end of 2007. Staff numbers increased mostly as a result of the integration of new subsidiaries (Euro - Petrol d.o.o., Petrol Toplarna Hrastnik d.o.o., Petrol - Invest d.o.o.) into the Petrol Group and the opening of new service stations.

Changes in the number of employees of the Petrol Group and at franchised service stations in the period 2004–2008



Gender
composition: 31%
of women and
69% of men

THE RIGHT EXPERTS AT THE RIGHT PLACE¹²

At the end of 2008, the average age of employees was 41 years. 69 percent of employees were male and 31 percent were female. 98 percent of the Petrol Group's employees were employed under a collective labour agreement. 34 percent of management positions are occupied by women¹¹.

One of the guiding principles of the Petrol Group's recruitment policy is that positions are occupied by qualified staff. The recruitment within the Petrol Group is selective and in line with strategic development goals. These include keeping and steering future development on the path towards the knowledge society. The consideration and promotion of competence play a key role in the recruitment. At the same time, all candidates receive equal treatment, regardless of their gender or other personal circumstances. In 2008 the Petrol Group employed 904 workers, the employment contracts of 312 employees were terminated and 112 people were transferred to new positions within the Group. Staff turnover stood at 8 percent within the Group, which is on a par with the 2007 level.

WORKING TIME EFFICIENCY AND ABSENTEEISM IN 2008¹³

The efficiency and factors contributing to successful business also go hand in hand with the efficiency of employees during working hours. In 2008 the Petrol Group's working time efficiency rate stood at 79.6 percent, up 0.9 percentage points from 2007. Absence due to sick leave increased slightly, by 0.2 percentage points, from 0.9 percent in 2007 to 1.1 percent in 2008.

ACQUIRING KNOWLEDGE AND CREATING TRUST¹⁴

The nature of the Group's activities constantly requires that employees possess top personal, technical, environmental and safety competences, which is reflected a permanent need to acquire new knowledge. Knowledge is the glue that builds up an individual's confidence and trust among employees and partners. Promoting professional development of employees is the key to achieving the Group's strategic goals. The wishes and interests of staff are taken into account when considering their education and development.



The Petrol Group's education structure as
at 31 December 2008

¹¹ GRI indicator LA13. ¹² GRI indicator LA8-12 ¹³ GRI indicator LA7. ¹⁴ GRI indicators LA10, LA11, EN26.

More than 20 hours
of training per
employee in 2008

In 2008 the number of employees who took part in various forms of education and training stood at 8,783, 91 people were engaged in the formal education process. 72,038 teaching hours of training were carried out, which on average amounts to 20 teaching hours of training per employee.

In 2008 the company continued its management and sales programmes at service stations, teamwork workshops, and technical and legally required training.

The bulk of training consisted of technical training, training in the area of occupational health and safety, and food safety (HAACP). Induction seminars were organised for those newly employed at service stations. Employees were acquainted with novelties in the area of information support to operations, and the training of animators was launched as part of the Prima Idea project.

Providing for knowledge and good cooperation

Particular attention was also devoted to the training of outworkers, i.e. truck drivers and students. In 2008 a number of various technical seminars were organised for them, which were attended by 2,052 participants.

RISK MITIGATION AND CREATION OF HEALTHY WORKING CONDITIONS¹⁵

Striving for lower levels of risk arising from the performance of work processes is one of the Petrol Group's fundamental activities. Working environments are subject to constant change. The deployment of new technologies requires additional adjustments and knowledge. Keeping track of changes, understanding changed conditions and anticipating their impact on time – these are the underlying assumptions of our business. We seek and introduce only solutions that are healthy and safe for our employees.

At positions where work and technological processes had changed, risk assessments have been revised. At the same time, we wish to show responsibility in the area of work processes and healthy environment through our own example. Fully complying with legal requirements is a basis for these efforts. All companies in the Petrol Group have adopted safety statements and risk assessments.

1,560 medical
checkups and
particular attention
to co-workers with
reduced working
capacity

As in previous years, the Group followed a programme of preventive medical checkups also in 2008. Continued monitoring of medical condition remains one of the most effective methods for a timely prevention of chronic diseases and for providing feedback regarding the appropriateness of working conditions. We carried out 1,560 medical checkups. Also in 2008, particular attention was devoted to co-workers with reduced working capacity.

REMUNERATION SYSTEM FOR INDIVIDUAL AND COLLECTIVE PERFORMANCE

An efficient remuneration system is a basis for the implementation of the performance orientation

Performance orientation is a basis of the Petrol Group's remuneration system. Salaries thus consist of a fixed and variable part. Collective performance, which is calculated using a performance benchmark, is an important component of variable pay. For service stations and regional retail and wholesale units, performance is calculated on a monthly basis, for corporate functions it is calculated semi-annually. The Group encourages individual performance through bonuses for exceptional achievements and through promotion. For several years, the Petrol Group has had in place a system of annual interviews with key personnel. 128 annual interviews were conducted in 2008. They involved all members of top, middle and junior management, and employees at highly technical positions with individual employment contracts.

At Petrol, the voluntary supplementary pension insurance of employees has been part of the salary policy since 2002. The scheme covers the employees of the parent company, subsidiaries and franchised service stations in Slovenia.



In 2008 Petrol was among the recipients of the Golden Thread, an award presented by Dnevnik newspaper company to the best employers in 2008. The Golden Thread project is aligned with guidelines in the field of employment and labour, adheres to European criteria, and encourages innovativeness, knowledge economy and creativity.

**Petrol receives
Golden Thread
award for
employer
excellence¹⁶**



PETROL GAMES

For more than 30 years, Petrol has been promoting sports, recreation and employee socialising at events that are organised several times a year. Previously, these events were organised by the trade union and sports committees, but in 2006 a Petrol Sports Club was established to handle the organisation of Petrol Games and also encourage its members to join other mass sports events, thus encouraging all co-workers to lead a healthy lifestyle.

The Petrol Sports Club organises Petrol Summer Games, comprising sports such as football, basketball, volleyball, bowling, chess, running and tennis, which are accompanied by a series of social events, and Petrol Winter Games. In 2008 Petrol Winter Games took place in Sarajevo, a former Olympic city, with Summer Games taking place in Portorož.

¹⁶ GRI-indicator 2.10

AFTER DEDICATED WORK A BIT OF REST IS IN ORDER

Petrol also makes it possible for its employees to spend their free time in a quality manner. To this end, we have numerous holiday homes in Slovenia and Croatia, where our employees and their families can spend their holidays. Each year, the company sets out on a Petrol trip, which is always attended by many employees. Ahead of the New Year, we get together at a New Year's party, while "Petrol's toddlers" are visited by Santa Claus.

WHAT ABOUT ORGANISATIONAL CLIMATE?

Good
organisational
climate

Petrol measures organisational climate and employee satisfaction on a regular basis. We have been participating in the SiOK project – Slovene Organisational Climate Survey – since its inception in 2001. Based on the results of the organisational climate survey, workshops are organised and carried out each year at all levels, thus improving the organisational climate.

In 2008, 74.2 percent of employees took part in the survey, which represents a high rate of participation. At the Petrol Group level, the 2008 results of the organisational climate and employee satisfaction surveys improved compared to the previous year.

Changes in climate and satisfaction indicators

The Petrol Group organisational climate survey	2003	2004	2005	2006	2007	2008
participation rate in %	54.5	54.3	65.4	79.3	71.9	74.2
average organisational climate	3.45	3.55	3.59	3.61	3.56	3.58
average satisfaction	3.54	3.64	3.69	3.66	3.57	3.60

SUPPORT FOR NEW IDEAS¹⁷

Economic
Challenge and
Petrol Prize
Fund for Young
Researchers
continued

The Group supports the transfer of knowledge and practical use of research concepts. That is why the project "Petrol Prize Fund for Young Researchers" and participation in the Economic Challenge competition was continued in 2008. All Slovenia's faculties are involved in both projects, bringing in the freshness of interdisciplinary suggestions, while adding practical experience to theoretical concepts. Creative students are thus given an opportunity to present themselves to Petrol's experts, and the best projects are rewarded with cash prizes.

In February 2008 the final event of the 6th Economic Challenge entitled Slovenia, The Land Of Green Energy, Bioethanol at Petrol's service stations, took place at Petrol's headquarters. More than 100 students from 39 teams participated in the project, and 14 studies prepared by 34 students were submitted. The best projects were awarded cash prizes.

¹⁷ GRI indicator EN26

In addition to research challenges, the Petrol Group also offers employment opportunities to young people. University and high school students are offered the possibility to complete their compulsory practical training or work at Petrol during their holidays.



- ▶ to maintain an optimal staffing structure
- ▶ to use modern HR systems systematically
- ▶ to provide for training, development and high level of employee satisfaction

**Strategic
tasks until
2010**

CUSTOMER SATISFACTION MEASUREMENT

Research, improved range and increased satisfaction

Shopping experience is a complex present-day ritual, which requires a detailed understanding of habits, wishes and architecture of the shopping environment for commercialisation to be successful. Critical attitude, analytical approach and ongoing monitoring of customer demands bring valuable knowledge for efficiently adapting to customer needs and ensuring environmental acceptability.



In 2008 market trends continued as envisaged. On the one hand, they were marked by an increasing complexity of business; on the other, by legitimate customer demands accompanied by the expansion of business to additional activities and markets, and by increasing competition pressure. All of this requires increasing responsiveness and quick adjustment to market conditions. Efficiency and success can be sustainably increased only by understanding the customer and acting responsibly in relation to the environment. A selection of relevant market surveys enables us to adapt quickly and provides us with new solutions. Their relevance is materialised through an improved range of products and services tailored to customers' needs.

The Petrol Group systematically monitors a number of parameters, from conditions in the market for service stations, heating oil and liquefied petroleum gas to demand for alternative energy choices. We also keep track of developments and trends in the markets of western and central Europe that are comparable to Slovenia.

Research
facilitates
adjustment and
new solutions

Researching, improving, upgrading – the secret is to be one step ahead of demands and needs

We certainly should not ignore an important and positive “side effect” of the surveys. By including a wide group of stakeholders in the planning and presentation of the surveys, we disseminate our marketing philosophy and increase the level of knowledge in the society, thus also providing important feedback for changes in organisational culture. Significant attention is also devoted to the post-research period. Project groups draw up plans for improving the areas that have been marked as least satisfactory by our customers. Together, we also upgrade other elements of customer satisfaction, doing our best to be one step ahead of their demands and needs.

RESEARCH WITHIN THE PETROL GROUP IN 2008¹⁸

- ▶ Purchasing habits of customers visiting service stations in Slovenia
- ▶ Measurement of visitor satisfaction at Petrol's points of sale
- ▶ “Random shopper” research
- ▶ Datamonitor surveys

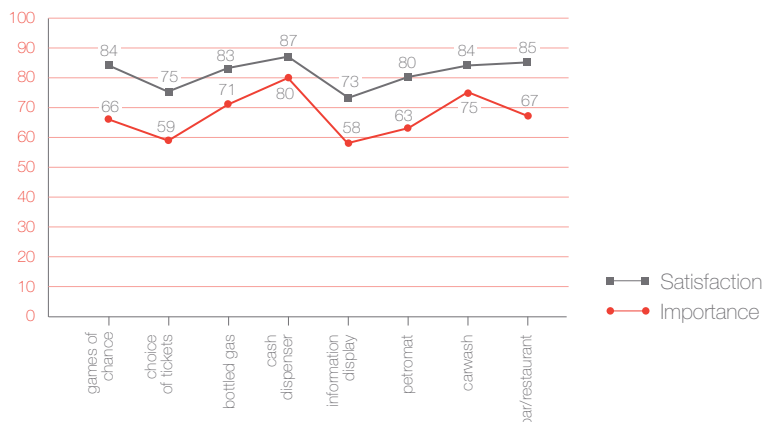
The overall customer satisfaction index for service stations stood at 82 in 2008

Using surveys and continuous monitoring of our clients' behaviour, we wish to satisfy their existing needs and also anticipate their future needs. By offering them a diversified product range and after sales activities, we wish to maintain their loyalty. The results of visitor satisfaction measurements conducted at Petrol's points of sale in 2008 show that customers are mostly very satisfied with Petrol's service stations considering that the overall satisfaction index stood at 82 on a scale of 1 to 100.

Satisfaction with Petrol's service stations received top two scores from 75% of the surveyed customers

How satisfied are Petrol's customers?

Petrol's customers are satisfied with the complementary services offered



¹⁸ GRI-indicator PR5.

Customers no longer perceive the service station only as a service point for purchasing fuel, but as a modern point of sale.

Purchasing at service stations is convenient – it can be done on the go, when pressed for time, and on special occasions

**THE HANDLING
OF COMPLAINTS IS
A REFLECTION OF
THE COMPANY¹⁹**

In 2008 we began to upgrade the system for assessing the quality of operations at service stations in the markets of SE Europe, where we undertook activities, in cooperation with the subsidiaries Petrol BiH Oil Company d.o.o. and Petrol Trgovina d.o.o., Zagreb, in the area of assessing customer satisfaction using the mystery shopping method.

Service stations used to be merely refuelling points with a modest range of additional products. Today, service stations offer much more than that. In the eyes of customers, they represent a separate category containing also the elements of various other formats. This year's research into purchasing habits revealed that Slovene customers no longer perceive Petrol's service stations only as a service point for their cars. Instead, they associate them with points of sales such as, for instance, a general store, a patisserie, tobacconist's, florist's shop, bakery, fast-food, garage/mechanic, electronics, specialist car parts shop.

The Petrol Group is aware that an efficient resolution of complaints is an extremely important factor, which affects customer satisfaction. In the Petrol Group, complaints are resolved using a comprehensive complaints resolution system whose procedures and measures are defined in the Rules on Complaints Resolution. The system is geared to enable quick, efficient and customer-friendly resolution, as each remark or dissatisfaction expressed by customers is carefully examined. An efficient complaints resolution system has a long-term impact on the satisfaction and loyalty of customers and, consequently, on the company's reputation and image.

¹⁹ GRI indicator PR5

INVESTMENTS

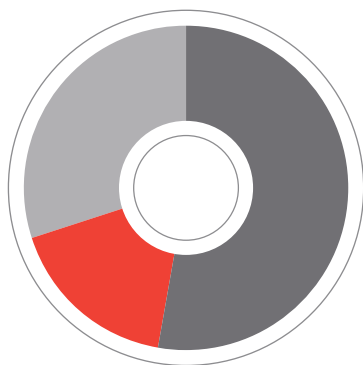
Achievement of strategic goals

The investment portfolio reflects the stability of the company's development policy. The structure of Petrol's investment activities was again marked by the expansion to SE Europe markets, while gas, energy and environmental activities, which represent strategic areas for the Group's organic growth and sustainable operation, have all been gaining in importance.



In 2008 the Petrol Group invested EUR 140.8 million in fixed assets.

Structure of the Petrol Group's investments in 2008



- Petroleum activities in SE Europe markets 53%
- Petroleum activities in the Slovene market 17%
- Gas, other energy and environment activities, and other activities 30%

2008 INVESTMENTS
BY ACTIVITY

Petroleum activity in Slovenia

We constructed 5 more service stations, of which 2 along new motorway sections. We began the construction of 2 service stations that will be completed in the first half of 2009. The process of preparing documentation and obtaining building permits was also underway in respect of construction that will begin in 2009.

At 13 service stations, we introduced the sale of liquefied petroleum gas for vehicle propulsion. We made investments in the protection of the environment, fire safety, and the security of service stations and storage facilities.

In Croatia, the retail network was expanded with 35 service stations in 2008

Petroleum activity in the markets of SE Europe

Having acquired a 51-percent interest in the company Euro - Petrol d.o.o.²⁰, we became the second largest trader in Croatia. Together with the company Petrol Trgovina d.o.o., Zagreb we thus had 67 service stations at the end of 2008, and we also purchased two plots of land for the purpose of constructing additional service stations.

In Bosnia and Herzegovina, we constructed three and purchased two service stations, which began operating in the end of 2008.

In Serbia, we purchased four plots of land for the purpose of service station construction.

In Montenegro, we established the company Petrol - Invest d.o.o., which then purchased land for the construction of a service station.

Gas activity

Under the existing concessions, we invested in the construction of gas networks and purchase of gas depots.

Petrol d.d., Ljubljana purchased a 2.4445-percent interest in the company Geoplin, d.o.o. for EUR 7.6 million, increasing its ownership share to 30.02 percent.

Energy and environment activities

Investments were made in efficient energy consumption projects. Investment funds were also allocated to the expansion of electricity production activities in the integrated economic areas of Štore and Ravne. In the field of the environment, the bulk of funds were allocated to the project of cleaning the Meža River. Petrol d.d., Ljubljana purchased a 100-percent interest in Toplarna Hrastnik d.o.o. for EUR 2.1 million.



The majority of environmental funds were allocated to the Meža River cleaning project

- ▶ to ensure efficient management and supervision over capital investment and maintenance projects through centralised capital investment policy, the monitoring of operation of completed projects using the “Total Cost of Ownership” principle, and the cost optimisation of maintenance
- ▶ to allocate EUR 344 million to investments in the period 2006 to 2010

Strategic tasks until 2010

²⁰ See chapter Subsidiaries on page 128.

**THE QUALITY
SYSTEM**

Technological development requires sustainable solutions

Environmental response to increasingly intense technological development and lack of man's general environmental responsibility require immediate action.



Although previously they mostly focused on increasing efficiency and excellence, quality systems now incorporate an increasing number of sustainable development elements. These need to contain safeguards that are meant to provide a global protection not only of the human environment but also of human beings themselves.

**TECHNICAL
DEVELOPMENT AND
PRODUCT QUALITY
ASSURANCE²¹**

In 2006 and 2007 Petrol achieved an important shift in the quality of fuel. The quality was increased in two main fuel types, i.e. diesel fuel and extra light heating oil. The two fuels are now marketed under new brand names – Petrol Primadiesel and Petrol Prima heating oil. Improved fuel now provides customers with a more efficient operation of engines and burners, improved fuel consumption, and increased safety and reliability of operation. Indirectly, the said improvements also result in considerably lower emissions of harmful substances produced during fuel combustion to the environment. Indirectly, the said improvements also result in considerably lower emissions of harmful substances produced during fuel combustion to the environment. This is an important advantage, which represents a significant contribution to the protection of our environment given the still very high increase in energy consumption.

Our development is increasingly aligned with sustainability goals

New technological solutions in the area of fuel production, the introduction of different types of biofuel, and increasingly stringent environmental restrictions, both in connection with engines and fuel composition, represent a major challenge also for the producers and distributors of fuel. In contrast to certain competing suppliers in the Slovene market, Petrol has no production facilities of its own. Nevertheless, by offering a range that is fully aligned with the trends and requirements in the global market, it managed to maintain its role as Slovenia's leading fuel distributor. It was able to achieve that partly because it has relied on its own knowledge and staff, which enable the company to keep pace with considerably larger multinational fuel suppliers.

Relying on own knowledge, competing with multinational fuel suppliers in development

²¹ GRI indicators EN6, EN26 and EN 18

NEW CHALLENGES, NEW PRODUCTS²²

In the area of introducing technological innovations, biofuels and other alternative fuels certainly represent a new challenge. Their introduction is necessary as a result of conditions in our environment, in particular climate change that is already beginning to show. The process of introducing these fuels will require even more knowledge and experience in this area, and that is why Petrol already keeps track of relevant novelties and is actively engaged in a progressive introduction of new fuels into everyday use.

Petrol is one of the promoters and founders of the Hydrogen Technology Research Centre

In 2008 several development-oriented projects were launched, e.g. the pilot project of adding bioethanol to petrol, and the introduction of natural gas and hydrogen as a means of vehicle propulsion. Due to global pollution problems and fossil fuel shortage, the use of hydrogen-based energy systems is becoming an important trend in the planning of a future energy policy. The technology for the production, storage, transport and use of hydrogen in fuel cell systems has been for years the subject of intense research also in Slovenia. In 2008 a significant achievement was made in the area of hydrogen introduction. The Hydrogen Technology Development Centre was established, which is meant to combine the research and economic spheres in search for the best solution for introducing hydrogen directly into use in transport and electricity production.

QUALITY SYSTEMS²³

The Petrol Group's operations are based on the implementation of high quality standards. Since 1997, we have been regularly upgrading and expanding the Group's quality management system, which is certified to the ISO 9001 standard. In addition to the certified quality and environment management systems, the integrated quality system incorporates the requirements of the HACCP food safety management system, the requirements of the OHSAS occupational health and safety system, and the requirements of the BS 7799-2 information security system.

Overview of certificates and laboratory accreditations of the Petrol Group

COMPANY	QUALITY MANAGEMENT SYSTEM	ENVIRONMENT MANAGEMENT SYSTEM	LABORATORY ACREDITATIONS
Petrol d.d., Ljubljana	ISO 9001: 2000	ISO 14001: 2004	SIST EN ISO/IEC 17025 : 2005
Petrol Skladiščenje d.o.o.	ISO 9001: 2000	ISO 14001: 2004	/
Petrol Tehnologija, d.o.o.	ISO 9001: 2000	ISO 14001: 2004	SIST EN ISO/IEC 17020 : 2004
Petrol Energetika d.o.o.	ISO 9001: 2000	ISO 14001: 2004	/
Petrol Plin, d.o.o.	ISO 9001: 2000	ISO 14001: 2004	/
Petrol Trgovina d.o.o., Zagreb	ISO 9001: 2000	/	/

²² GRI indicators EN6, EC2. ²³ GRI indicators LA8.

WHAT WAS ACHIEVED IN 2008

Recertification audit
of the systems

Petrol Laboratory:
71 accredited
testing methods

Petrol Tehnologija:
expansion of
accreditation to 11
testing methods.

In 2008 the Petrol Group continued to implement the strategy of developing the quality management system. ISO 9001:2000 and ISO 14001: 2004 recertification audits of quality management systems were conducted in all companies.

Petrol Laboratory represents a special organisational unit within the Petrol Group. It has in place a quality system that is certified to the SIST EN ISO/IEC 17025:2005 standard "General requirements for the competence of testing and calibration laboratories". We have 71 accredited testing methods. In December 2008, a recertification audit was conducted, reaffirming the very high level of service quality.

At Petrol Tehnologija, d.o.o., a review was performed for the purpose of expanding the accreditation. Six testing methods for the leak tightness control of pressurised equipment were assessed. Petrol Tehnologija, d.o.o. now has 11 accredited testing methods.

As part of the integrated quality system, which also encompasses the suppliers of own-brand products and other important products included in supplementary merchandise and services, we evaluated the suppliers of automotive products and foodstuffs.

We upgraded the system of internal evaluations and assessments of operating quality at service stations and set up a new evaluation team.

At the company Petrol BH Oil Company d.o.o. Sarajevo, we began to introduce an ISO 9001 certified quality management system.

CREATING A CULTURE OF INNOVATIONS²⁴

Introduction of
the "Prima Idea"
system

Global trends and a need for sustainability-oriented development guide us towards supporting successful organic growth through dynamic and creative operation. Concepts for improving business operations need to be subject to continuous consideration and a systematic approach. Innovative operation has a large strategic potential, which we began to foster and implement systematically in 2008 by introducing the "PRIMA Idea" system and a conception for establishing a "Project Office Based on the Principles of Innovative Environments".



- ▶ to introduce the best integrated quality system practices into the operations of the Petrol Group
 - ▶ to ensure an appropriate safety level of the working environment
 - ▶ to ensure flawless functioning of all parts of the distribution chain
- ▶ to ensure suitable technical conditions for launching and carrying out new development projects

**Strategic
tasks until
2010**

²⁴ GRI indicator LA11.

INFORMATION
TECHNOLOGYIntegrated information services
in support of efficient operation

The ability to use modern information technology and available databases gives us competitive edge. At the Petrol Group, we put great emphasis on the efficient use of new information solutions, providing us with effective support for the monitoring of business and also bringing down operating costs. Using new information solutions for the management of the business process, we increased the reliability, security and capacity of the information system.

NEW INFORMATION
SOLUTIONS IN 2008

We carried out the “Mobile Point of Sale” project, which enables selling outside the actual point of sale and has already proved very useful in the sale of Slovene motorway vignettes. We completed the development stage of the Petromat2 project with which we intend to ensure a more robust and less expensive technological solution for automated fuel payment. A new generation of POS terminals was also introduced. The system functioned well at the end of the period, and approximately 280 terminals have been put into service so far.

Intensive activities were underway on the project for the automation and optimisation of secondary deliveries of extra light heating oil and liquefied petroleum gas. The new system will significantly optimise the process of delivering extra light heating oil.

The company Euro - Petrol d.o.o. was successfully integrated into Petrol's information system.

We continued to work on the project of an integrated GIS support for gas networks, and the project of the electronic capturing of gas depots levels data. At Rodgas AD Bačka Topola, Serbia, we introduced a common information system and began integration with the information system of Petrol Toplarna Hrastnik d.o.o.

Introducing new integrated support and technological platforms

At the office building, we introduced a new telephony system (IP telephony). We continued to develop information support for the monitoring of operations by business process and activity, and to introduce certain new systems to improve technical security of Petrol's computer network. Particular attention was devoted to the projects e-Management and e-Office, which provide good electronic support for Management Board meetings and office work.

Mobile point of
sale and the
Petromat2 project

We continued work on the new technological platform for business intelligence support (“Business Intelligence”, “Corporate Performance Management”) whose commercial subsystem is already in use, and we also continue to develop new components.



- ▶ to fully integrate information technology and business management in order to efficiently manage all business processes
 - ▶ to transfer business models that proved successful in the domestic market to business in the markets of SE Europe
 - ▶ to introduce information systems that are comparable with the best practices in the field

**Strategic
tasks until
2010**

SOCIAL RESPONSIBILITY

Creating, cooperating and protecting within the environment in which we operate

Each decision that can directly or indirectly affects people and the environment needs to be scientifically justified and well considered, paying due regard to the principles of moral and social responsibility. This is the essence of sustainable development.



HOW WE PROTECTED THE ENVIRONMENT IN 2008²⁵

In relation to its employees, users of its products and services, suppliers and other partners, the Petrol Group continued to comply in 2008 with legal and generally accepted environmental measures and standards. In SE Europe markets, we continued to introduce best practices in the field of environment management, this being at all times aligned with the applicable environmental legislation of countries in which the Petrol Group operates.

In the area of the prevention of major accidents and mitigation of their consequences, we continued activities to implement prescribed systemic and regular operational measures at higher risk facilities as part of the tasks specified in safety reports, accident prevention schemes, and protection and rescue plans.

Continued activities
to implement
prescribed
measures

²⁵ GRI indicators EN12, EN21, EN 26 and SO1.

In July 2008, our internal regulations were brought into line with the new Decree on the Prevention of Major Accidents and Mitigation of Their Consequences. In 2008, pursuant to the requirements of the new decree, public information on safety measures and behaviour in the event of an accident in fuel storage facilities was prepared for higher risk facilities such as fuel storage facilities Rače and Lendava.

As part of the protection and rescue plans in place at fuel storage facilities, fire fighting and rescue exercises were successfully carried out at all sites based on potential accident scenarios and operational fire fighting plans. The professional fire brigade of Petrol d.d., Ljubljana and the professional industrial fire brigade and civil protection unit of Petrol d.d., Ljubljana were engaged in the exercises.

Continued systematic and methodical installation of oil and water separators had the biggest contribution to an efficient improvement in the condition of wastewater also in 2008. At the Lom motorway site, a new waste treatment plant with the cleaning capacity of 500 PE was constructed for the purpose of cleaning wastewater generated at restaurant facilities.

At the end of 2008, 99 percent of Petrol d.d., Ljubljana's service stations and storage facilities were equipped with reservoirs and pipelines which, under normal operating conditions, provide the highest possible safety as far as spills into soil are concerned.

WASTE MANAGEMENT

In the area of waste management, the Petrol Group provides for organised collection, separation, temporary storage or permanent disposal of waste. Special attention is given to waste that might pose significant threat to the environment. During the systematic collection and separation, temporary storage and disposal of waste, all legal requirements are fully complied with.

In 2008 we began to systematically collect and temporarily store waste generated at motorway rest and service areas. Petrol d.d., Ljubljana and the company DARS are drawing up a comprehensive waste management programme for motorway rest and service areas, which will be completed by the beginning of the 2009 summer tourist season.

ENVIRONMENT PROTECTION TRAINING²⁶

To be able to implement the environment protection system in an efficient manner, a high level of competency and awareness of people is of vital importance. That is why Petrol's employees are systematically acquainted every year with novelties in the area of environment protection.

Improving
wastewater
condition through
continued
introduction of
oil and water
separators

New 500 PE
biological waste
treatment plant
at Lom

99% of sites
equipped with
state-of-the-art
oil and water
separators

²⁶ GRI kazalec EN26.

The Petrol Group's partners and outworkers are also actively included into its environment management system. Contractual relations with petroleum product hauliers, performers of capital investment projects, providers of environmental indicator measurements, suppliers of potentially hazardous goods, and waste collection and disposal contractors are arranged so that they include requirements for a consistent application of environmental legislation and the company's environment protection standards.



The Regulation concerning the registration, evaluation, authorization and restriction of chemicals (REACH) imposes on the industry greater responsibility for the management of health and environmental risks posed by chemicals. The system represents a harmonised and streamlined former legislative framework on chemicals of the European Union. In the second half of 2008, Petrol began to introduce the REACH legislation into its operation.

**Implementing
the REACH
legislation for a
safer handling
of chemicals**



PROTECTING AND SAFEGUARDING PEOPLE AND PROPERTY

We also exercise social responsibility through high standards for the protection of people and property. In 2008, 80 percent of all technically obsolete video surveillance systems installed at service stations were refurbished. Considerable attention is also dedicated to preventive action. To this end, 12 training sessions were carried out in the area of security and protection against robberies and violent acts, which were mostly intended for service station personnel.

SPONSORSHIP AND DONATIONS

Caring for social and environmental issues has been part of the Petrol Group's operations for a number of years. We realise the importance of promoting sport and arts, which is why the greater part of sponsorship funds has been allocated to them. Providing support to the environment in which the Petrol Group operates has an important impact on its business and development. Consequently, by supporting numerous humanitarian and environment-protection projects, we have been helping the wider community for many years to achieve a more active lifestyle and an overall high quality of life.

Petrol d.d., Ljubljana co-signed EMUNI's founding charter, joining the foundation which will enable many students with a thirst for knowledge to study at the new university in Portorož. The ceremonial signing of the Euro-Mediterranean University's founding charter, which took place in Portorož, was marked by the attendance of numerous distinguished guests from the world of politics, economics and education. Among others, the founding ceremony was attended by Janez Janša, Prime Minister of the Republic of Slovenia and President of the European Council, Amr Moussa, Secretary-General of the Arab League, Hans-Gert Poettering, President of the European Parliament, and Jose Manuel Barroso, President of the European Commission.

Euro-Mediterranean University Foundation (EMUNI) is established

Supporting excellence and higher quality of life²⁷

Continued support to environment-protection projects: donation of a boat for observing dolphins

In 2008 the greater part of sponsorship funds were allocated to supporting competitive sports, especially group sports such as basketball, football, handball and sailing, but individual sports such as skiing, gymnastics and cycling were also not neglected. Petrol has been a traditional supporter of automotive sports, but it is also the sponsor of the football stadium in Celje, which is called Arena Petrol as a result. We continued the cooperation with the Ministry of the Environment and Spatial Planning, which in addition to the "Conserving Turtles in the Slovene Sea" project now also comprises the project "Dolphins in the Slovene Sea – Our Intelligent Creatures". To this end, Petrol enabled the organisation Morigenos to purchase a boat for observing dolphins.

Support for the construction of the Slovene Alpine Museum

The majority of donations were allocated to non-profit organisations, for humanitarian purposes, and to art associations having difficulties raising necessary funds in their local communities. Petrol also supported the renovation of numerous cultural monuments and contributed funds for the construction of the Slovene Alpine Museum.

In the area of arts and culture, the Petrol Group continued the already traditional cooperation with the Lent Festival and successful cooperation with the Slovene National Theatre - Drama, Slovene National Theatre Maribor and the Slovene Society (Slovenska matica). Supported by Petrol, the Sculpture Association organised the 12th Slovene Sculpture Exhibition called "Figures as Statues, Statues as Figures", with Cankarjev Dom organising one the most prominent arts events of 2008, the opera Carmen.

²⁷ GRI indicators EC8, EN12, EN13

Cooperation with SNT Drama and SNT Maribor, the Slovene Society, the Sculpture Association and Cankarjev Dom

18th "Children to Adults" competition aiming to inspire creativity in children

In the Petrol Group, Petrol Ladies' Choir has been active for years, promoting tradition and preserving cultural heritage by performing Slovene songs. The organisation of the fine arts competition "Children to Adults", which was organised for the eighteenth time in 2008, was given Petrol's particular attention.



In cooperation with the Slovene Red Cross, Petrol organised in 2008 a big humanitarian campaign for collecting toys for children from the former Yugoslavia as well as for children from socially disadvantaged families in Slovenia. The invitation to collect toys was answered by numerous schools, kindergartens and individuals. In all, more than 20 tons of toys were collected, which were handed to children ahead of the New Year.

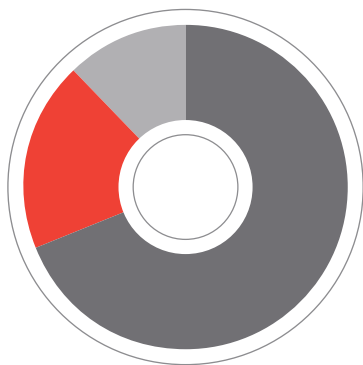
The humanitarian campaign "Give a Smile" brought a touch of happiness to thousands of children

Fairy tales for the Reading Badge Society

Nova Revija and Petrol donated 900 copies of the book Slovene Fairy Tales to the Slovene Reading Badge Society.

In 2008 Petrol also supported the organisation of numerous technical conferences concerned with energy issues, finding alternative and renewable energy sources, their efficient use, and their impact on the living environment.

Sponsorship funds

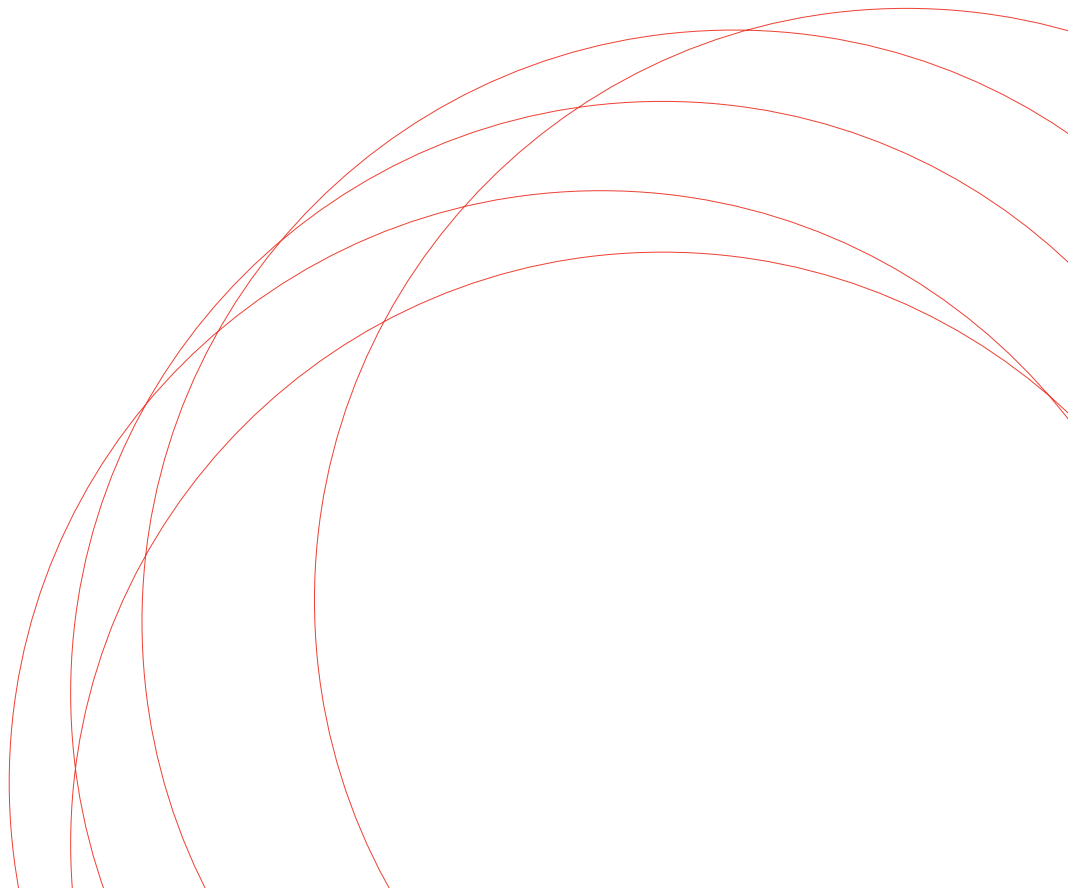


In 2008 there was a change in the structure of sponsorship funding, with the share allocated to sports and arts decreasing and the share earmarked for humanitarian activities and environment-protection projects increasing.

In 2008, 19 percent of the funding was allocated to charity, to supporting the organisation of technical consultations in the field of energy, and to environment-protection projects.

69 percent of the funds were allocated to sports. In 2008 the arts received 12 percent of the sponsorship funding. In addition to demanding arts projects, this also includes numerous smaller events of no lesser quality.

Breakdown of sponsorship funding in 2008: More attention to the environment and humanitarian activities



09 Petrol Group companies

„*In the art of communicating impressions lies the power of generalizing without losing that logical connection of parts to the whole which satisfies the mind.*”

Camille Pissaro

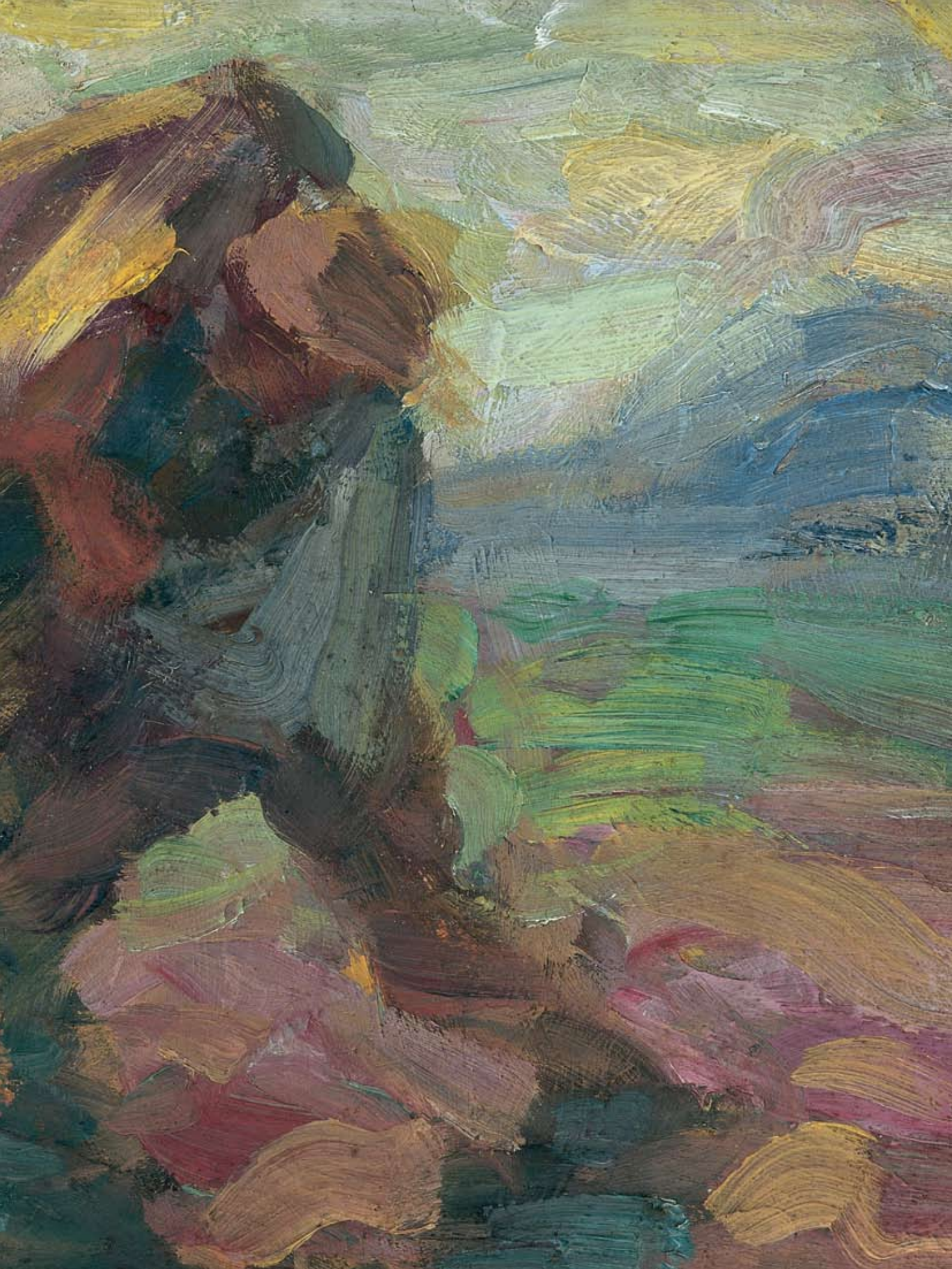






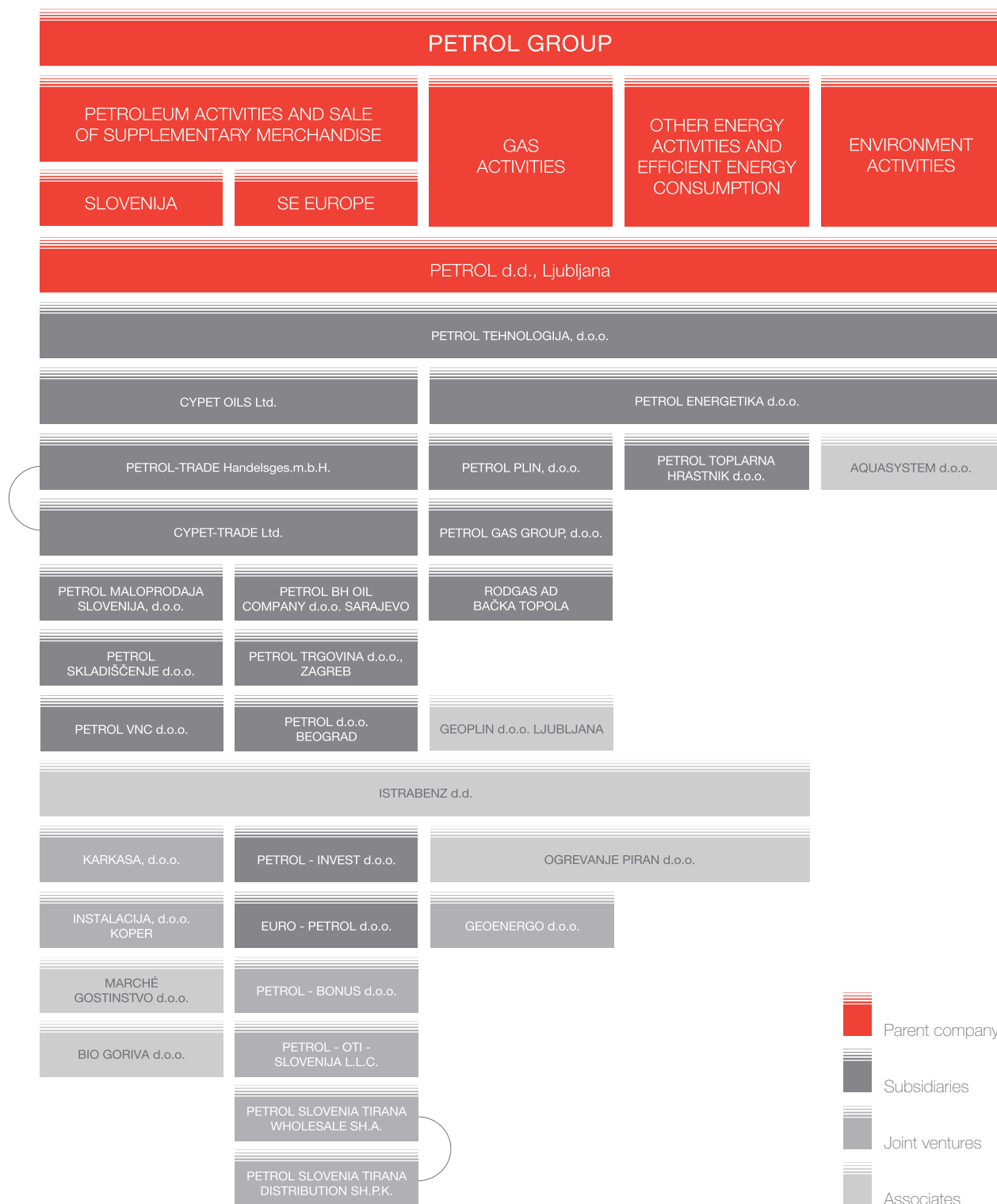
**Through integration,
responsibility and
openness, operation
becomes cooperation.**

Each successful group respects freedom and encourages individual approach to problem solving. At the same time, successful group operation is based on the idea that freedom also means responsibility to everyone with whom you work, for whom you create, whom you know or whom you will get to know, and responsibility to the environment in which one operates and new ideas that can also emerge from unexpected sources. A true implementation of the strategy requires knowledge, commitment, openness and the energy of creative moments contributed by each part, each group's company.



Organisational structure of the Petrol group

AS AT
31 DECEMBER 2008



THE CONTROLLING COMPANY

PETROL D.D., LJUBLJANA

Combining ideas, visions and coordinated activities. The pillar of financial stability. These are only some of the parent company's roles.

The company Petrol d.d., Ljubljana was formally established on 5 June 1945 as a subsidiary of the state-owned company Jugopetrol. Before it was transformed into a private joint-stock company in 1997, Petrol had operated under a variety of different organisational forms.

Company name: Petrol, slovenska energetska družba, d.d.

Registered office: Dunajska cesta 50, 1527 Ljubljana, Slovenia

Principal activity: Sale of petroleum products, sale of merchandise and services in Slovenia and in the markets of southeaster Europe, energy and environment activities

Management Board: Marko Kryžanowski, Igor Irgolič, Alenka Vrhovnik Težak, Boštjan Napast, Bojan Herman

E-mail: info@petrol.si

Telephone: 00386 1 47 14 232

Fax: 00386 1 47 14 809

Supervisory Board: Viktor Baraga, Milan Podpečan, Bojan Šrot, Aleš Marinček, Andrej Bratož (until 14 January 2009), Ciril Pirš, Samo Gerdin, Cvetka Žigart

Registration number: 5025796

Date of entry in the Companies Register: 30. 3. 1990

Tax number: 80267432

The volume of petroleum products sold up 20 percent from 2007

The parent company's principal activity is trading in petroleum products, supplementary merchandise and services. With its 312 service stations, it has a 63-percent market share in the Slovene retail market in petroleum products. It generates the greater part of the Group's profits and revenue.

In 2008 Petrol d.d., Ljubljana sold 2.45 million tons of petroleum products, which is 19 percent more than planned and 20 percent more than in 2007. EUR 354.48 million was generated from the sale of supplementary and other merchandise, which is 33 percent more than planned and 41 percent more than in 2007.

With the sale of services amounting to EUR 33.4 million, the plan was exceeded by 21 percent and the 2007 sales by 21 percent.

The company ended the year 2008 with EUR 2.6 billion in net sales revenue, up 35% from the previous year. The company's net profit or loss totalled EUR -64.4 million and would have amounted to EUR 47.7 million had the revaluation of investments not been taken into account.

The company's equity totalled EUR 400 million as at 31 December 2008.

SUBSIDIARIES

PETROL-TRADE HANDELSGES.M.B.H.

The company Petrol-Trade Handelsges.m.b.H. was established in Vienna in 1987 and is fully owned by the parent company Petrol d.d., Ljubljana. It is an important link in the Petrol Group's procurement chain for petroleum and chemical products.

Company name: Petrol-Trade Handelsges.m.b.H.

Registered office: Elisabethstrasse 10, 1010 Wien, Austria

Principal activity: Trading in oil and petroleum products, import and export of chemical products

General Manager: Marko Malgaj

E-mail: malgaj@petrol-trade.at

Telephone: 0043 1 585 54 73

Fax: 0043 1 585 54 73 42

Supervisory Board: Marko Kryžanowski, Alenka Vrhovnik Težak, Igor Irgolič, Boštjan Napast

Registration number: 9455930

Date of entry in the Companies Register: 30. 11. 1987

Tax number: 214/3129

The company Petrol-Trade Handelsges.m.b.H. is the sole owner of the subsidiary Cypet-Trade Ltd., which was established in 1998 and is engaged in trading and financing of oil and petroleum products transactions.

In 2008 the company Petrol-Trade Handelsges.m.b.H. purchased and sold 737,122 tons of petroleum and chemical products, implementing 93-percent of the plan for 2008.

In 2008 the company generated EUR 464.7 million in net sales revenue, exceeding the plan by 16 percent.

Net profit of the company Petrol-Trade Handelsges.m.b.H. for 2008 totalled EUR 737 thousand, meaning that 59 percent of the plan was implemented. The underperformance is mainly the result of the falling exchange rate of the US dollar against the euro and lower-than-planned sales.

The company's equity totalled EUR 2.4 million as at 31 December 2008.

CYPET-TRADE LTD.

Cypet-Trade Ltd. is a subsidiary of the Vienna-based company Petrol-Trade Handelsges.m.b.H. and is fully owned by the said company. The company's activity comprises trading in and financing of oil and petroleum products transactions and other merchandise.

Company name: Cypet-Trade Ltd.

Registered office: Ariadne House, Office no. 52, 333, 28th October Street, P.O. Box 57019, 3311 Limassol, Cyprus

Principal activity: Trading in and financing of oil and petroleum products transactions and other merchandise

General Manager: Marko Malgaj

E-mail: cypet@logos.cy.net

Telephone: 00357 25 586 039

Fax: 00357 25 588 752

Board of directors: Marko Kryžanowski, Boštjan Napast, Demetra Vasiliou, Christakis Myrianthous, Nicoletta Demetriou

Registration number: 89452

Date of entry in the Companies Register: 18. 11. 1998

Tax number: 12089452Z

On 1 January 2004, the operations of the company Cypet Oils Ltd. were transferred to the company Cypet-Trade Ltd.

In 2008 the company Cypet-Trade Ltd. sold 1,358,352 tons of petroleum products, which is 31 percent more than planned.

It generated EUR 912.5 million in net sales revenue, which is 65 percent more than planned.

The company's net profit totalled EUR 4.9 million in 2008, exceeding the plan by 32 percent. The higher-than-planned results stem from an increased quantity of petroleum products sold to the parent company.

The company's equity totalled EUR 8.2 million as at 31 December 2008.



CYPET OILS LTD.

The company Cypet Oils Ltd. was established at the end of 1989 and is fully owned by Petrol d.d., Ljubljana. On 1 January 2004, its business operations were transferred to the company Cypet-Trade Ltd.

Company name: Cypet Oils Ltd.

Registered office: Ariadne House, Office no. 52, 333, 28th October Street, P.O. Box 57019, 3311 Limassol, Cyprus

Principal activity: Trading and financing of the Petrol Group's oil transactions

General Manager: Marko Malgaj

E-mail: cypet@logos.cy.net

Telephone: 00357 25 586 039

Fax: 00357 25 588 752

Board of directors: Marko Kryžanowski, Boštjan Napast, Xamitin Ltd., Nicoletta Demetriou

Registration number: 38175

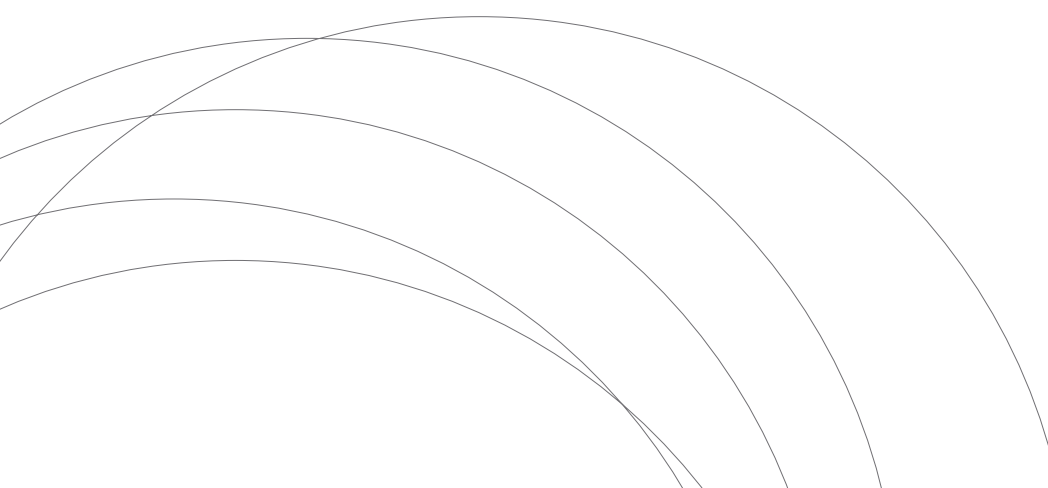
Date of entry in the Companies Register: 11. 12. 1989

Tax number: 12038175W

In 2008 the company Cypet Oils Ltd. generated only revenue from financing.

The company's net profit for 2008 totalled EUR 13.2 thousand.

The company's equity totalled EUR 1.6 million as at 31 December 2008.



PETROL BH OIL COMPANY D.O.O. SARAJEVO

The company Petrol BH Oil Company d.o.o. was established in Sarajevo at the beginning of 1999 and is fully owned by Petrol d.d., Ljubljana. The company's principal activities comprise wholesale and retail trade in liquid and gaseous fuels, and sale of similar products.

Company name: Petrol BH Oil Company d.o.o.

Registered office: Grbavička 4/4, 71000 Sarajevo, Bosnia and Herzegovina

Principal activity: Trading in solid, liquid and gaseous fuels, and in similar products

Director (procurator): Aleksander Malahovsky

E-mail: aleksander.malahovsky@petrol.si

Telephone: 00387 33 560 088

Fax: 00387 33 560 071

Supervisory Board: Igor Irgolič, Boštjan Napast, Alenka Vrhovnik Težak; in December 2008 a decision to abolish this body was adopted; its duties will be performed by the founder

Registration number: 20219629

Date of entry in the Companies Register: 5. 1. 1999

Tax number: 01076661

Through retail and wholesale activities, the company sold 134,191 tons of petroleum products in 2008, implementing 89 percent of the plan.

In the same period, the company generated EUR 135.9 million in revenue from the sale of oil and petroleum products, EUR 3.6 million in revenue from the sale of supplementary and other merchandise, and EUR 318 thousand in revenue from the sale of services. In 2008 the company generated EUR 139.8 million in total net sales revenue, implementing 97 percent of the plan.

The company's net profit totalled EUR 161.2 thousand in 2008, meaning that 23 percent of the plan was implemented. Lower-than-planned profit is the result of a lower-than-planned sales volume, higher costs and higher financial expenses.

The company Petrol BH Oil Company d.o.o. operated 41 service stations at the end of 2008.

The company's equity totalled EUR 40.8 million as at 31 December 2008.

PETROL TRGOVINA D.O.O., ZAGREB

The company Petrol Trgovina d.o.o., Zagreb was established in 1996 and is fully owned by Petrol d.d., Ljubljana. It is engaged in the sale of petroleum products and other merchandise in Croatia.

Company name: Petrol Trgovina d.o.o., Zagreb

Registered office: Oreškovićeve 3D, Otok, 10010 Zagreb, Croatia

Principal activity: Trading in petroleum products and consumer goods

General Manager: Ignac Rupar

E-mail: ignac.rupar@petrol.si

Telephone: 00385 1 66 80 001

Fax: 00385 1 66 80 030

Supervisory Board: Igor Irgolič, Alenka Vrhovnik Težak, until november 2008 Boštjan Napast; in December 2008 a decision to abolish this body was adopted; its duties will be performed by the founder

Registration number: 0400661

Date of entry in the Companies Register: 25. 9. 1996

Tax number: 0400661

In Croatia, the establishment of compulsory stocks of products was subject in 2008 to the rules adopted by the Croatian government as part of a law governing the oil and petroleum products market. In accordance with the regulation on the compulsory stocks of oil and petroleum products, which is based on the above law, the entities bound by that law had to establish in 2008 compulsory stocks of oil and petroleum products in the amount prescribed by the Croatian government in its previous decisions (of 31 May 2007 and 18 April 2008). In addition to the compulsory stocks, the law on the oil and petroleum products market imposes on the producers and importers of petroleum products the mandatory payment of compulsory stocks fees to the account of the Compulsory Stocks Agency in the amount that is determined yearly by the Croatian Government. In 2008 the fee stood at HRK 150 per ton of imported petrol and HRK 190 per ton of imported diesel fuel and heating oil.

In Croatia, the prices of petroleum products, i.e. petrol, diesel fuel and extra light heating oil, are government-regulated. They are set in accordance with the Petroleum Product Pricing Rules ("Pravilnik o utvrđivanju cijena naftnih derivata"), which have been in force since 4 January 2007. The prices change fortnightly according to the prescribed methodology, which takes into account conditions on the global oil and foreign exchange market. The above rules also lay down expenses for the financing of the Compulsory Stocks Agency ("Agencija za obvezne zalihe").

In Croatia, customs duties on the import of industrial products originating from the EU were fully eliminated on 1 January 2007. Because the procurement market of Petrol Trgovina, d.o.o. is limited to EU member states, there were no customs duties levied on the import of oil and petroleum products in 2008.

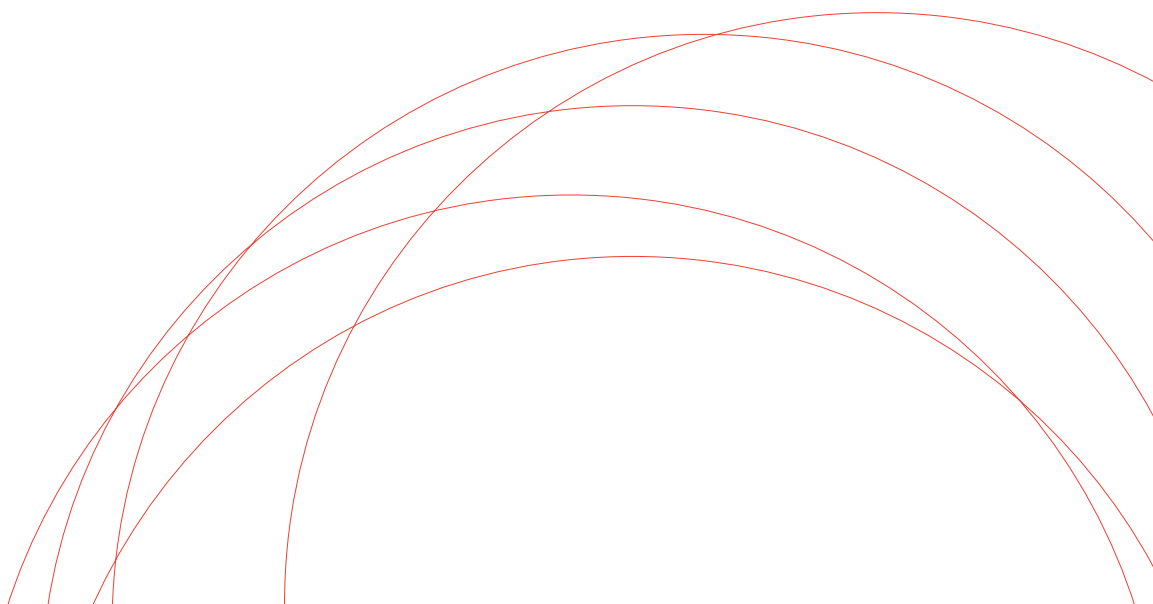
In 2008 the company Petrol Trgovina, d.o.o., Zagreb sold 111,662 tons of petroleum products, implementing 66-percent of the plan.

Revenue from the sale of oil and petroleum products totalled EUR 123 million, with revenue from the sale of supplementary and other merchandise amounting to EUR 10.2 million and revenue from the sale of services to EUR 0.6 million. In 2008 Petrol Trgovina d.o.o., Zagreb generated EUR 133.7 million in net sales revenue, thus implementing 76 percent of the plan.

In 2008 the company generated a net loss of EUR 3.1 million and did not meet the plan. The main reason for the lower-than-planned results is the company's inability to compete with the prices of the country's leading oil trader and the lower quantity of products sold than envisaged in the plan.

At 31 December 2008, the company Petrol Trgovina d.o.o., Zagreb operated 31 service stations in Croatia.

The company's equity totalled EUR 51.8 million as at 31 December 2008.



EURO - PETROL D.O.O.

The company Euro - Petrol d.o.o. Rijeka was established in 2000 by its owner Mr Jozo Kalem. In February 2008 Petrol purchased a 51-percent ownership interest from the owner, thus becoming the company's majority owner.

Company name: Euro - Petrol d.o.o.

Registered office: Martinkovac 143b, 51000 Rijeka, Croatia

Principal activity: Trading in and transport of oil and petroleum products

Directors: Jozo Kalem, Grega Lukman

E-mail: jozo-kalem@euro-petrol.htnet.hr; grega.lukman@petrol.si

Telephone: 00385 51 624 986; 00386 1 47 14 258

Fax: 00385 51 625 554

Members of the Supervisory Board: Žiga Medič, Roman Mazi, Franjo Gregurić

Registration number: 040156017

Date of entry in the Companies Register: 20. 7. 2000

Tax number: 01508407

In 2008 there were still certain regulations in place in Croatia that were based on the applicable law on the oil and petroleum products market. Among other things, these regulations require importers to obtain import permits, pay any customs duties, establish compulsory petroleum products stocks, obtain energy licences for various activities, and determine maximum retail prices of petroleum products on the basis of the applicable regulation, under which the prices change every 14 days. These regulations represent the basic regulatory system for this line of business, but they favour the largest local oil company while hindering competition.

In 2008 the introduction of Petrol's information system together with all its software solutions and the integration of all service stations in Petrol's information system were two of the company's main activities that deserve to be mentioned.

In 2008 Euro - Petrol d.o.o. sold 207,774 tons of petroleum products.

In 2008 the company generated EUR 236.5 million in net sales revenue.

The company's net profit totalled EUR 281 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 143 thousand.

At 31 December 2008, the company Euro - Petrol d.o.o. operated 36 service stations.

The company's equity totalled EUR 44.2 million as at 31 December 2008.

PETROL D.O.O. BEOGRAD

The company began operating in 2003 and is fully owned by the company Petrol d.d., Ljubljana. Its principal activity is the sale of petroleum products and other merchandise in Serbia.

Company name: Petrol d.o.o. Beograd

Registered office: Ulica Španskih boraca br. 24v, 11077 Novi Beograd, Serbia

Principal activity: Trading in solid, liquid and gaseous fuels

General Manager: Aljoša Višnar

E-mail: aljosa.visnar@petrol.si

Telephone: 00381 11 212 93 84

Fax: 00381 11 313 29 28

Supervisory Board: Marko Kryžanowski, Igor Irgolič, Boštjan Napast; in December 2008 a decision to abolish this body was adopted; its duties will be performed by the founder

Registration number: 17454404

Date of entry in the Companies Register: 31. 12. 2002

Tax number: 102485196

In 2008 the Serbian oil and petroleum products market was highly regulated by the government. Companies could only import crude oil, eurodiesel and liquefied petroleum gas. A company that is engaged in the retail sale of petroleum products in the Serbian market has to purchase those products from the company NIS a.d. Novi Sad or import crude oil and have it processed at NIS refineries.

In Serbia, oil and petroleum products are priced in accordance with government regulations and can be subject to harmonisation every 15 days, in accordance with applicable legislation.

In 2008 the total quantity of oil and petroleum products sold by the company amounted to 6,869 tons, meaning that 98 percent of the plan was implemented.

In 2008 Petrol d.o.o. Beograd generated EUR 7.5 million in net sales revenue, which is 2 percent less than planned.

The company generated a loss of EUR -925 thousand, which was higher than planned. The lower-than-planned result stems from lower retail sales at service stations.

The company Petrol d.o.o. Beograd operated three service stations at the end of 2008.

The company's equity totalled EUR 12.1 million as at 31 December 2008.

PETROL - INVEST D.O.O.

At the beginning of 2008, Petrol d.d., Ljubljana established a new subsidiary, Petrol - Invest d.o.o., in which it has a 100-percent interest. The business activity of the new company consists of capital investments in the petroleum activity in the territory of Montenegro. Already in 2007, the companies Petrol d.d., Ljubljana and Montenegro Bonus d.o.o. Cetinje established the company Petrol - Bonus d.o.o. whose main activity comprises the sale of gas and petroleum products in the market of Montenegro. With the establishment of Petrol - Invest d.o.o., the financing of capital investments in the territory of Montenegro was regulated in accordance with the contract of members. Petrol - Invest d.o.o. manages and conducts all procedures relating to the purchase of land and construction of real estate. Once a capital investment is completed, the company transfers real estate to the management by Petrol - Bonus d.o.o. via a finance lease.

Company name: Petrol - Invest d.o.o.

Registered office: Ulica Donje polje b.b., 81250 Cetinje, Montenegro

Principal activity: Capital investments in the gas activity

Representative: Dean Krivec

E-mail: dean.krivec@petrol.si

Telephone: 00382 41 230 660

Fax: 00382 41 230 661

Registration number: 02701006

Date of entry in the Companies Register: 18. 2. 2008

Tax number: 31/31-00548-1

In 2008 the activities of the company Petrol - Invest d.o.o. were mostly related to the preparation of design documentation for the purchase of real estate in Montenegro and the construction of a service station in Podgorica. The company concluded contracts for the purchase of land in Sutomore and a contract for the purchase of a service station in Cetinje.

The company's revenue was generated in the form of financial revenue from interest on bank deposits, which the company used to cover its operating costs.

The company ended the financial year 2008 with net profit of EUR 2 thousand.

The company's equity totalled EUR 2.4 million as at 31 December 2008.

PETROL MALOPRODAJA SLOVENIJA, D.O.O.

In 1999 the controlling company Petrol d.d., Ljubljana acquired full ownership of the company Shell Slovenija d.o.o., Ljubljana, renaming it Destilat, d.o.o. on the entry in the Companies Register in July 1999. On 9 March 2004, the company Destilat, d.o.o. was renamed Petrol Maloprodaja Slovenija d.o.o.

Company name: Petrol Maloprodaja Slovenija, d.o.o.

Abbreviated name: Petrol Maloprodaja Slovenija, d.o.o.

Registered office: Dunajska cesta 50, 1000 Ljubljana, Slovenia

Principal activity: Retail sale of petroleum products and other merchandise in Slovenia

General Manager: Igor Mravlja

E-mail: igor.mravlja@petrol.si

Telephone: 00386 1 47 14 832

Fax: 00386 1 47 14 811

Assembly members: Igor Irgolič, Marko Kryžanowski, Boštjan Napast

Registration number: 5823749

Date of entry in the Companies Register: 7. 7. 1999

Tax number: 63442213

The company Petrol Maloprodaja Slovenija, d.o.o. is deals with the retail sale of petroleum products, supplementary and other merchandise and services at service stations in Slovenia. The service stations and merchandise are the property of Petrol d.d., Ljubljana.

In 2008 the company Petrol Maloprodaja Slovenija, d.o.o. generated EUR 13.1 million in net sales revenue, thus exceeding the plan by 19 percent.

Net sales revenue was generated through fees charged to Petrol d.d., Ljubljana in connection with sales activities performed at the service stations managed by Petrol Maloprodaja Slovenija, d.o.o. The company Petrol Maloprodaja Slovenija, d.o.o. also received EUR 271 thousand in interest income.

The company ended the year 2008 with net profit in the amount of EUR 22.

The company's equity totalled EUR 12.7 million as at 31 December 2008.

PETROL SKLADIŠČENJE D.O.O.

The company Petrol Skladiščenje d.o.o. was established in 2002 and is fully owned by the company Petrol d.d., Ljubljana. Its principal activity comprises management of storage facilities purchased in July 2002 by the parent company Petrol d.d., Ljubljana from the company Nafta Lendava in accordance with the agreement on the restructuring of Nafta Lendava concluded with the Government of the Republic of Slovenia.

Company name: Petrol Skladiščenje d.o.o.

Registered office: Zaloška cesta 259, 1260 Ljubljana-Polje, Slovenia

Principal activity: Management of storage facilities owned by the controlling company

General Manager: Roman Dobnikar

E-mail: roman.dobnikar@petrol.si

Telephone: 00386 1 586 34 56

Fax: 00386 1 520 36 74

Assembly members: Boštjan Napast, Igor Irgolič, Rok Blenkuš

Registration number: 1721895

Date of entry in the Companies Register: 14. 8. 2002

Tax number: 51018900

In 2004, pursuant to an analysis carried out to determine the efficiency of corporate functions at the company Petrol Skladiščenje d.o.o., the parent company merged the management of Petrol's storage facilities in Slovenia. In January 2004, it transferred the entire storage activity from the controlling company to the subsidiary. In addition to managing fuel storage facilities in Lendava, the latter also took over the management of fuel storage facilities in Rače, Celje, Zalog, Ajdovščina, and the Storage and Distribution Centre for Unit Merchandise in Zalog.

In addition to carrying out activities for the Petrol Group, Petrol Skladiščenje d.o.o. also provides services for strategically important national institutions, i.e. Slovene Agency for Compulsory Oil Stocks and Slovene Agency for Commodity Reserves, on behalf of Petrol d.d., Ljubljana.

In 2008 the company generated EUR 2.7 million in net sales revenue, exceeding the plan by 22 percent.

The company finished the year 2008 with a net profit of EUR 1 thousand.

The company's equity totalled EUR 557 thousand as at 31 December 2008.

PETROL TEHNOLOGIJA, D.O.O.

At the end of 2002, the controlling company Petrol d.d., Ljubljana merged the building and plant maintenance activity into the new company Petroservis d.o.o., which was fully owned by the controlling company. The company Petroservis d.o.o. was officially established in November 2002, but it began operating in 2003. In 2004 it was renamed Petrol Tehnologija, d.o.o.

Company name: Petrol Tehnologija, d.o.o.

Registered office: Zaloška cesta 259, 1260 Ljubljana-Polje, Slovenia

Principal activity: Maintenance of buildings, technological equipment and installations

General Manager: Miran Jug

E-mail: miran.jug@petrol.si

Telephone: 00386 1 520 36 00

Fax: 00386 1 520 36 01

Assembly members: Marta Svoljšak Jerman, Barbara Jama Živalič, Igor Matičič, Andraž Lipolt

Registration number: 1779192

Date of entry in the Companies Register: 25. 11. 2002

Tax number: 75194996

The company's activity comprises maintenance of property, technological equipment and reservoirs, maintenance and construction of technological installations, maintenance and construction of energy plants, maintenance and testing of gas storage tank tightness, gauge control, and environment and equipment measurements. The company has its own agencies for the purchasing of spare parts, installations and equipment. Petrol Tehnologija, d.o.o. covers the needs of both the Petrol Group and external clients.

In 2008 the company Petrol Tehnologija, d.o.o. generated EUR 6.8 million in net sales revenue, thus exceeding the plan by 23 percent.

The company's net profit totalled EUR 216 thousand, which is EUR 133 thousand more than planned.

The company exceeded the planned results in 2008 due to favourable working conditions for carrying out preventive and emergency maintenance work. The refurbishment of pumps, construction of liquefied petroleum gas systems, and AdBlue additive, which allows for cleaner exhausts, also contributed to the good results.

The company's equity totalled EUR 1.2 million as at 31 December 2008.

PETROL VNC D.O.O.

The company Petrol VNC d.o.o., was officially established on 16 May 2006, but it began operating on 1 September 2006. The company is fully owned by the company Petrol d.d., Ljubljana and was established to provide investigation and security services.

Company name: Petrol VNC d.o.o.

Registered office: Dunajska cesta 50, 1000 Ljubljana, Slovenia

Principal activity: Investigation activities and security

General Manager: Bojan Babič

E-mail: bojan.babic@petrol.si; vnc@petrol.si

Telephone: 00386 1 471 43 91

Fax: 00386 1 471 48 09

Registration number: 2197995

Date of entry in the Companies Register: 16. 5. 2006

Tax number: 12786896

The company provides professional services related to the reception, processing, displaying and archiving of alarm messages received from secured buildings. The company's activities also include the provision of ongoing surveillance of secured areas or buildings, forwarding of the alarm messages received to other private security companies and state bodies (police, fire brigade and various rescue services), communication to and operational coordination of intervention teams in the field, and preparation of security footage from video surveillance systems on the request of clients. In 2008 the company also provided various consulting services in the field of security, and detective services.

Petrol VNC d.o.o. performs its activity based on contracts concluded with various private security companies and other entities.

In 2008 the company generated EUR 324 thousand in net sales revenue, thus implementing 93 percent of the plan.

The company ended the year 2008 with a profit of EUR 4 thousand, which amounts to 33 percent of the plan. The main reason for the lower-than-planned results lies in the decrease in revenue associated with the transition to the new information system and a decrease in the number of orders for the preparation of security footage.

The company's equity totalled EUR 132 thousand as at 31 December 2008.

PETROL PLIN, D.O.O.

The company Petrol Plin, d.o.o. was established by merging the gas division of Petrol d.d., Ljubljana and the company Apegas d.o.o. It is now fully owned by the company Petrol d.d., Ljubljana. The company began operating at the beginning of 2002. Its principal activities comprise gaseous fuel supply via gas networks, steam and hot water supply, storage and trading in gaseous and liquid fuel, consulting and project design.

Company name: Petrol Plin, d.o.o.

Registered office: Dunajska cesta 50, 1000 Ljubljana, Slovenia

Principal activity: Gaseous fuel, steam, hot water supply, consulting and project design

General Manager: Franc Dover

E-mail: franc.dover@petrol.si

Telephone: 00386 1 47 14 578

Fax: 00386 1 47 14 400

Assembly members: Boštjan Napast, Alenka Vrhovnik Težak, Janez Grošelj

Registration number: 5842247

Date of entry in the Companies Register: 4. 10. 1993

Tax number: 36799220

In addition to its principal activity, the company operates in the field of construction and management of natural gas networks and liquefied petroleum gas networks.

At the end of 2008, Petrol Plin, d.o.o. operated 21 gas concessions. Three concessions are owned by the parent company Petrol d.d., Ljubljana, 18 by Petrol Plin, d.o.o. The company sold liquefied petroleum gas sold via 2,000 gas depots.

In 2008 Petrol Plin, d.o.o. sold 26,422 tons of liquefied petroleum gas, exceeding the plan by 16 percent. Through its own concessions, the company also sold 11 million Sm³ of natural gas, exceeding the plan by 10 percent. Another 1.6 million Sm³ of natural gas were distributed. Based on three concessions owned by the company Petrol d.d., Ljubljana and operated by the company Petrol Plin, d.o.o., the company sold 11 million Sm³ of natural gas, exceeding the plan by 10 percent.

In 2008 Petrol Plin, d.o.o. generated EUR 31.4 million in net sales revenue, exceeding the plan by 27 percent.

Net profit totalled EUR 822 thousand, which was better than expected. The reason for the higher-than-expected results mostly lies in the quantity of natural gas and liquefied petroleum gas sold, which was higher than planned.

The company's equity totalled EUR 20 million as at 31 December 2008.

PETROL ENERGETIKA D.O.O.

The company Petrol Energetika d.o.o. has a visible role as regards energy supply of the Slovene steel industry and manufacturing industry, and consumer goods industry in geographically integrated municipalities. The company implements and develops modern energy concepts of energy supply and provision of services.

Company name: Petrol Energetika d.o.o.

Registered office: Koroška cesta 14, 2390 Ravne na Koroškem, Slovenia

Principal activity: Production, sale and distribution of electricity and heat, sale and distribution of natural gas and other energy products

General Manager: Mojca Kert-Kos

E-mail: mojca.kos@petrol.si

Telephone: 00386 2 870 61 00

Fax: 00386 2 870 61 06

Registration number: 5705754

Date of entry in the Companies Register: 12. 3. 1993

Tax number: 56859708

In the middle of 2002, the controlling company Petrol d.d., Ljubljana purchased from the company Slovenske železarne d.d. 80-percent interests in Energetika Ravne and Energetika Štore. Through a capital increase, the company Petrol d.d., Ljubljana increased its ownership interest to 99.33 percent in 2008. The remaining 0.67 percent of the company is owned by the company Železar Štore d.p., delniška družba pooblaščenka, d.d.

SYSTEM OPERATOR

Petrol Energetika d.o.o.'s market role is that of a producer, trader, dealer and broker engaged in the marketing of energy products. Moreover, it has also been assuming the role of distribution system operator. Its most important customers include energy-intensive steel and manufacturing industry as well as users in geographically integrated local communities.

In geographically integrated areas of Ravne and Štore, the company ensures strategic energy and energy-product supply to former ironworks and the surrounding communities. In addition, it provides comprehensive heat and natural gas supply to the municipalities of Ravne na Koroškem, Prevalje, Mežica and Dravograd.

EFFICIENCY OF SYNERGIES AND REGIONAL ENERGY SUPPLY

The company's aim is to provide lasting synergy effects in carrying out energy, municipal and environment services, and to become a leading regional energy supplier. Its business strategy relies on analysing and adapting to the market and on the development of its own knowledge.

For the purpose of trading in natural gas, the company developed its own model for forecasting and optimising demand for natural gas. It is responsible for the management of the natural gas balance group, which comprises major industry customers and customers from the Slovene municipalities in which the Petrol Group obtained concessions for operating natural gas distribution systems.

The company Petrol Energetika d.o.o. developed and implemented a competitive *multi utility operating model*, which combines the provision of comprehensive energy services intended for industry customers and retail clients in technological, economic and environmental sense.

The company is successfully developing into a leading regional coordinator and supplier of energy. Its key competitive advantages include providing lasting synergies between public and private investments (*Private Public Partnership*), especially in the field of municipal and energy infrastructure. The company stays ahead of the competition by providing efficient support to contract-based financing (*Third Party Financing – TPF*) and efficient demand-side energy consumption management (*Demand Side Management*).

In 2008 Petrol Energetika d.o.o. sold 353 million kWh of electricity, of which the quantity generated totalled 35.2 million kWh and the quantity distributed 301 million kWh. The company sold and distributed 92 million Sm³ and 52 million Sm³ of natural gas, respectively. As regards heat management, the company generated 50 thousand MWh of heat, selling and distributing 46 thousand MWh and 48 thousand MWh of heat, respectively.

Net sales revenue 11 percent higher than planned in 2008

In 2008 the company's net sales revenue totalled EUR 74.6 million, exceeding the plan by 11 percent.

Its net profit stood at EUR 1.8 million in 2008. Net profit attributable to the company Petrol d.d., Ljubljana totalled EUR 1.79 million, which is 33 percent more than planned. Better-than-planned profit mostly results from increased sales to industry customers.

The company's equity totalled EUR 16.8 million as at 31 December 2008.

PETROL GAS GROUP, D.O.O.

In August 2007 the company Petrol d.d., Ljubljana established the company Petrol Gas Group, d.o.o. in Novi Sad, Serbia. The company was established to manage its own and other Petrol's investments in companies engaged in gas activities in the territory of Serbia. The company is fully owned by Petrol d.d., Ljubljana.

Company name: Petrol Gas Group, d.o.o.
Registered office: Kninska 139B, 21203 Veternik, Serbia
Principal activity: Gas distribution
General Manager: Štefan Mitja Lebar
E-mail: stefan.lebar@petrol.si
Telephone: 00386 1 47 14 911
Fax: 00386 1 47 14 812
Registration number: 20316586
Date of entry in the Companies Register: 8. 8. 2007
Tax number: 105106816

The company Petrol Gas Group, d.o.o. manages the Pećinci concession which was obtained by Petrol d.d., Ljubljana via a public tender and transferred to the newly established subsidiary Petrol Gas Group, d.o.o. after it had been established. In 2008 the construction of a gas distribution network began in Pećinci and the Šimanovci business zone.

In the field of energy activities in Serbia, Petrol d.d., Ljubljana aims to expand its activities by obtaining new concessions for the distribution of natural gas and liquefied petroleum gas and enter into partnerships with similar companies. The goal of Petrol Gas Group d.o.o. is to carry out the complete range of the Petrol Group's gas activities in the territory of Serbia through the distribution and supply of liquefied petroleum gas (selling of liquefied petroleum gas from gas depots, selling of autogas, and retail and wholesale of bottled LPG) and the expansion of activities in the field of natural gas by obtaining new concessions for the distribution of natural gas, construction of gas distribution networks and acquisition of the existing distributors.

The company did not operate actively in 2008, but it did generate a net profit of EUR 25 thousand.

The company's equity totalled EUR 1.1 million as at 31 December 2008.

RODGAS AD BAČKA TOPOLA

In July and October 2007, the company Petrol d.d., Ljubljana acquired a majority, 84.22-percent interest in the company Rodgas AD Bačka Topola. The company's activity consists of the distribution of gas via a gas network in Serbia.

Company name: Rodgas AD Bačka Topola

Registered office: Maršala Tita br. 61, Bačka Topola, Serbia

Principal activity: Gas distribution

Board of directors: Primož Kramer, Milan B. Dragosavac, Janez Zagode

E-mail: primoz.kramer@petrol.si, milan.dragosavac@petrol.si, janez.zagode@petrol.si

Telephone: 00381 24 715 828

Registration number: 8576416

Date of entry in the Companies Register: 17. 2. 1994

Tax number: 101446475

Petrol entered the natural gas distribution market in the Republic of Serbia by acquiring a distributor that is familiar with the situation in the country and has good business and political connections. Thanks to the country's good position in the region, its big development potential and economic growth, this market represents an interesting opportunity for the expansion of Petrol's gas activities.

The company Rodgas AD Bačka Topola distributes natural gas via a gas network measuring 131.6 km. In 2008 the company sold 6 million Sm³ of natural gas to household and industry customers. 1,276 households and 91 business entities are connected to the network.

In 2008 the company generated EUR 2.3 million in net sales revenue, implementing 90 percent of the plan.

Its net profit totalled EUR 99 thousand, of which EUR 84 thousand is attributable to the company Petrol d.d., Ljubljana, exceeding the planned profit by 52 percent.

The company's equity totalled EUR 1.3 million as at 31 December 2008.



PETROL TOPLARNA HRASTNIK D.O.O.

On 30 September 2008, Petrol d.d., Ljubljana became the sole owner of the company Toplarna Hrastnik d.o.o. At the beginning of 2008, the company changed its name from Toplarna Hrastnik d.o.o. to Petrol Toplarna Hrastnik d.o.o. The company's principal activity is production, distribution and sale of heat in the Municipality of Hrastnik. The company was established by the company Rudnik Trbovlje-Hrastnik, d.o.o. and the Municipality of Hrastnik.

Company name: Petrol Toplarna Hrastnik d.o.o.

Registered office: Ulica prvoborcev 5A, 1430 Hrastnik, Slovenia

Principal activity: Steam and hot water supply

General Manager: Simon Kovačič

E-mail: simon.kovacic@petrol.si

Telephone: 00386 3 564 22 50

Fax: 00386 3 564 22 70

Registration number: 5545897

Date of entry in the Companies Register: 6. 1. 1992

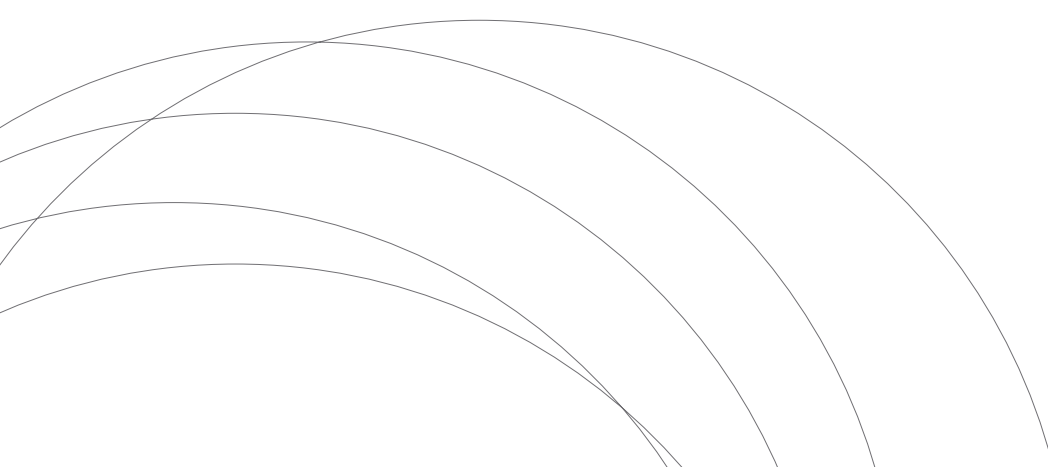
Tax number: 55058728

Petrol Toplarna Hrastnik d.o.o. performs the following activities: production, distribution and sale of heat, production and sale of electricity, construction services and chimney sweeping services.

The company's total net sales revenue totalled EUR 2.6 million in 2008.

Petrol Toplarna Hrastnik ended the year 2008 with a net loss of EUR 226 thousand. The loss is the result of the fact that the selling prices of heat did not follow the increase in the prices of natural gas. Changing the price of heat for end users is subject to approval by the local community.

The company's equity totalled EUR 1.4 million as at 31 December 2008.



JOINT VENTURES

GEOENERGO D.O.O.

The company Geoenergo d.o.o. was established in 2002 and is 50-percent owned by Petrol d.d., Ljubljana. The other company member is Nafta Lendava, d.o.o.

Company name: Geoenergo d.o.o.

Registered office: Mińska ulica 5, 9220 Lendava, Slovenia

Principal activity: Extraction of natural gas, oil and gas condensate

General Managers: Ivan Pavošević, Andraž Lipolt

E-mail: ivan.pavosevic@nafta-lendava.si; andraz.lipolt@petrol.si

Telephone: 00386 2 577 22 62

Fax: 00386 2 578 89 15

Supervisory Board: Barbara Jama Živalič, Mihael Dominko, Marta Svoljšak Jerman, Karmen Fujs

Registration number: 1465830

Date of entry in the Companies Register: 20. 6. 2002

Tax number: 28050657

The company's principal activity comprises extraction of natural gas, crude oil and gas condensate from wells in the area of the Mura depression. The company also holds concession rights for the extraction of mineral resources, crude oil, natural gas and gas condensate in the area of the Mura depression.

Geoenergo d.o.o. and the company Nemocco Slovenija Corporation concluded a long-term contract on a shared investment in the area of carbohydrate extraction from oil and gas fields Dolina and Petišovci near Lendava.

At the end of 2008, the basic production of carbohydrates was transferred to the company Nafta-Geoterm d.o.o. In 2008 Geoenergo d.o.o. sold 2.2 million Sm³ of natural gas and 248 tons of crude oil and gas condensate.

In 2008 the company generated EUR 535 thousand in net sales revenue.

The result of the company's operations in 2008 was a net profit of EUR 13 thousand, which was lower than planned because of lower production of carbohydrates. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 6 thousand.

The company's equity totalled EUR 147 thousand as at 31 December 2008.

INSTALACIJA, D.O.O. KOPER

The company Instalacija, d.o.o. Koper was established in 1991. Its principal activities comprise storage and handling of petroleum products. The company is 49-percent owned by Petrol d.d., Ljubljana, with Istrabenz d.d., Koper owning 51 percent.

Company name: Instalacija, d.o.o. Koper
Registered office: Sermin 10a, 6000 Koper, Slovenia
Principal activity: Storage and handling of petroleum products
General Manager: Rinaldo Glavina
E-mail: rinaldo.glavina@instalacija.si
Telephone: 00386 5 668 21 00
Fax: 00386 5 639 53 20
Registration number: 5498007
Date of entry in the Companies Register: 5. 7. 1991
Tax number: 62032429

Important events of 2008 included the replacement of a filling arm at the tanker pier, installation of an additional B100 adding line and refurbishment of oil and water separators.

In 2008 the company handled 2.37 million tons of petroleum products, which is more than planned and represents a record annual quantity of petroleum products handled.

The company's net sales revenue totalled EUR 13.9 million in 2008, which is more than planned.

Its net profit totalled EUR 4.6 million in 2008, exceeding the plan by 22 percent. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 2.3 million. The company's net profit was higher than expected mostly due to the higher volume of goods handled and lower costs of goods, materials and services.

The company's equity totalled EUR 23.3 million as at 31 December 2008.

KARKASA, D.O.O.

The company Karkasa, d.o.o. was established in 2004 by Petrol d.d., Ljubljana and Sava Tires, d.o.o., a member of the Goodyear Group. The company's principal activity is truck tyre retreading.

Company name: Karkasa, d.o.o.
Registered office: Škofjeloška cesta 6, 4000 Kranj, Slovenia
Principal activity: Truck tyre retreading
General Manager: Peter Globočnik
E-mail: peter_globocnik@goodyear.com
Telephone: 00386 4 207 75 97
Fax: 00386 4 207 75 04
Registration number: 1965042
Date of entry in the Companies Register: 13. 7. 2004
Tax number: 20610181

The company, in which both founders hold a 50-percent interest, began operating in January 2005. In 2008 the company retreaded 6,673 tyres, thus implementing 95 percent of its plan. Having sold 6,577 retreaded truck tyres, it realised 94 percent of its sales plan. The lower-than-planned sales and production figures are the result of three major failures of production equipment that occurred in 2008.

Karkasa, d.o.o. generated EUR 1 million in net sales revenue in 2008, thus implementing 92 percent of the plan.

The company's net profit for 2008 stood at EUR 161 thousand and was 189 percent higher than planned. The significant increase in the profit is the result of a more favourable production and sales structure, lower cost of truck tyres purchased in the domestic market, and unexpected higher sales of the by-products of the production process.

In 2008 net profit attributable to Petrol d.d., Ljubljana amounted to EUR 80 thousand.

The company's equity totalled EUR 485 thousand as at 31 December 2008.

PETROL – BONUS D.O.O.

Based on a public tender won by Petrol d.d., Ljubljana, the companies Petrol d.d., Ljubljana and Montenegro Bonus d.o.o. Cetinje established the company Petrol - Bonus, d.o.o. after signing a contract in August 2007. Both companies have a 50-percent interest in the new company. The company's principal activity is the sale of gas and petroleum products in the territory of Montenegro.

Company name: Petrol - Bonus d.o.o.

Registered office: Ulica Donje polje b.b., 81250 Cetinje, Montenegro

Principal activity: Wholesale and retail sale of fuel

Managing director: Miodrag Ivanović

Financial director: Dean Krivec

E-mail: dean.krivec@petrol.si

Board of directors: Roman Mazi, Štefan Mitja Lebar, Biserka Dragičević

Registration number: 02675889

Date of entry in the Companies Register: 22. 8. 2007

Tax number: 31/31-00505-8

At the end of 2008, Petrol - Bonus d.o.o. began operating in the field of petroleum products wholesale.

In 2008 the company generated EUR 360 thousand in net sales revenue. Other revenue in the amount of EUR 37 thousand was financial revenue from interest received on bank deposits.

The result of the company's operations in 2008 was a net loss of EUR 158 thousand. The net loss attributable to Petrol d.d., Ljubljana amounted to EUR 79 thousand.

The company's equity totalled EUR 852 thousand as at 31 December 2008.

PETROL – OTI – SLOVENIJA L.L.C.

The company PETROL - OTI – Slovenija L.L.C. was established in July 2007. It is 51-percent owned by Petrol d.d., Ljubljana and 49-percent owned by OTI C.O. J.S.C. Priština. The company's principal activity is the sale of petroleum products in the territory of Kosovo.

Company name: PETROL - OTI - Slovenija L.L.C.

Registered office: Prishtina Magjistralija, Prishtine str. No., Prishtina, Kosovo

Principal activity: Retail sale and wholesale of liquid and gaseous fuel and similar products

General Manager: Bojan Babič

E-mail: bojan.babic@petrol.si

Telephone: 00386 1 471 43 91

Fax: 00386 1 471 48 09

Board of directors: Bojan Babič, Roman Mazi, Nazmi Bytyqi

Registration number: 70441544

Date of entry in the Companies Register: 17. 7. 2007

Tax number: 3005453

The company was established for the purpose of developing wholesale and retail trade in petroleum products and building its own storage facilities.

In 2008 it had all necessary licences for the pursuit of activities in the area of trading in petroleum products, and began operating in the field of wholesale and retail sale.

In 2008 the company sold 7,961 tons of oil and petroleum products.

It generated EUR 9.3 million in net sales revenue and EUR 78 thousand in net profit.

The net profit attributable to Petrol d.d., Ljubljana totalled EUR 40 thousand.

At 31 December 2008, the company operated via 2 service stations.

The company's equity totalled EUR 6.6 million as at 31 December 2008.

PETROL SLOVENIA TIRANA WHOLESALE SH.A.

Petrol Slovenia Tirana Wholesale SH.A. was established in July 2007 and is 55-percent owned by Petrol d.d., Ljubljana. The company's principal activity is wholesale of liquid and gaseous fuel and similar products in the territory of Albania.

Company name: Petrol Slovenia Tirana Wholesale SH.A
Registered office: Dëshmoret e 4 Shkurtit Pll.26, Tirana, Albania
Principal activity: Wholesale of liquid and gaseous fuel, and similar products
General Manager: Roman Mazi
E-mail: roman.mazi@petrol.si
Telephone: 00386 1 471 44 75
Fax: 00386 1 471 48 09
Registration number: K 72001009 G
Date of entry in the Companies Register: 6. 7. 2007
Tax number: K 72001009 G

The company did not operate actively in 2008.

The company's equity totalled EUR 2.1 million as at 31 December 2008.

PETROL SLOVENIA TIRANA DISTRIBUTION SH.P.K.

Petrol Slovenia Tirana Distribution SH.P.K. was established in July 2007 and is fully owned by Petrol Slovenia Tirana Wholesale SH.A. Its principal activity is retail sale of liquid and gaseous fuel in Albania.

Company name: Petrol Slovenia Tirana Distribution SH.P.K.
Registered office: Dëshmoret e 4 Shkurtit Pll.26, Tirana, Albania
Principal activity: Retail sale of liquid and gaseous fuel
General Managers: Roman Mazi, Bojan Babič
E-mail: roman.mazi@petrol.si, bojan.babic@petrol.si
Telephone: 00386 1 471 44 75, 00386 1 471 43 91
Fax: 00386 1 471 48 09
Registration number: K 72029013 N
Date of entry in the Companies Register: 23. 7. 2007
Tax number: K 72029013 N

The company did not operate actively in 2008.

The company's equity totalled EUR 629 as at 31 December 2008.

ASSOCIATES

AQUASYSTEMS D.O.O.

Company name: Aquasystems d.o.o.
Registered office: Dupleška 330, 2000 Maribor, Slovenia
Activity: Construction and operation of industrial and municipal water treatment plants – central waste treatment plant in Maribor
Ownership interest of Petrol, d.d., Ljubljana: 26%

GEOPLIN D.O.O. LJUBLJANA

Company name: Geoplin d.o.o. Ljubljana
Registered office: Cesta Ljubljanske brigade 11, 1001 Ljubljana, Slovenia
Activity: Sale and transport of natural gas
Ownership interest of Petrol, d.d., Ljubljana: 30.02%

MARCHÉ GOSTINSTVO D.O.O.

Company name: Marché Gostinstvo d.o.o.
Registered office: Notranjska cesta 71, 1370 Logatec, Slovenia
Activity: Preparation of food and beverages, sale of merchandise and other services
Ownership interest of Petrol, d.d., Ljubljana: 25%

OGREVANJE PIRAN D.O.O.

Company name: Ogrevanje Piran d.o.o.
Registered office: Liminjska cesta 117, 6320 Portorož, Slovenia
Activity: Gaseous fuel supply, generation and distribution of steam and heat
Ownership interest of Petrol, d.d., Ljubljana: 40%

BIO GORIVA D.O.O.

Company name: Bio goriva d.o.o.
Registered office: Grajski trg 21, 2327 Rače, Slovenia
Activity: Biodiesel production
Ownership interest of Petrol, d.d., Ljubljana: 25%

ISTRABENZ D.D.

Company name: Istrabenz d.d.

Registered office: Cesta Zore Perello-Godina 2, 6000 Koper, Slovenija

Activity: Management of Istrabenz Group's investments and other investments

Ownership interest of Petrol, d.d., Ljubljana: 32.63%

MANAGEMENT OF THE EQUITY INTEREST IN ISTRABENZ d.d.

Petrol d.d., Ljubljana, holds a 32.63% interest in Istrabenz d.d. The interest was acquired at the end of 2007 on the basis of the takeover bid published on 14 September 2007. The takeover price which was set based on the appraisal conducted by an independent certified company appraiser as at 30 June 2007 was lower than the then market price.

Movement in the share price of Istrabenz d.d. in 2007 and 2008



Comparison of the base index for the average share price of Istrabenz d.d. and the SBI20 index in 2007 and 2008



As Petrol d.d., Ljubljana holds an important interest in Istrabenz d.d., in 2008 the Management Board of Petrol d.d., Ljubljana tried to gain an active role in the corporate governance of Istrabenz d.d. and thus influence responsible management of the company.

Petrol d.d., Ljubljana and Istrabenz d.d. started negotiating about the consolidation of the energy activity of both companies. The project teams of both companies met three times and agreed on a cooperation framework.

At the regular Annual General Meeting of Istrabenz d.d. held on 28 August 2008, Petrol d.d., Ljubljana submitted counter-proposals:

- 1.** for the payment of higher dividends for 2007;
- 2.** for an extraordinary audit of the 2007 annual report of the company due to the reasons referred to in Article 322 of the Companies Act (ZGD-1) and for voting against the granting of discharge from liability to the Management Board and the Supervisory Board; and
- 3.** for the appointment of new members to the Supervisory Board of the company.

Only the first proposal passed the vote and based thereon Petrol d.d., Ljubljana received dividends at the end of October 2008 in the amount of EUR 6.4 million. The other two proposals were not passed, so Petrol d.d., Ljubljana filed a claim with the competent court for the appointment of a special auditor to audit the financial statements for 2008 and an action challenging the resolutions passed by the regular General Meeting of Istrabenz d.d. on the granting of discharge from liability to the Management Board and the Supervisory Board and the appointment of an auditor for 2008.

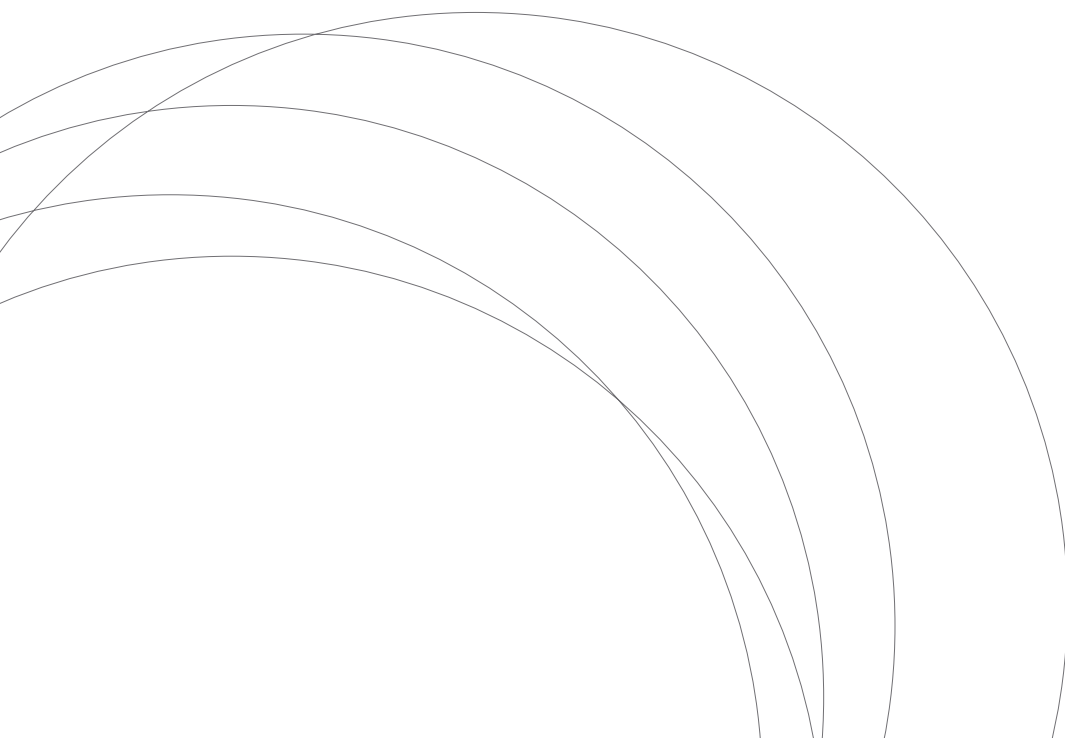
Given the results of the regular General Meeting of Istrabenz d.d. held on 28 August 2008, and taking into account the fact that Petrol d.d., Ljubljana cannot control the management of its greatest equity stake nor can it have access to comprehensive and up-to-date information about its operations, the Management Board of Petrol d.d., Ljubljana appointed a project team which re-examined the possibilities of protecting and maximising the value of the investment.

On the initiative of Petrol d.d., Ljubljana, a General Meeting of Istrabenz d.d. was convened on 12 December 2008. At this meeting, Petrol d.d., Ljubljana proposed the following:

- 1.** that the General Meeting appoints a special auditor to check the management/effectiveness of the company's operations;
- 2.** that the existing members of the Supervisory Board be discharged and new members appointed.

The proposals of Petrol d.d., Ljubljana, were not passed at this General Meeting either, which is why Petrol d.d., Ljubljana filed a proposal with the competent court for the appointment of a special auditor to examine certain transactions due to the suspected ineffective management of Istrabenz d.d. over the past years.

At the 14th General Meeting of the company Istrabenz d.d. held on 4 March 2009, Alenka Vrhovnik Težak, member of Petrol's Management Board, was elected member of the Supervisory Board of Istrabenz d.d. for the period from 5 March 2009 until the end of term of other Supervisory Board members. Petrol's representatives Alenka Vrhovnik Težak, MSc, Janez Grošelj, MSc, and Tamara Jerman, MSc, were elected members of the Supervisory Board of Istrabenz d.d. for the term of office beginning on 30 May 2009.



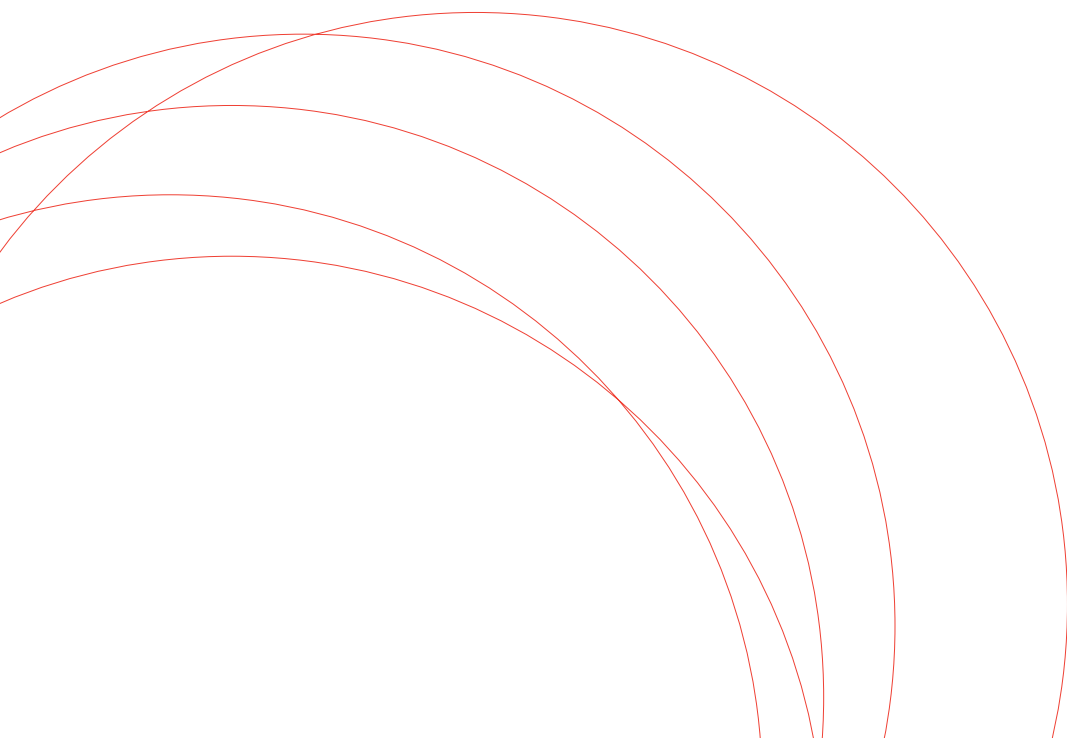


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**REPORT OF THE
SUPERVISORY BOARD**

Constructive and professional in the light of new challenges

The year 2008 saw not only successful sales, but also further deterioration of market conditions. In unfavourable operating conditions, reliable supervisory board is especially important for shareholders and the company, both in terms of control as well as constructive dialogue and objective communication. Each decision needs to be carefully considered. These are the principles that we have observed and will continue to observe in the future.



The process of efficient control begins with a good preparation of Management Board proposals, opening up room for dialogue. There is ambitious strategy on one side, implementation methods and tactics on the other. This requires a thorough consideration of goals, analysis of results, understanding of operational levers and trends in the environment, knowledge of laws and observance of good business practices – to the benefit of shareholders and the environment in which the Petrol Group operates.

The fundamental task of the Supervisory Board is to ensure efficient control.

Each information or discussion can be invaluable to the work of the Supervisory Board. That is why we continued to pursue in 2008 the principle of fostering dialogue, approving decisions only once they have been discussed from all angles and all arguments have been considered. This is the reason why the company's Management Board was invited to all meetings also in 2008. The work was carried out in accordance with the rules of procedures of both bodies.

**ASSESSMENT OF
THE YEAR 2008:
OUR WORK AND
COOPERATION WITH
THE MANAGEMENT
BOARD**

In 2008 the Supervisory Board of Petrol d.d., Ljubljana held eleven meetings. Until 15 May 2008, when Matjaž Gantar resigned as its member, the Supervisory Board had worked in full composition, operating with eight members between then and the end of the financial year. Our work was in conformity with the Supervisory Board's rules of procedure. The agenda and documents required for discussion on individual agenda items were set out in written convening notices, which I provided as president of the Supervisory Board. Members of the Supervisory Board prepared for the topics to be discussed, submitted constructive proposals and, in accordance with their statutory and legal powers, adopted competent decisions on the basis of information prepared in a professional and comprehensive manner and presented by the Management Board. The Supervisory Board's rules of procedure are in conformity with the Corporate Governance Code.

I regard the cooperation with the Management Board as professional

The Supervisory Board continued the practice of informing stakeholders in an appropriate manner, which is one of the cornerstones of transparent business operations. If events occurred that were relevant to investors, I issued public statements immediately after the meetings, always ready to provide additional information.

Successful cooperation is subject to good communication and compliance with the rules of procedure. In addition to submitting extensive materials, the Management Board also provided the Supervisory Board with all necessary explanations concerning particular topics. In addition to detailed explanations of materials directly at meetings, which contributed to substantiated dialogue and to the justification of decisions, I wish to underline another matter that fostered good cooperation in the previous year – the willingness of the Management Board to provide exhaustive answers to the questions of the Supervisory Board. Cooperation with the Management Board can be regarded as professional.

MONITORING OF THE COMPANY'S OPERATIONS AND THE SIGNIFICANCE OF COOPERATION IN STRATEGIC DECISION-MAKING

The most important topics discussed at Supervisory Board meetings in 2008 were associated with the monitoring of the company's operations. In the second half of the year, the operations were also monitored in the light of challenges in the form of increasingly difficult conditions on financial, capital and property markets, and, consequently, the overall deterioration of economic conditions. Particular attention was devoted to Petrol's equity interest in the company Istrabenz d.d. as changes in stock market values resulted in deviations, requiring active monitoring and actions to protect shareholders' interests.

The most important topics discussed at Supervisory Board meetings in 2008 were as follows:

- 1. Authorising the company's Management Board to acquire a 51-percent interest in Euro - Petrol d.o.o. and increase its capital.** At our 34th meeting held on 1 February 2008, we discussed a Management Board proposal that the Supervisory Board authorise the acquisition of a 51-percent interest in Euro - Petrol d.o.o. and an increase in its capital. The Supervisory Board issued the authorisation, enabling the Petrol Group to strengthen its market position in the Republic of Croatia.
- 2. Discussing the report on unaudited operating results of the Group for 2007; verifying and approving the 2007 annual report.** At our 35th meeting held on 27 February 2008, we discussed the report on unaudited operating results of the Petrol Group for the year 2007. We determined that the results were good as all key performance indicators planned for 2007 had been met or exceeded. At the 36th meeting held on 2 April 2008, the

Management Board presented the 2007 annual report, which was discussed in the presence of a director of the auditing firm BDO EOS Revizija, d.o.o., Ljubljana, the certified auditor of the Petrol Group. On the basis of the verification of the 2007 annual report, the financial statements and notes thereto, and the certified auditor's reports, we determined that no further explanation was required for verification purposes, approving the 2007 annual report of the company and the group without reservations. At this meeting, the Supervisory Board also approved the distribution of accumulated profit as proposed by the Management Board, and the convening of the General Meeting.

- 3. Convening the General Meeting of Petrol d.d., Ljubljana.** At its 36th meeting held on 2 April 2008, the Supervisory Board adopted a decision to convene the General Meeting of Petrol d.d., Ljubljana. In addition to the usual agenda items such as acquainting the General Meeting with the annual report for 2007, distributing accumulated profit, granting a discharge from liability to the Management Board and the Supervisory Board, and appointing an auditor, the agenda also included an item to amend the Articles of Association due to changes in the Standard Classification of Activities and other editing changes. The Supervisory Board approved the distribution of the accumulated profit as proposed by the Supervisory Board and the convening of the General Meeting, also accepting a motion of the shareholders Vizija Holding, finančna družba, k.d.d. and Vizija Holding Ena, finančno posredništvo, k.d.d. to introduce a one-tier management system at Petrol d.d., Ljubljana and establishing a committee, which prepared a decision-making basis for the next meeting. At its 37th meeting held on 9 April 2009, the Supervisory Board decided that the General Meeting should also vote on amending the Articles of Association in part dealing with management so that the one-tier management system would be adopted. At its 38th meeting held 14 May 2008, a day before the General Meeting, the Supervisory Board decided to withdraw the motion from the agenda due to insufficient support among shareholders. Consequently, the General Meeting did not vote on the initial amendments to the Article of Association, but it did adopt all other motions. The General Meeting granted a discharge from liability to the Management Board and the Supervisory Board for their work performed in 2007.
- 4. Monitoring interim operations of the Petrol Group.** At the 38th meeting of the Supervisory Board held on 14 May 2008, the Management Board reported on operations of the Petrol Group in the first quarter of 2008. The report on operations of the Petrol Group in the first six months of 2008 was discussed at the 41st meeting held on 27 August 2008, with the report on operations of the Petrol Group in the first nine months of 2008 being discussed at the 42nd meeting held on 14 November 2008. The members of the Supervisory Board noted that the results were good and above plan.

- 5. Establishing Supervisory Board committees.** At its 39th meeting held on 28 May 2008, the Supervisory Board established the following committees: Audit Committee, Nomination and Remuneration Committee, Strategic Projects Committee, and Business Organisation Committee.
- 6. Financial crisis.** At its 42nd meeting held on 14 November 2008, the Management Board acquainted the Supervisory Board with measures that were adopted as a result of the financial and economic crisis and implemented throughout the financial year 2008, ensuring that it did not expect any disturbances to business.
- 7. Adopting the business policy and financial calendar.** At its 44th meeting held on 19 December 2008, the Supervisory Board discussed and approved the draft business policy of the Petrol Group for 2009 as proposed by the Management Board, and the company's financial calendar for 2009, which was partially changed at the 45th meeting of the Supervisory Board held on 14 January 2009.
- 8. Equity interest of Petrol d.d., Ljubljana in the company Istrabenz d.d.** The Supervisory Board discussed this issue at its 34th meeting held on 1 February 2008, 39th meeting held on 28 May 2008, 40th meeting held on 7 July 2008, 41st meeting held on 27 August 2008, 43rd meeting held on 28 November 2008 and 44th meeting held on 19 December 2008. The Supervisory Board and the Management Board jointly coordinated activities aimed at ensuring active management of the equity interest, consolidation of energy activities, or partially or completely withdrawing from the ownership of the holding company Istrabenz d.d. through legal (convening of the General Meeting on the request of minority shareholders, counter proposals, challenging action, extraordinary audit, special audit, other motions) and other activities.

In 2008 the Petrol Group took a series of important strategic decisions. In certain projects, the Supervisory Board did not merely verify, evaluate or approve decisions, but it also actively participated in the deliberation of proposals and identification of solutions.

Global and regional changes in the business environment required carefully considered but fast enough adoption of decisions and granting of approvals to the Management Board in order for them to be implemented. With oil prices stabilising or even decreasing on the global market in the second half of 2009, there was no need for additional approvals in connection with necessary credit lines in accordance with provision 10.10 of the company's Articles of Association, but it was even more necessary to carefully monitor the existing conditions in the business environment. The only transaction exceeding the threshold laid down in the Articles of Association in 2008 was the increase in the capital of Euro - Petrol d.o.o., which was approved by the Supervisory Board at its first meeting of 2008.

ASSESSMENT OF THE PETROL GROUP'S OPERATIONS IN 2008

Despite harsh economic and financial conditions, the Petrol Group's economic position is still strong, placing Petrol among the leading Slovene companies. Petrol's operations are focused on achieving long-term and stable growth in harmony with the environment, economy, local community and shareholders.

Despite harsher economic and financial conditions, the Petrol Group strengthened its position in 2008. Its economic position is stable; its operations are oriented towards achieving long-term and stable growth.

In 2008 the Petrol Group generated EUR 2.9 billion in net sales revenue, up 40 percent from 2007. Its gross profit or loss totalled EUR 285 million, which is 21 percent more than in the previous year. Due to the effect of the impairment of investments, the Group's net profit or loss totalled EUR -54.8 million, or EUR 59.4 million before the impairment of investments.

In 2008 the Petrol Group invested EUR 140.8 million in fixed assets. The Group's capital investment decisions are always carefully considered, but in the light of the harsher financial situation, this area will receive particular attention in the coming year. Due to a more difficult access to long-term sources, new capital investments will be carried out once the conditions on the financial markets have stabilised.

The volume of petroleum products sold by the Petrol Group totalled EUR 2.5 million tons, up 19 percent from the year 2007. Revenue from the sale of supplementary and other merchandise totalled EUR 374 million, up 42 percent from 2007. At the end of 2008, the Group's network comprised 425 service stations.

In 2008 the Petrol Group sold 102,195 thousand m³ of natural gas, an increase of 136 percent from 2007. It also sold 345,988 MWh of electricity, up 3 percent from 2007. At the end of 2008, the Petrol Group supplied liquefied petroleum gas to customers from 2,000 gas depots and operated 27 gas supply concessions.

In 2008 the Group continued to implement its strategy of diversifying its operations and consolidating its market position in individual business segments. This is demonstrated by the expansion of the petroleum products business to the markets of SE Europe and continued development of energy activities in Slovenia and foreign markets.

The year 2008 was characterised by intense changes in the oil and financial markets. Being affected by the events occurring in the financial and stock markets, the Petrol Group felt the influence of the financial crisis in the form of a reduced availability of long-term financing and negative stock exchange

trends, which influenced the value of the Petrol share and the value of certain Petrol's investments. Nevertheless, thanks to carefully considered business decisions and market-oriented actions, the Petrol Group achieved very good sales results in 2008.

**APPROVAL OF
THE 2008 ANNUAL
REPORT**

At its 47th meeting held on 24 March 2009, the Supervisory Board discussed the annual report for the year 2008 in the presence of a certified auditor. The results from ordinary business operations were good as all main sales indicators were achieved or exceeded in 2008. Nevertheless, due to unfavourable stock market trends, the value of Petrol's equity interest in Istrabenz d.d. decreased, affecting the operating results of Petrol d.d., Ljubljana and the Petrol Group. On the basis of the verification of the 2008 annual report, the financial statements and notes thereto, and the certified auditor's report, the Supervisory Board approved the 2008 annual report of the company and the group without reservations.

In all cases, the members of the Supervisory Board took into account the business and substantive context as well as formal requirements relating to the topics discussed. In my opinion, that was done responsibly and in a manner appropriate to the given situation.

Ljubljana, 24 March 2009

Viktor Baraga

President of the Supervisory Board

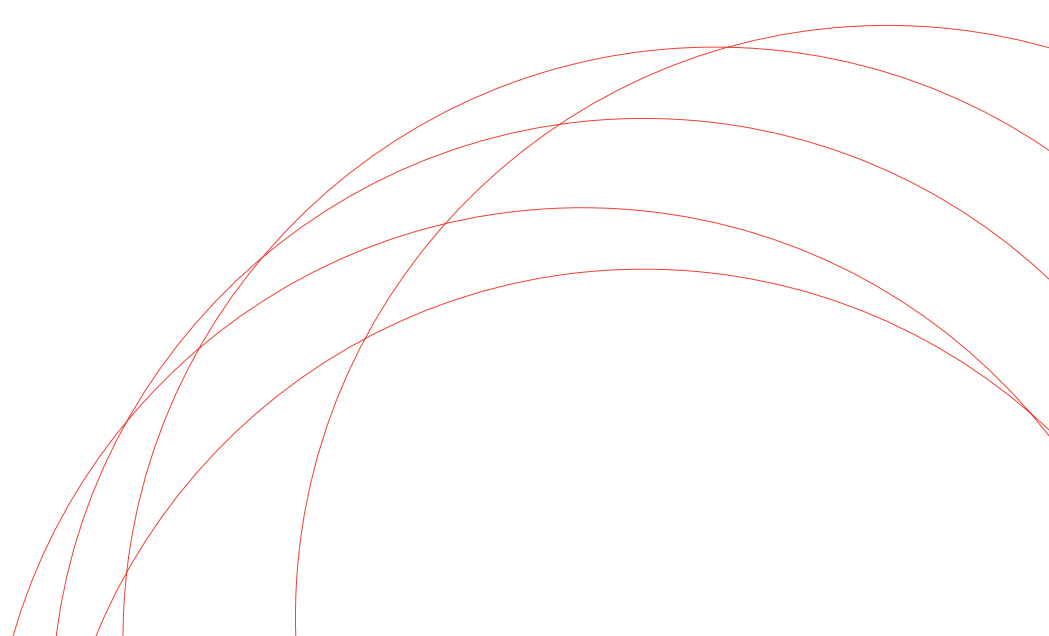




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REPORT FROM THE
MANAGEMENT BOARD
MEMBER IN CHARGE
OF FINANCE

Good results from ordinary activities

2008 was a successful year for the Petrol Group in terms of sales despite the dynamic external environment and harsh conditions in the financial markets. The Petrol Group, whose 31 companies operate in nine countries, generated record total revenue of EUR 2.9 billion, up 40 percent on the previous year. Operating profit or loss before the impairment of investments totalled EUR 69.7 million, with profit or loss before both tax and the impairment amounting to EUR 72.5 million. Net profit or loss after the impairment of investments totalled EUR -54.8 million, whereas net profit or loss before the impairment stood at EUR 59.4 million.



TIMELY
IDENTIFICATION OF
THE FIRST SIGNS OF
THE FINANCIAL CRISIS

In 2008 the Petrol Group met or even exceeded its sales plans despite significant fluctuations in oil and US dollar markets. In the first half of 2008, crude oil prices were generally on the increase, but fell sharply in the second half of the year as a result of the financial crisis and the onset of recession in the world's leading economies. In the past year, the average purchase price of crude oil in the global oil market was 34 percent higher than in 2007. Yet the Petrol Group is not exposed only to changes in the prices of petroleum products but also to currency risks, considering that it purchases petroleum products on international markets under market conditions, makes payments in US dollars and receives payments in local currencies. The average US dollar exchange rate increased by 7 percent compared to 2007.

The first signs of the financial crisis already appeared in 2007 but did not cause major concern given the encouraging economic growth prospects. In 2008, however, the financial crisis, which had begun in America after the collapse of the property market, spread to other parts of the world, including Slovenia. At first, the financial crisis was manifested in higher interest rates, both Euribor and interest margins, and tightened credit standards. At the end of 2008, it deepened to such an extent that long-term funding sources became virtually non-existent, which also affected Petrol's operations.



TAKING MEASURES TO MAINTAIN STABILITY AND LIQUIDITY

To mitigate the impact of the financial crisis on the Petrol Group's operations, measures were taken in the following areas:

- ▶ Due to a lower liquidity of the economy, where the impact of the recession is already being felt, we tightened control over receivables and credit exposure to customers.
- ▶ As regards inventories, we took measures to lower the volume of petroleum product stocks to a level that is still sufficient for conducting business activities.
- ▶ The most radical measures were taken in relation to capital investments, which were capped until conditions on the financial markets have stabilised. Before proceeding with any investment, long-term funding needs to be ensured as funding from short-term sources could pose a threat to Petrol's liquidity and solvency. We reassessed the economic feasibility of all new capital investment decisions and might even wait for a more appropriate time to invest.
- ▶ Petrol is one of Slovenia's largest corporate groups. The funds required to finance its working capital and capital investments exceed the capacity of the Slovene financial market, which is why we have an established presence in global financial markets. Our partner banks operate in different geographic areas, which has proved very useful during the financial crisis as we were able to draw funds from the banks that were not yet affected by the crisis.

ORGANIC GROWTH AND MORE THAN 140 MILLION EUROS EARMARKED FOR STRATEGIC PROJECTS

Regardless of market developments, Petrol knows how important it is to expand its business. In 2008 the company invested EUR 140.8 million in strategically important projects. We acquired a 51-percent interest in the company Euro-Petrol, thus becoming the second largest trader in the Croatian market. In Montenegro, we established the company Petrol - Invest, which is engaged in petroleum activity investments in the market concerned. We also invested in energy and environment activities by acquiring a 100-percent interest in the company Toplarna Hrastnik, thereby enriching our overall energy range.

The structure of assets and liabilities as shown in the 2008 balance sheet was mostly affected by changes in petroleum product prices in the global oil markets, the US dollar exchange rate, and developments in financial and stock markets. In order to provide more reliable and relevant information, investments were stated at fair value in the financial statements.

The most important items of long-term assets are the items of property, plant and equipment, which total EUR 559.3 million, and long-term investments in joint ventures and associates, which together amount to EUR 145.4 million.

The situation on the oil market and the US dollar market, two of inherently most volatile global markets, had a significant effect on the amount of the Petrol Group's current assets in 2008. The management of current assets, which account for 33 percent of the Petrol Group's total assets, is given particular attention within the Petrol Group. The amount of required operating current assets affects the amount of borrowing from suppliers and financial institutions. However, with short-term crediting ensured both at home and abroad, we are able to quickly respond to changes in the amount of operating current assets.

Management of current assets is given particular attention

As for current assets, operating receivables increased the most on the last day of the period compared to their balance at the end of 2007. The integration of the new subsidiary Euro - Petrol into the Petrol Group had the biggest impact on the amount of operating receivables, whereas the impact of the financial crisis in the form of worsened customer liquidity did not begin to show until the last two months of 2008. The receivables are still successfully managed nonetheless.

Changes in petroleum product prices on the global oil market, the integration of new subsidiaries into the Petrol Group and the impact of the financial crisis on the Petrol Group's operations, especially in the last two months of 2008, were the factors due to which the Petrol Group's cash was tied up on average for 2 days more than in 2007.

The expansion of business at the end of 2007 was also reflected in debt ratios at the last day of 2008. The financial liabilities¹ to equity ratio (D/E ratio) was 1.34 as at the last day of 2008, whereas at the end of 2007 it had stood at 0.95. The financial leverage² ratio stood at 57 percent at the end of 2008, amounting to 48 percent at the end of 2007.

¹ Short-term and long-term financial liabilities. ² Financial leverage = (financial liabilities – cash and cash equivalents) / (equity + financial liabilities – cash and cash equivalents).

CASH FLOWS CHANGES

All of the above factors affected the amount and size of cash flows. In 2008 net cash flows from operating activities totalled EUR 40.2 million, an increase of EUR 39.7 million on 2007. The successful sales of petroleum products and other goods and services had a positive effect on the amount of cash flows generated, with increase in working capital affecting them adversely.

The Petrol Group allocated surplus net cash flows from operating activities, or its own funds, to investment activities, payment of dividends and repayment of loans. Other necessary funds were obtained from banks.

In 2008 global and European stock markets were affected by a distinct trend of declining share prices. These trends also affected Petrol's shares whose value decreased considerably. Stock market developments evidently do not reflect successful operation, but are subject to the interaction of numerous external factors. In 2008 the volume of trading in Petrol's share at the stock exchange amounted to EUR 55.48 million, down 78.5 percent compared to 2007. Nevertheless, the share remained among the shares with the highest volumes of trading on the Ljubljana Stock Exchange.

As a result of the financial crisis, we had our investments appraised to examine indications of impairment. Based on an appraisal prepared by an external independent appraiser and the principle of conservatism, investments in associates and joint ventures were impaired in the total amount of EUR 142.6 million, with effect on net profit or loss amounting to EUR 114.2 million. The financial statements thus provide more reliable and relevant information.

■ Stable dividend policy

Shareholder policy that is based on the long-term maximisation of returns for shareholders is still one of the cornerstones of Petrol's development strategy. Petrol's management advocates a stable long-term dividend payout, which fits best the company's development needs.

As a company listed on the prime market of the Ljubljana Stock Exchange, Petrol regularly and transparently informs its shareholders and other stakeholders about its operations. To provide information on when the results are published, a financial calendar has been prepared and strictly observed. Interim results and any other price-sensitive information are available in

Slovene and English on the company's website and on the website of the Ljubljana Stock Exchange (SEOnet). Petrol regularly attends investors' conferences in Slovenia and abroad. The quality and transparency of our reporting is also confirmed by the best 2007 annual report award received in the overall competition in November 2008 at a contest organised by Finance, a business daily.


**RESPONDING TO
CHALLENGES
WITH THE HIGHEST
CREDIT RATING AND
KNOWLEDGE**

Petrol remains a financially solid group with the highest credit rating and characterised by business excellence. The Group is ready for challenges that will arise from harsh conditions in economic and financial markets in 2009.

The efficiency of the Petrol Group's financial function relies on a strong and professional team in the field of finance, accounting and controlling. I therefore wish to conclude this report by thanking all co-workers for their successful performance. I am convinced that we will continue to contribute together to successful operation of the Petrol Group.

Alenka Vrhovnik Težak, MSc

Management Board member in charge of finance



INDEPENDENT AUDITOR'S REPORT



BDO EOS Revizija d.o.o.
Družba za revidiranje

Cesta v Mestni log 1
SI-1000 Ljubljana, Slovenija
Tel.: +386 1 5300920
Fax: +386 1 5300921
E-mail: info@bdo.si
WWW: www.bdo.si

INDEPENDENT AUDITOR'S REPORT on the audit of financial statements of Petrol Group (Translation from the original in Slovene)

To the shareholders of
Petrol, Slovenska energetska družba, d.d., Ljubljana

We have audited the accompanying consolidated financial statements of Petrol Group (Group), which comprise the consolidated balance sheet as at December 31, 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as endorsed in the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of Petrol Group as of December 31, 2008, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as endorsed in the European Union.

BDO International je mednarodna skupina revizijskih in svetovalnih družb, imenovanih BDO družbe članice, ki opravljajo storitve za mednarodne naročnike. Vsaka BDO družba članica je samostojna pravnna oseba v svoji državi.

Okrožno sodišče v Ljubljani, vl. št. 1/20892/00
Osnovni kapital: 8.762,99 EUR
Matična št.: 5913691
Davčna št.: 94637920

Reg. št. pri Slovenskem inštitutu za revizijo RD-A35/99
Pooblaščenec revizorje:
Nadja Knez
Mateja Vrankar
Vesna Hribar Pilgram



Without qualifying our opinion, we draw attention of the users of the financial statements to the fact, that for a better understanding of the operations for the period and the financial position, the extensive notes which constitute part of the financial statements should be read carefully, and from which the following is evident:

- As described in Notes 9 and 22, the Group, based on an assessment of fair value, impaired its investment in the associated company Istrabenz d.d. in the amount of 141,768 thousand €. The fair value assessment was based on a valuation model, whereby we want to draw attention to the uncertainty, linked to the use of a valuation model. The uncertainty relates mainly to the uncertainty regarding the assumptions used in the model, primarily the going concern assumption, including the assumption that the creditor banks of Istrabenz d.d. will reschedule its repayments of loans, as well as the uncertainty regarding the projections on which the valuation model is based. The Group had at disposal only publicly available information for the year 2007 and partly for the period until 30.9.2008, the information as at 31.12.2008 was derived by re-discounting, the projections of future operations are based on the estimations of the appraiser and mainly derive from unobservable inputs. The investments of Istrabenz d.d., for which there exist quoted market prices were included in the valuation using the market value as at 31.12.2008. The valuation model resulted in a pessimistic value of the investment (20,284 thousand €) and an optimistic value of the investment (67,612 thousand €). Both estimated values mainly differ as a result of using different growth rates of revenue and other elements of projections of operations of the business segments, which can be expected regarding the current uncertain economic circumstances, and therefore the arithmetic mean of both estimated values was used to estimate the value of the investment.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing a business report, including the corporate governance statement, in accordance with the Slovenian Companies Act. Our responsibility is to assess whether the business report is consistent with the audited financial statements. Our work regarding the business report is performed in accordance with ISA 720 and restricted to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from unaudited financial records.

The business report is consistent with the audited financial statements.

Ljubljana, 11. March 2009

BDO EOS Revizija d.o.o.
Cesta v Mestni log 1, Ljubljana


Mateja Vrankar

Certified auditor, Managing Partner





BDO EOS Revizija d.o.o.
Družba za revidiranje

Cesta v Mestni log 1
SI-1000 Ljubljana, Slovenija
Tel.: +386 1 5300920
Fax: +386 1 5300921
E-mail: info@bdo.si
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INDEPENDENT AUDITOR'S REPORT
on the audit of financial statements of the company Petrol d.d., Ljubljana
(Translation from the original in Slovene)

To the shareholders of
Petrol, Slovenska energetska družba, d.d., Ljubljana

We have audited the accompanying financial statements of Petrol, Slovenska energetska družba, d.d., Ljubljana (Company), which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Petrol, Slovenska energetska družba, d.d., Ljubljana as of December 31, 2008, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as endorsed in the European Union.

Without qualifying our opinion, we draw attention of the users of the financial statements to the fact, that for a better understanding of the operations for the period and the financial position, the extensive notes which constitute part of the financial statements should be read carefully, and from which the following is evident:

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Davčna št.: 94617920

Reg. št. pri Slovenskem inštitutu za revizijo RD-A35/05
Pooblaščenec revizorice:
Nadja Knez
Mateja Vrankar
Vesna Hribar Pilgram



- The Company changed its accounting policy for the measurement of investments in joint ventures and associated companies as at 1.1.2008. Before the change of accounting policy, these investments were carried at cost and after the change they are carried at fair value, with changes between cost and higher fair value, after considering deferred tax, recognized in equity. The fair value measurement is based on estimated future events and assumptions, for which there exists uncertainty, that they will actually happen as estimated. Had the Company not changed the accounting policy, the carrying value of the investments in joint ventures and associated companies as at 31.12.2008 would be lower in the amount of 122,190 thousand €, investment revaluation reserves would be lower in the amount of 97,752 thousand € and deferred tax liabilities would be lower in the amount of 24,438 thousand €.
- As described in Notes 9 and 22, the Company, based on an assessment of fair value, impaired its investment in the associated company Istrabenz d.d. in the amount of 138,920 thousand €. The fair value assessment was based on a valuation model, whereby we want to draw attention to the uncertainty, linked to the use of a valuation model. The uncertainty relates mainly to the uncertainty regarding the assumptions used in the model, primarily the going concern assumption, including the assumption that the creditor banks of Istrabenz d.d. will reschedule its repayments of loans, as well as the uncertainty regarding the projections on which the valuation model is based. The Company had at disposal only publicly available information for the year 2007 and partly for the period until 30.9.2008, the information as at 31.12.2008 was derived by re-discounting, the projections of future operations are based on the estimations of the appraiser and mainly derive from unobservable inputs. The investments of Istrabenz d.d., for which there exist quoted market prices were included in the valuation using the market value as at 31.12.2008. The valuation model resulted in a pessimistic value of the investment (20,284 thousand €) and an optimistic value of the investment (67,612 thousand €). Both estimated values mainly differ as a result of using different growth rates of revenue and other elements of projections of operations of the business segments, which can be expected regarding the current uncertain economic circumstances, and therefore the arithmetic mean of both estimated values was used to estimate the value of the investment.

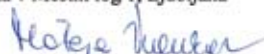
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The business report is consistent with the audited financial statements.

Ljubljana, 11. March 2009

BDO EOS Revizija d.o.o.
Cesta v Mestni log 1, Ljubljana


Mateja Vrankar

Certified auditor, Managing Partner



BDO EOS Revizija d.o.o.
Družba s revizijsko



INTRODUCTION

The Management Board is responsible for the preparation of financial statements for each financial year so that they give a true and fair view of operations of the company Petrol d.d., Ljubljana and its subsidiaries within the Petrol Group, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and published by the International Accounting Standards Board.

The Management Board reasonably expects that over the foreseeable future the company and the Group will have sufficient resources to continue their operation, which is why the financial statements have been prepared on the assumption that the company and the Group will continue operating as a going concern.

The Management Board's responsibilities in the preparation of financial statements comprise:

- ▶ selection and consistent application of appropriate accounting policies,
- ▶ reasonable and prudent evaluations and assessments,
- ▶ preparation of financial statements in accordance with IFRS; any significant deviations are disclosed and explained in a report;
- ▶ preparation of financial statements on the basis of the going concern assumption.

The Management Board is responsible for the keeping of appropriate records which always and with reasonable accuracy present the financial position of the company Petrol d.d. and the Petrol Group, and for the compliance of the company's financial statements with IFRS. The Management Board is also responsible for the protection of the company's property and for the prevention and identification of misuse and other irregularities.

The Management Board states that the financial statements have been prepared in accordance with IFRS and contain no reservations as to their application.

Marko Kryžanowski

President of the Management Board



Igor Irgolič

Vice-president of the Management Board



Petrol d.d., Ljubljana
Dunajska c. 50, 1000 Ljubljana, Slovenia
6 March 2009

mag. Alenka Vrhovnik Težak, MSc

Management Board member



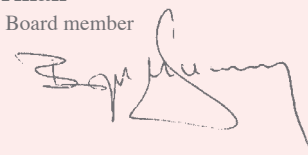
Boštjan Napast

Management Board member



Bojan Herman

Management Board member



STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

The following new standards and interpretations adopted by the EU but not in force on 31/12/2008 have not been applied in the preparation of the financial statements:

- ▶ IFRS 8 Operating Segments (effective from 1 January 2009). The standard will replace IAS 14 and will only apply to companies whose securities are traded on a regulated market or companies that have applied for admission to trading on a regulated market. As a result of this interpretation, the company will continue to disclose information by business and geographical segments.
- ▶ Revised IAS 23 Borrowing Costs. The standard eliminates the possibility of choosing whether to capitalise borrowing costs, and requires the company to capitalise the borrowing costs that are directly attributable to the acquisition, construction or production of certain assets as part of the cost of those assets. The revised standard will enter into force in 2009. It will represent a change in accounting policy, but will only apply to new acquisitions of assets without affecting the financial statements before 2009.
- ▶ Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations. The amendment gives a more detailed description of vesting conditions, introduces the principle of non-vesting conditions, requires that non-vesting conditions be reflected in fair value on the date of approval, and sets out the accounting treatment of non-vesting conditions and cancellations. The amendment will enter into force in 2009 and will be applied retrospectively. The amendment will not affect the company because it does not make share-based payments.
- ▶ Revised IAS 1 Presentation of Financial Statements (2007). The standard introduces the term “statement of comprehensive income”, which is defined as the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners. Comprehensive income may be presented in a standalone statement of comprehensive income (in which case it comprises changes arising from the income statement and any changes in equity other than those resulting from transactions with owners) or in an income statement and a separate statement of comprehensive income. The revised standard will apply to the year 2009. The Group is looking at how comprehensive income will be presented in 2009.
- ▶ IFRIC 13 Customer Loyalty Programmes. The interpretation addresses accounting by companies that operate or participate in customer loyalty programmes. The interpretation will not affect the company as the company does not participate in such programmes.

GENERAL INFORMATION

Number of employees by level of formal education

	THE PETROL GROUP			PETROL D.D.		
	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Level I	72	63	114	28	37	76
Level II	145	187	78	86	99	87
Level III	191	43	444	19	21	90
Level IV	1,385	1,035	134	551	538	102
Level V	1,190	1,174	101	719	662	109
Level VI	159	127	125	88	85	104
Level VII	357	283	126	210	192	109
Post-graduate degrees	37	32	116	34	29	117
TOTAL*	3,536	2,944	120	1,735	1,663	104
* Of which the number of employees at franchised service stations	1,461	1,367	107	1,174	1,129	104

The share

	PETROL D.D.		
	31 December 2008	31 December 2007	Index 08/07
(in EUR)			
Number of ordinary shares issued	2,086,301	2,086,301	100
- of which the number of own shares repurchased	24,703	25,027	99
The share's book value on the last day of the financial year (EUR) (equity/no. of ordinary shares issued)	192	186	103
The share's market price on the Ljubljana Stock Exchange			
Yearly high (EUR)	904	1,001	90
Yearly low (EUR)	226	501	45
Yearly average (EUR)	542	764	71
Price on the last trading day of the year (EUR)	269	908	30
Market capitalisation (EUR) (no. of ordinary shares issued * price on the last trading day of the year)	561,214,969	1,894,361,308	30
Return per share in the current year (EUR) (price on the last trading day of the current year - price on the last trading day of the previous year)	(639)	414	-
Rate of return per share in the current year (price on the last trading day of the current year/price on the last trading day of the previous year)	-70%	84%	-
P/BV (average market share price/book value of the share)	2,83	4,11	69
P/E (average market share price/earnings per share)	(17,34)	34,37	-
P/CE (average market share price/cash earnings per share)	(25,56)	23,71	-
Earnings per share (EPS) (EUR) (earnings for the financial year/weighted average number of ordinary shares issued)	(31,25)	22,23	-
Cash earnings per share (CEPS) (EUR) (earnings for the financial year + regular depreciation or amortisation /no. of ordinary shares issued - no. of own shares repurchased)	(21,21)	32,22	-
Dividend policy			
Accumulated profit (EUR)	14,604,107	47,440,089	31
Funds for dividend payments (EUR) *		12,163,428	-
Dividend per share (EUR) *		5,90	-
Number of shareholders	39,796	40,397	99

* Amounts to be decided by shareholders at general meeting

**FINANCIAL STATEMENTS
OF THE PETROL GROUP
AND THE COMPANY
PETROL D.D., LJUBLJANA**

Income statement

		THE PETROL GROUP					PETROL D.D.				
	Notes	2008	Structure	2007	Structure	Index 08/07	2008	Structure	2007	Structure	Index 08/07
(in EUR)											
Net sales revenue	2.	2,949,634,054	100	2,109,464,328	100	140	2,605,370,618	100	1,934,263,649	100	135
Cost of merchandise sold		(2,663,479,118)	90	(1,865,211,563)	88	143	(2,382,180,271)	91	(1,733,019,458)	90	137
Net profit/(loss) on commodity swaps	43.	(1,176,996)	0	(8,568,443)	0	14	(1,176,996)	0	(8,700,163)	0	14
Gross profit or loss from sales		284,977,940	10	235,684,322	11	121	222,013,351	9	192,544,028	10	115
Selling costs	4. - 11.	(184,004,107)	6	(159,665,036)	8	115	(145,767,950)	6	(136,363,960)	7	107
General and administrative costs	4. - 11.	(184,412,575)	6	(36,145,061)	2	-	(167,575,530)	6	(26,695,394)	1	-
Other operating revenue	3.	10,558,872	0	10,587,818	1	100	8,455,219	0	8,118,137	0	104
Operating profit or loss		(72,879,870)	2	50,462,043	2	-	(82,874,910)	3	37,602,811	2	-
Net financial revenue from interests due to valuation according to the equity method	13.	19,022,622	1	10,208,831	0	186	-	-	-	-	-
Financial revenue from dividends from subsidiaries, associates and joint ventures	13.	-	-	-	-	-	10,536,882	0	10,267,365	1	103
Other financial revenue	12.	101,282,505	3	39,951,611	2	254	98,213,443	4	39,443,914	2	249
Other financial expenses	12.	(117,590,981)	4	(34,296,553)	2	343	(106,955,709)	4	(30,088,981)	2	-
Profit or loss before tax		(70,165,724)	2	66,325,932	3	-	(81,080,293)	3	57,225,108	3	-
Taxes	14.	15,219,364	1	(13,050,826)	1	-	16,650,227	1	(11,402,829)	1	-
Net profit or loss for the period		(54,946,360)	2	53,275,106	3	-	(64,430,066)	2	45,822,279	2	-
Net profit or loss attributable to minority shareholders	15.	(144,826)	0	19,085	0	-	-	-	-	-	-
Net profit or loss attributable to owners of the controlling company		(54,801,534)	2	53,256,021	3	-	(64,430,066)	2	45,822,279	2	-
Earnings per share	16.	(26,58)		25,84		-	(31,25)		22,23		-

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

Balance sheet

		THE PETROL GROUP				PETROL D.D.					
		31 December 2008	Structure	31 December 2007	Structure	Index 08/07	31 December 2008	Structure	31 December 2007	Structure	Index 08/07
(in EUR)	Notes										
ASSETS											
Non-current (long-term) assets											
Intangible assets	17.	26,803,719	2	8,105,180	1	331	3,900,006	0	3,606,118	0	108
Property, plant and equipment	18.	559,293,520	46	449,678,744	40	124	301,369,951	26	297,903,604	28	101
Investment property	19.	15,513,826	1	15,681,677	1	99	16,003,040	1	16,315,863	2	98
Investments in subsidiaries	20.	0	0	0	0	-	208,650,219	18	137,348,899	13	152
Investments in joint ventures	21.	16,587,067	1	14,637,908	1	113	56,098,000	5	9,792,885	1	-
Investments in associates	22.	128,782,444	11	255,490,263	23	50	170,576,930	15	230,563,013	22	74
Available-for-sale financial assets	23.	22,692,913	2	10,509,249	1	216	22,613,870	2	10,430,206	1	217
Financial receivables	24.	2,534,518	0	3,187,257	0	80	8,917,435	1	12,106,775	1	74
Operating receivables	25.	1,860,543	0	2,506,020	0	74	1,726,835	0	2,373,074	0	73
Deferred tax assets	26.	30,655,307	3	1,712,646	0	-	29,643,141	3	971,332	0	-
Current assets		804,723,857	67	761,508,944	68	106	819,499,428	70	721,411,767	68	114
Inventories	27.	87,982,638	7	84,873,820	8	104	72,463,273	6	74,064,112	7	98
Financial receivables	28.	2,842,426	0	12,202,811	1	23	1,953,649	0	13,291,270	1	15
Operating receivables	29.	288,221,308	24	239,207,602	21	120	259,371,137	22	231,068,890	22	112
Corporate income tax assets		483,184	0	300,547	0	161	0	0	0	0	-
Financial assets at fair value through profit or loss	30.	2,455,034	0	2,184,036	0	112	2,455,034	0	1,896,526	0	129
Cash and cash equivalents	31.	13,961,546	1	10,170,684	1	137	9,421,536	1	10,513,377	1	90
Deferred costs and accrued revenue and other assets	32.	8,238,226	1	4,208,502	0	196	4,116,858	0	2,373,561	0	173
		404,184,362	33	353,148,002	32	114	349,781,486	30	333,207,735	32	105
TOTAL ASSETS		1,208,908,219	100	1,114,656,946	100	108	1,169,280,916	100	1,054,619,502	100	111

Equity in liabilities

		THE PETROL GROUP				PETROL D.D.					
		31 December 2008	Structure	31 December 2007	Structure	Index 08/07	31 December 2008	Structure	31 December 2007	Structure	Index 08/07
(in EUR)	Notes										
Equity attributable to owners of the Petrol Group											
Called-up capital	33.	52,240,977	4	52,240,977	5	100	52,240,977	4	52,240,977	5	100
Capital surplus	34.	80,991,385	7	80,778,118	7	100	80,991,385	7	80,778,118	8	100
Legal reserves	34.	61,903,494	5	61,854,074	6	100	61,749,884	5	61,749,884	6	100
Reserves for own shares	35.	2,604,670	0	2,638,832	0	99	2,604,670	0	2,638,832	0	99
Own shares	35.	(2,604,670)	0	(2,638,832)	0	99	(2,604,670)	0	(2,638,832)	0	99
Other revenue reserves	34.	122,584,025	10	156,732,106	14	78	113,008,754	10	156,732,106	15	72
Investment revaluation reserves		(51,192)	0	3,072,944	0	-	97,224,229	8	3,072,944	0	-
Hedging reserve		(5,211,970)	0	0	0	-	(5,211,970)	0	0	0	-
Translation differences		(385,690)	0	532,999	0	-	0	0	0	0	-
Retained earnings		51,446,802	4	53,968,960	5	95	0	0	9,924,842	1	-
Net profit or loss for the period		0	0	30,309,982	3	-	0	0	22,911,140	2	-
Equity of minority owners	15.	363,517,832	30	439,490,160	39	83	400,003,259	34	387,410,010	37	103
Total equity		33,757,885	3	727,765	0	-	-	-	-	-	-
Non-current liabilities		397,275,717	33	440,217,925	39	90	400,003,259	34	387,410,010	37	103
Provisions for employee benefits	36.	3,491,975	0	4,025,556	0	87	1,493,574	0	1,823,708	0	82
Other provisions and long-term deferred revenue	37.	17,112,473	1	18,472,936	2	93	14,933,149	1	16,637,627	2	90
Financial liabilities	38.	306,723,368	25	260,788,526	23	118	275,766,939	24	259,789,252	25	106
Operating liabilities	39.	1,487,982	0	1,553,382	0	96	1,202,196	0	1,254,458	0	96
Deferred tax liabilities	26.	6,716,210	1	1,699,869	0	395	24,438,059	2	866,728	0	-
		335,532,008	28	286,540,269	26	117	317,833,917	27	280,371,772	27	113
Short-term liabilities											
Financial liabilities	38.	227,487,188	19	157,945,308	14	144	132,818,573	11	94,083,284	9	141
Operating and other liabilities	40.	236,601,092	20	217,302,738	19	109	309,227,463	26	282,626,479	27	109
Corporate income tax liabilities		435,510	0	2,529,444	0	17	113,008	0	1,960,921	0	6
Accrued costs and deferred revenue	41.	11,576,704	1	10,121,262	1	114	9,284,695	1	8,167,037	1	114
		476,100,494	39	387,898,752	35	123	451,443,739	39	386,837,720	37	117
TOTAL LIABILITIES		811,632,502	67	674,439,021	61	120	769,277,656	66	667,209,493	63	115
TOTAL EQUITY AND LIABILITIES		1,208,908,219	100	1,114,656,946	100	108	1,169,280,916	100	1,054,619,502	100	111

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

Petrol d.d., Ljubljana offset the net loss for the financial year against retained earnings and other revenue reserves in accordance with Article 64 of the Companies Act.

Statement of changes in equity of the Petrol Group

(in EUR)		Called-up capital	Capital surplus	REVENUE RESERVES				Investment revaluation reserves	Hedge Accounting Reserves	Translation differences	RETAINED PROFIT		Equity attributable to owners of the Petrol Group	Equity of minority owners	Total
				Legal reserves	Reserves for own shares	Own shares	Other revenue reserves				Retained earnings	Net profit or loss for the period			
As at 1 January 2007		52,235,879	80,574,118	61,820,739	2,715,909	(2,715,909)	135,161,152	899,077	0	1,699,929	34,013,378	29,878,860	396,263,132	114,356	396,397,488
Conversion of share capital into EUR		5,098					(5,098)						0		0
Transfer of net profit or loss for the previous year to retained earnings											29,878,860	(29,878,860)	0		0
Valuation of available-for-sale financial assets								2,772,039					2,772,039		2,772,039
Deferred tax liabilities								(598,172)					(598,172)		(598,172)
Translation differences										(1,166,930)			(1,166,930)		(1,166,930)
Gains on disposal of own shares			204,000										204,000		204,000
Disposal of own shares						77,077							77,077		77,077
Transfer to reserves					(77,077)		77,077						0		0
Creation of legal reserves				33,947								(33,947)	0		0
Settlement of retained loss				(612)							1,564	(952)	0		0
Transfer to other reserves in accordance with a General Meeting resolution							9,924,842				(9,924,842)		0		0
Dividend payments for 2006							(11,337,007)						(11,337,007)		(11,337,007)
Increase in minority interest													0	609,680	609,680
Decrease in minority shareholders' interest due to capital increase													0	(15,356)	(15,356)
Profit of minority shareholders													0	19,085	19,085
Profit for the current year												53,256,021	53,256,021		53,256,021
Transfer of a portion of the 2007 profit of Petrol d.d. to other reserves							22,911,140					(22,911,140)	0		0
Translation differences													0		0
As at 31 December 2007		52,240,977	80,778,118	61,854,074	2,638,832	(2,638,832)	156,732,106	3,072,944	0	532,999	53,968,960	30,309,982	439,490,160	727,765	440,217,925

(in EUR)		Called-up capital	Capital surplus	REVENUE RESERVES				Investment revaluation reserves	Hedge Accounting Reserves	Translation differences	RETAINED PROFIT		Equity attributable to owners of the Petrol Group	Equity of minority owners	Total
				Legal reserves	Reserves for own shares	Own shares	Other revenue reserves				Retained earnings	Net profit or loss for the period			
As at 1 January 2008		52,240,977	80,778,118	61,854,074	2,638,832	(2,638,832)	156,732,106	3,072,944	0	532,999	53,968,960	30,309,982	439,490,160	727,765	440,217,925
Transfer of net profit or loss for the previous year to retained earnings											30,309,982	(30,309,982)	0		0
Valuation of available-for-sale financial assets								(4,599,681)					(4,599,681)		(4,599,681)
Deferred tax assets								998,730					998,730		998,730
Change in the fair value of financial instruments									(6,514,963)				(6,514,963)		(6,514,963)
Deferred tax assets									1,302,993				1,302,993		1,302,993
Attribution of changes in the equity of associates								596,017					596,017		596,017
Deferred tax assets								(119,203)					(119,203)		(119,203)
Translation differences										(918,689)			(918,689)	(395,263)	(1,313,952)
Gains on disposal of own shares			213,267										213,267		213,267
Disposal of own shares						34,163							34,163		34,163
Transfer to reserves					(34,163)		34,163						0		0
Creation of legal reserves				52,139								(52,139)	0		0
Settlement of retained loss				(2,719)							3,841	(1,122)	0		0
Transfer to other reserves in accordance with a General Meeting resolution							20,616,208				(20,616,208)		0		0
Dividend payments for 2007							(12,163,428)						(12,163,428)		(12,163,428)
Increase in minority interest													0	33,570,209	33,570,209
Loss offset against retained earnings and other revenue reserves							(42,635,022)				(12,219,773)	54,854,795	0		0
Loss for the current year												(54,801,534)	(54,801,534)	(144,826)	(54,946,360)
As at 31 December 2008		52,240,977	80,991,385	61,903,494	2,604,670	(2,604,670)	122,584,025	(51,192)	(5,211,970)	(385,690)	51,446,802	0	363,517,832	33,757,885	397,275,717

Statement of changes in equity of Petrol d.d., Ljubljana

(in EUR)	Called-up capital share capital	Capital reserves equity reserves	PROFIT RESERVES				Investment revaluation reserves fair value reserves	Hedge accounting reserves hedge	RETAINED EARNINGS		Total
			Legal reserves	Reserves for treasury shares	Treasury shares	Other reserves			Net profit or loss carried forward	Net profit or loss for the year	
Balance as at 1 January 2007	52,235,879	80,574,118	61,749,884	2,715,909	(2,715,909)	135,161,152	899,077	0	0	19,849,684	350,469,794
Conversion of share capital into EUR	5,098					(5,098)					0
Transfer of net profit for the previous year to retained earnings									19,849,684	(19,849,684)	0
Valuation of financial assets available for sale							2,772,039				2,772,039
Deferred tax assets							(598,172)				(598,172)
Gain on disposal of won shares		204,000									204,000
Disposal of own shares					77,077						77,077
Transfer to reserves				(77,077)		77,077					0
Transfer to other reserves in accordance with the General Meeting resolution						9,924,842			(9,924,842)		0
Dividend payments for 2006						(11,337,007)					(11,337,007)
Profit for the current year										45,822,279	45,822,279
Transfer of a portion of the 2007 profit to other reserves						22,911,140				(22,911,140)	0
Balance as at 31 December 2007	52,240,977	80,778,118	61,749,884	2,638,832	(2,638,832)	156,732,105	3,072,944	0	9,924,842	22,911,140	387,410,010

(in EUR)	Called-up capital	Capital surplus	REVENUE RESERVES				Investment revaluation reserves	hedge accounting reserves	RETAINED PROFIT		Total
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves			Retained earnings	Net profit or loss for the period	
Balance as at 1 January 2008	52,240,977	80,778,118	61,749,884	2,638,832	(2,638,832)	156,732,105	3,072,944	0	9,924,842	22,911,140	387,410,010
Adjustments due to change of accounting policy	0	0	0	0	0	0	90,478,438	0	0	0	90,478,438
Balance as at 1 January 2008 after adjustments	52,240,977	80,778,118	61,749,884	2,638,832	(2,638,832)	156,732,105	93,551,382	0	9,924,842	22,911,140	477,888,448
Transfer of net profit for the previous year to retained earnings									22,911,140	(22,911,140)	0
Valuation of financial assets available for sale							(4,599,681)				(4,599,681)
Deferred tax assets							998,730				998,730
Change in fair value of financial instruments								(6,514,963)			(6,514,963)
Deferred tax assets								1,302,993			1,302,993
Valuation of investments in joint ventures and associates							9,092,248				9,092,248
Deferred tax liabilities							(1,818,450)				(1,818,450)
Gain on disposal of own shares		213,267									213,267
Treasury shares sold					34,163						34,163
Transfer to reserves				(34,163)		34,163					0
Transfer to other reserves in accordance with the General Meeting resolution						20,616,208			(20,616,208)		0
Dividend payments for 2007						(12,163,428)					(12,163,428)
Current year loss										(64,430,066)	(64,430,066)
Settlement of current year loss						(52,210,293)			(12,219,773)	64,430,066	0
Balance as at 31 December 2008	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	113,008,754	97,224,229	(5,211,370)	0	0	400,003,259
Distributable profit for 2008						14,604,107					14,604,107

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

Cash flow statement

		THE PETROL GROUP			PETROL D.D.		
(in EUR)	Notes	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Cash flows from operating activities							
Cash generated from operations	42.	78,754,069	25,709,693	306	90,116,194	23,544,174	383
Interest paid		(23,918,615)	(10,659,493)	224	(18,597,894)	(7,672,490)	242
Taxes paid		(14,633,196)	(14,554,850)	101	(12,524,123)	(12,783,481)	98
Net cash flows from operating activities		40,202,258	495,350	-	58,994,177	3,088,203	-
Cash flows from investing activities							
Payments for investments in subsidiaries		(33,398,105)	(3,479,735)	-	(64,587,338)	(32,273,471)	200
Payments for investments in joint ventures		(2,342,245)	(2,605,420)	90	(2,342,245)	(2,605,420)	90
Payments for investments in associates		(569,588)	(190,013,560)	-	(569,588)	(190,013,560)	-
Receipts from intangible assets		287,458	21,094	-	0	0	-
Payments for intangible assets		(1,060,573)	(387,472)	274	(819,359)	(341,538)	240
Receipts from property, plant and equipment		4,688,284	5,514,071	85	3,651,752	1,372,368	266
Payments for property, plant and equipment		(87,336,652)	(67,218,584)	130	(33,325,990)	(20,730,331)	161
Payments for investment property		(97,787)	0	-	0	0	-
Receipts from financial assets available for sale		4,142,771	13,055,848	32	4,142,771	12,997,456	32
Payments for financial assets available for sale		(19,127,320)	(1,970,245)	-	(19,127,320)	(1,967,053)	-
Receipts from financial assets held for trading		2,114,260	16,160,347	13	0	0	-
Payments for financial assets held for trading		(2,114,260)	(15,738,152)	13	0	0	-
Receipts from loans granted		89,387,540	26,902,978	332	22,380,146	17,692,981	126
Payments from loans granted		(84,872,366)	(33,951,978)	250	(21,396,852)	(24,663,354)	87
Interest received		7,503,977	5,808,055	129	7,934,226	5,946,610	133
Dividends received from subsidiaries		0	0	-	4,622,529	4,160,188	111
Dividends received from joint ventures		2,728,360	2,883,898	95	2,728,360	2,883,898	95
Dividends received from associates		9,592,249	3,223,278	298	9,592,249	3,223,278	298
Dividends received from others		664,058	951,891	70	664,058	951,891	70
Net cash flows from investing activities		(109,809,939)	(240,843,686)	46	(86,452,600)	(223,366,057)	39

		THE PETROL GROUP			PETROL D.D.		
(in EUR)	Notes	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Cash flows from financing activities							
Receipts from loans received		2,574,817,193	1,831,871,636	141	638,468,072	653,090,405	98
Paid-in capital		20,000,000	0	-	0	0	-
Payments for loans received		(2,509,213,810)	(1,599,248,840)	157	(599,913,835)	(437,194,333)	137
Dividends paid to shareholders		(12,187,655)	(10,589,660)	115	(12,187,655)	(10,589,660)	115
Net cash flows financing activities		73,415,728	222,033,136	33	26,366,582	205,306,412	13
Increase/(decrease) in cash and cash equivalents		3,808,047	(18,315,200)	-	(1,091,841)	(14,971,442)	7
Changes in cash and cash equivalents							
Balance at the beginning of the year		10,170,684	28,677,797	35	10,513,377	25,484,819	41
Exchange rate fluctuation		(17,185)	(191,913)	9	0	0	-
Increase/(decrease)		3,808,047	(18,315,200)	-	(1,091,841)	(14,971,442)	7
BALANCE AT THE END OF THE PERIOD		13,961,546	10,170,684	137	9,421,536	10,513,377	90

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

ACCOUNTING POLICIES OF THE PETROL GROUP

A. BASIS OF PREPARATION

On 1 January 2007, Slovenia adopted the euro as a functional currency. On the above date, the assets, liabilities and equity of the companies operating in Slovenia were converted to euros in their entirety at the exchange rate of SIT 239.64 for 1 euro, in accordance with IAS 21.37. Revenue and expenses for 2007 have already been recorded and presented in euros.

In this report, the financial statements have been presented in euros (EUR) without cents. Due to rounding, some immaterial differences may arise with regard to the sums presented in the tables.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of the following assets and liabilities that are carried at their fair value: derivatives, investments held for trading, financial assets at fair value through profit or loss, and available-for-sale financial assets.

All group companies keep their books of account in accordance with International Financial Reporting Standards.

B. CHANGE IN ACCOUNTING POLICY

On 1 October 2008, the Petrol Group changed its accounting policy relating to accounting for derivative financial instruments. Consequently, the method of recognising gains or losses arising from fair value changes depends on the type of hedging, regardless of whether it relates to accounting hedging or not. From 1 October 2008 onwards, the Petrol Group recognises the resulting gains or losses in equity provided that the hedge accounting is effective. The accounting method is described in note X.c.

C. BASIS OF CONSOLIDATION

Consolidated financial statements comprise the financial statements of the controlling company and its subsidiaries. A subsidiary is a company in which the controlling company holds a dominant equity interest or has a controlling influence on other grounds.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values as at the date of acquisition. Any excess of the cost over the controlling company's share of the fair value of the acquired identifiable assets and liabilities is recognised as goodwill. Any excess of the share of the fair value of the acquired identifiable assets and liabilities over the cost is recognised in profit or loss in the period of acquisition. The minority interest is stated at the minority's proportion of the fair values of recognised assets and liabilities. Any losses relating to the minority interest in excess of the minority interest are subsequently allocated to the share attributable to the parent company.

Shares of the profit of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of the acquisition or up to the effective date of disposal, as appropriate.

For the purpose of compiling consolidated financial statements, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group, as necessary.

All intra-group balances, unrealised gains, revenue and expenses are eliminated in full.

Investments in associates

An associate is a company in which the Group has a significant influence as a result of its equity interest or on other grounds.

Shares of profit are recorded in the financial statements using the equity method, except when investments are classified as available-for-sale financial assets (see below).

Any excess of the cost over the controlling company's share of the fair value of acquired identifiable assets and liabilities is recognised as goodwill which is not carried separately, but instead represents a part of an investment in the associate. Any excess of the share of the fair value of the acquired identifiable assets and liabilities over the cost is recognised in profit or loss in the period of acquisition.

Joint ventures

The Group's interest in joint ventures is accounted for using the equity method, as described above for the associates.

Joint ventures are companies in which the Group holds 50 percent of voting rights.

D. GOODWILL

Goodwill resulting from consolidation represents the excess of the cost over the Group's share of the fair value of the acquired identifiable assets, liabilities and contingent liabilities of a subsidiary as at the date of acquisition.

Goodwill is recognised as an asset and is reviewed for impairment at least once a year. Any impairment is immediately recognised in profit or loss and is not subsequently reversed.

E. FINANCIAL INSTRUMENTS

The Group classifies its financial instruments into the following categories: available-for-sale financial assets, financial assets at fair value through profit or loss, derivative financial instruments, financial and operating receivables, cash, and financial and operating liabilities. The classification depends on the purpose for which an investment was acquired.

F. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables or as financial assets at fair value through profit or loss.

If fair value can be determined and gains or losses arising from the valuation are recognised directly in equity, except for impairment losses and foreign exchange gains or losses, such assets are valued at fair value until the financial asset is derecognised, at which point previously recognised accumulated gain or loss is recognised in profit or loss for the period. Interest calculated using the effective interest method is recognised in profit or loss. Dividends are recognised when paid.

If there is not enough reliable information about the investment's fair value, such investment is carried at cost less a write-down to an eventual lower carrying amount of shares or interests. Considering the shallowness of the over-the-counter securities market and poor transparency of transactions involving such securities, the Management Board believes that discounted return models are not appropriate for determining the value of such securities as there is too much uncertainty about input data used in such models to allow reasonable planning. To determine a need for the impairment of investments, the company tries to obtain as much current information as possible about the business performance of companies and analyse their financial statements.

G. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise financial assets held for trading and assets designated at fair value through profit or loss upon recognition.

Such assets are measured at fair value, whereas realised/unrealised gains and losses on valuation are recognised in profit or loss.

H. LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not listed on an active market. They are part of current assets, except when their maturity is greater than 12 months from the balance sheet date, in which case they are classified as long-term assets. In the balance sheet, loans and receivables are carried as operating or other receivables and at amortised cost using the effective interest rate.

I. FOREIGN CURRENCY TRANSLATION

Consolidated financial statements are presented in euros, the controlling company's local and reporting currency. Line items of each group company that are included in the financial statements are measured in the currency of the primary economic environment in which the company operates (the "local currency").

The profit or loss and the financial position of group companies (none of which has the currency of a hyperinflationary economy) that have a local currency that is different from the presentation currency are translated into the reporting currency as follows:

- ▶ assets and liabilities from each balance sheet presented are translated using the middle exchange rate of the ECB on the balance sheet date;

- ▶ revenue and expenses from each income statement presented are translated using the average exchange rate of the ECB; and
- ▶ any foreign exchange differences are recognised as a separate component of equity (translation differences).

Foreign exchange differences arising from the translation of net investments in companies abroad, liabilities and other currency instruments designated as hedges of such investments are disclosed as consolidated equity translation differences. When a company abroad is disposed of, these foreign exchange differences are recognised in the income statement as part of gains or losses on the disposal.

Foreign currency transactions are converted into the presentation currency using the exchange rate valid on the date of transaction. Gains and losses arising from such transactions and from the conversion of cash and liabilities denominated in a foreign currency are recognised in profit or loss.

J. SEGMENT REPORTING

A business segment is a group of assets and operations engaged in the production of products or rendering of services that are subject to risks and returns different from those of other business segments.

In the preparation and presentation of financial statements, the Group uses the following business segments:

- ▶ petroleum products,
- ▶ supplementary and other merchandise,
- ▶ services, and
- ▶ energy.

A geographical segment represents products or services within a particular economic environment that are subject to risks and returns different from those of geographical segments operating in other economic environments.

K. INTANGIBLE ASSETS

On initial recognition, concessions for the construction of gas networks and distribution of natural gas are carried at cost less accumulated amortisation.

Other intangible assets are initially measured at cost.

Amortisation is calculated using the straight-line method of amortisation, taking into account the useful life of intangible assets (except for goodwill in the case of which the need for impairment is assessed on an annual basis), as follows:

(in %)	2008	2007
Concessions	3.45 - 20.00%	3.45 - 20.00%
Computer software	20.00 - 25.00%	20.00 - 25.00%
Other rights	3.33 - 20.00%	3.33 - 20.00%

The Group does not have intangible assets with unidentifiable useful lives.

L. PROPERTY, PLANT AND EQUIPMENT

The items of property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, except for land, which is carried at cost less impairment. The cost comprises expenses that are directly attributable to the acquisition of a fixed asset.

Maintenance and repairs, replacements and minor improvements are recognised as expensed in the period in which they are incurred. Amounts of major renovations are depreciated over the remaining useful life of the corresponding asset or to the date of the next major renovation, whichever is sooner.

The residual values and useful lives of an asset are reviewed annually and adjusted, if appropriate. If the carrying amount of an asset is greater than its estimated recoverable amount, the asset's carrying amount is immediately written down to its recoverable amount and recognised in profit or loss.

Depreciation is calculated using the straight-line method of depreciation, taking into account the useful life of property, plant and equipment, as follows:

(in %)	2008	2007
Buildings:		
Buildings at service stations	2.50 - 10.00%	2.50 - 10.00%
Above-ground and underground reservoirs	2.85 - 50.00%	2.85 - 50.00%
Underground service roads at service stations	5.00 - 14.30%	5.00 - 14.30%
Other buildings	1.43 - 50.00%	1.43 - 50.00%
Equipment:		
Equipment – mechanical and electronic equipment for maintenance of other equipment	10.00 - 25.00%	10.00 - 25.00%
Equipment at gas terminals	3.33 - 20.00%	3.33 - 20.00%
Pumping equipment at service stations	5.00 - 25.00%	5.00 - 25.00%
Motor vehicles	10.00 - 25.00%	10.00 - 25.00%
Freight cars – rail tankers	25.00%	25.00%
Computer hardware	15.00 - 25.00%	15.00 - 25.00%
Office equipment – furniture	6.7 - 12.50%	6.7 - 12.50%
Small tools:	33.33%	33.33%
Environment fixed assets:	5.00 - 25.00%	5.00 - 25.00%

Depreciation begins when an asset is ready for use. Construction in progress is not depreciated.

Gains and losses on disposal or elimination are determined by comparing sales revenue with the carrying amount. They are included in the income statement. Borrowing costs attributable to a qualifying asset are recognised in profit or loss when incurred.

Available-for-sale items of property, plant and equipment are disclosed separately from other assets and are not depreciated in the year of the sale.

M. INVESTMENT PROPERTY

Investment property is the property held by the Group to earn rentals or increase the value of long-term investments or both.

Investment property is measured using the cost model. After recognition, an asset is recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation rates are the same as for other tangible assets.

The preponderant share of investment property leased to lessees outside the Petrol Group consists of the parts of buildings used by the Petrol Group in the performance of its own business activities. The Petrol Group does not intend to dispose of the whole of the buildings that are being leased. Consequently, the fair value of parts of the buildings has not been assessed. The Management Board believes that the fair value of the investment property is at least equal to its carrying amount.

N. LEASE Finance lease

A lease is classified as a finance lease when under the terms of the lease all significant risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Group as a lessor

Amounts due from lessees under a finance lease are recorded as receivables in the amount of the net investment under lease. Finance lease revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the leased net investment that has not yet been realised.

Finance lease revenue is recognised on a straight-line basis over the lease term.

The Group as a lessee

Assets acquired under a finance lease are carried at the lower of fair value or minimum payments to the end of the lease less accumulated depreciation and impairment losses.

Finance lease expenses are recognised on a straight-line basis over the lease term.

Operating lease

Expenses and revenue arising from an operating lease are recognised in the income statement on a straight-line basis over the lease period.

O. INVENTORIES

Inventories of merchandise and materials are initially valued at cost, which consists of their purchase cost, import duties and direct costs of purchase. Any discounts are subtracted from the purchase cost. Direct costs of purchase include transportation costs, costs of loading, transshipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements and other

similar costs incurred prior to initial storage and borne by the purchaser, and non-refundable duties. Purchase cost discounts include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Duties included in the purchase cost of petroleum product stocks in non-customs warehouses and at service stations are mainly comprised of import duties, excise duty, carbon tax, and fees related to the mandatory commodity reserves of the Republic of Slovenia.

Inventories are revalued due to impairment if their carrying amount exceeds their market value. The market value means the replacement cost unless the replacement cost exceeds the net realisable value (in this case the net realisable value is considered to be the market value) or the net realisable value less gross return exceeds the replacement cost of merchandise (in this case the net realisable value less gross return is considered to be the market value). A decrease in the value of inventories of materials and small tools is charged to the costs of materials, while a decrease in the value of inventories of merchandise is charged to the corresponding operating expenses.

The consumption of merchandise is accounted for using the first-in, first-out (FIFO) method. The FIFO method assumes that the items of inventories that have been purchased or produced first are also the first to be sold. Accordingly, the items remaining in the inventories at the end of the period are the ones that were bought most recently.

The consumption of materials is accounted for using the average cost method applicable to an accounting period. At the end of each month, the inventories of materials are restated to a new value corresponding to the average cost for the accounting period.

For inventories that have remained unchanged for more than a year, the Group forms a 100% allowance charged to operating expenses.

P. TRADE RECEIVABLES

Trade receivables are carried at their nominal value less relevant allowances for estimated irrecoverable amounts.

Receivables are revalued for impairment if their carrying amount exceeds their fair value, i.e. the collectible amount. Receivables for which it can be assumed they will not be settled in a regular payment period or up to their full amount are deemed doubtful. Should court proceedings be initiated, they are deemed disputed.

Allowances are made as follows:

- ▶ 100% for domestic trade receivables more than 60 days overdue,
- ▶ 70% for doubtful and disputed receivables,
- ▶ for receivables that are subject to allowances on the basis of an individual assessment of collectability, irrespective of the above conditions.

For receivables from foreign legal and natural persons, a 100% allowance is made for all doubtful and disputed receivables other than secured receivables.

In the income statement, allowances are disclosed under general and administrative costs or write-downs.

Q. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, bank deposits with maturities of up to 3 months, and other current and highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at cost.

R. SHARE CAPITAL

The called-up capital of the controlling company Petrol d.d. consists of the share capital that is nominally defined in the company's articles of association, has been registered with the court and paid up by owners.

Dividends on ordinary shares are recognised in equity for the period in which they were approved by the General Meeting.

Capital surplus

General equity revaluation adjustments as at 31 December 2003 made in accordance with Slovene Accounting Standards comprised the revaluation of share capital before the year 2002. Because of the transition to International Financial Reporting Standards, the revaluation adjustment was transferred to capital surplus. It can only be used to increase share capital.

Legal and other reserves

Legal and other reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. When created, they are recognised by the body responsible for preparation of the annual report or by a resolution of this body.

Reserves for own shares

If the parent company or its subsidiaries acquire an ownership interest in the parent company, the amount paid, including transaction costs less tax, is deducted from the total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are subsequently sold or reissued, the consideration received is included in equity net of transaction costs and related tax effects.

S. LIABILITIES

Liabilities are initially recognised at fair value less transaction costs incurred. They are subsequently carried at amortised cost using the effective interest rate method. During the borrowing period, any differences between their amount (less transaction costs) and the amortised cost are recognised in the income statement using the effective interest rate method.

T. TAXATION Tax expenses are the sum of current tax liabilities and deferred tax liabilities.

Current tax liabilities are based on the taxable profit for the year. The taxable profit differs from the net profit reported in the income statement as it excludes revenue and expense items taxable or deductible in other years, and other items that are never subject to taxation or deduction. The Group's current tax liabilities are calculated using tax rates effective on the balance sheet date.

Deferred income tax is disclosed in its entirety using the balance sheet liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in individual financial statements. Deferred income tax is determined using the tax rates (and legislation) that are effective on the balance sheet date and are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

U. PROVISIONS Provisions are recognised when the Group has a current legal or constructive obligation arising from past events if it is probable that an outflow of resources will be required to settle the obligation and its amount can be reliably estimated.

Environmental provisions

The creation of long-term provisions for investments in environmental modernisation, improvements and the clean-up of the bitumen dump at Pesniški Dvor has been approved by the Ministry of the Environment in the framework of laws relating to the ownership transformation of Slovene companies. In accordance with the Act Governing the Use of Funds Reserved on a Long-Term Basis for Environmental Rehabilitation, the provisions are reduced each year by an amount equal to the depreciation of acquired environment fixed assets and by an amount allocated to cover costs relating to the clean-up of the bitumen dump at Pesniški Dvor.

Post-employment benefits

Employees are entitled to termination benefits on retirement, for which they become eligible on termination of the employment relationship, as laid down in the Employment Relationship Act.

Termination benefits on retirement are determined using the projected unit credit method (a method for accruing benefits in proportion to years of service). The provisions set aside by the Group in this respect thus correspond to the number of years of service. On 30 November each year, an actuarial valuation is performed and appropriately recorded through profit or loss.

Payments of termination benefits on retirement reduce the provisions as they fall due.

Other long-term benefits

Employees are entitled to jubilee benefits, for which they become eligible on the fulfilment of conditions relating to the length of service.

Jubilee benefits are determined using the projected unit credit method (a method for accruing benefits in proportion to years of service). The provisions set aside by the Group in this respect thus correspond to the number of years of service. On 30 November each year, an actuarial valuation is performed and appropriately recorded through profit or loss.

Payments of jubilee benefits reduce the provisions as they fall due.

Jubilee benefits are paid to employees based on the calculations and thresholds set out in the following table:

Years of service	Benefit (% of average monthly salary in Slovenia)
10 years	40
20 years	60
25 years	70
30 years	80
35 years	90
40 years	100

V. RECOGNITION OF REVENUE

Revenue is measured at the fair value of consideration received or receivable, and represents the amounts receivable in connection with goods and services provided in the normal course of business, less discounts, VAT and other sales taxes. Revenue is recognised as follows:

Sale of goods

A sale of goods is recognised when the Group delivers products to a customer, the customer accepts the products, and the collectability of the related receivables is reasonably assured.

Sale of services

A sale of services is recognised in the accounting period in which the services are rendered by reference to the completion of a transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

Connection fee

Because concessions are amortised over a period of 20 to 30 years, revenue from connection fees is recognised on a straight-line basis over the same period as the concessions.

Interest revenue

Interest revenue is accrued on a time basis by reference to the principal outstanding and at the effective interest rate, which is a rate that accurately discounts estimated future cash receipts over the expected life of a financial asset to the asset's net carrying amount.

Dividend revenue

Dividend revenue from investments is recognised when a payment is received.

W. FINANCIAL EXPENSES

Financial expenses comprise expenses arising from the impairment of long-term and short-term investments, interest and other financial expenses.

X. FINANCIAL RISKS MANAGEMENT AND DERIVATES

Derivative financial instruments are initially recognised at cost. Subsequent to initial recognition, they are carried at fair value.

a) Forward transactions

The Petrol Group purchases petroleum products in US dollars, but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur, which are hedged against using forward transactions.

The fair value of forward transactions on the balance sheet date is determined by obtaining the value each outstanding transaction would have if it had been concluded on the balance sheet date. Gains and losses are recognised in profit or loss.

b) Commodity swaps

When petroleum products are purchased or sold, mismatches occur between purchase and selling prices, which are hedged against using commodity swaps.

The fair value of commodity swaps on the balance sheet date is determined using a table of publicly available data on commodity swaps as at the balance sheet date issued by relevant institutions. Gains and losses are recognised in profit or loss.

c) Interest rate swaps and collars

Interest rates on loans received are exposed to a risk of interest rate fluctuations, which is hedged against using interest rate swaps and collars. The fair value of interest rate swaps and collars on the balance sheet date is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap).

When an interest rate swap is designated as an instrument for hedging against the variability of cash flows from recognised assets, liabilities or a forecast transaction, the portion of the gain or loss on the instrument that is determined to be an effective hedge is recognised directly in equity from 1 October 2008 onwards.

Gains or loss on the instrument that is determined to be ineffective are recognised in the income statement.

Y. COMPARATIVE FIGURES

Comparative financial statements have been prepared on a comparable basis for the previous year.

Z. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of financial statements, and the reported amounts of revenue and expenses in the reporting period.

These estimates and assumptions are mainly related to the following:

- ▶ impairment of property, plant and equipment and intangible assets,
- ▶ estimation of useful lives of depreciable assets,
- ▶ goodwill impairment test,
- ▶ estimation of the fair value of investments in associates and joint ventures,
- ▶ estimation of available-for-sale financial assets,
- ▶ value of net realisable value of inventories,
- ▶ employee benefits, provisions, etc.

Because estimates are subject to subjective judgement and a certain degree of uncertainty, actual results may differ from the estimated ones. The preparation of estimates and the related assumptions and uncertainties are disclosed in notes to individual items.

Estimates are reviewed regularly. Changes in accounting estimates are recognised in the period in which the estimates were changed if the change affects that period only. If the change affects future periods, they are recognised in the period of the change and in future periods.

AA. CASH FLOW STATEMENT

In the section referring to business operations, the income statement has been prepared on the basis of the indirect method using data derived from the balance sheet as at 31/12/2007 and 31/12/2008 and data derived from the income statement for 2008. The section referring to investing and financing has been prepared on the basis of the direct method.

**ACCOUNTING
POLICIES
OF THE COMPANY
PETROL D.D.,
LJUBLJANA**

**BB. INVESTMENTS IN
SUBSIDIARIES**

In the separate financial statements of the company Petrol d.d., Ljubljana, investments in subsidiaries have been accounted for at cost.

**CC. CHANGE IN
ACCOUNTING POLICY**

In 2008 Petrol d.d., Ljubljana changed the accounting policy relating to investments in joint ventures and associates. In accordance with IAS 39, the investments are now carried at fair value and designated as available-for-sale, with changes in fair value being recognised directly in equity. When such investments are disposed of, accumulated losses or gains that were previously recorded in equity are also eliminated and recognised in the income statement.

Any indications of impairment of investments are determined on the balance sheet date. If an investment is impaired, the difference between the recoverable amount and its existing carrying amount is recognised in profit or loss. At the same time, accumulated losses or gains that were previously recorded in equity are also eliminated.

The company changed the accounting policy so that the financial statements would provide more reliable and relevant information.

Petrol d.d., Ljubljana applied the changed accounting policy retrospectively, i.e. from the beginning of the first comparative period for which the company was able to obtain comparable data. The effect of applying the changed accounting policy is evident from the adjustment of the opening balance as at 1 January 2008 in the table of changes in investments in associates and joint ventures, in the table of changes in deferred taxes and in the table of changes equity.

NOTES TO THE FINANCIAL STATEMENTS

1. Income statement before and after the impairment of investments

	THE PETROL GROUP		PETROL D.D.	
(in EUR)	2008 before impairment	2008	2008 before impairment	2008
Net sales revenue	2,949,634,054	2,949,634,054	2,605,370,618	2,605,370,618
Cost of merchandise sold	(2,663,479,118)	(2,663,479,118)	(2,382,180,271)	(2,382,180,271)
Net profit/(loss) on commodity swaps	(1,176,996)	(1,176,996)	(1,176,996)	(1,176,996)
Gross profit or loss from sales	284,977,940	284,977,940	222,013,351	222,013,351
Selling costs	(184,004,107)	(184,004,107)	(145,767,950)	(145,767,950)
General and administrative costs	(41,850,968)	(184,412,575)	(27,605,603)	(167,575,530)
Other operating revenue	10,558,872	10,558,872	8,455,219	8,455,219
Operating profit or loss	69,681,737	(72,879,870)	57,095,017	(82,874,909)
Net financial revenue from interests due to valuation according to the equity method	19,022,622	19,022,622	-	-
Financial revenue from dividends from subsidiaries, associates and joint ventures	-	-	10,536,882	10,536,882
Other financial revenue	101,282,505	101,282,505	98,213,443	98,213,443
Other financial expenses	(117,439,717)	(117,590,981)	(106,804,445)	(106,955,709)
Profit or loss before tax	72,547,147	(70,165,724)	59,040,897	(81,080,293)
Taxes	(13,323,210)	15,219,364	(11,374,011)	16,650,227
Net profit or loss for the period	59,223,937	(54,946,360)	47,666,886	(64,430,066)
Net profit or loss attributable to minority shareholders	(144,826)	(144,826)	-	-
Net profit or loss attributable to owners of the controlling company	59,368,763	(54,801,534)	47,666,886	(64,430,066)
Earnings per share	28.80	(26.58)	23.12	(31.25)

2. Segment reporting of the Petrol Group

(in EUR)	Petroleum products	Supplementary and other merchandise	Services	Energy	Net eliminations	Total
Year ended 31 December 2007						
Revenue	2,790,621,284	263,610,245	44,636,513	96,975,819	0	3,195,843,861
Revenue from subsidiaries	(1,042,987,641)	(710,385)	(18,481,917)	(24,199,590)	0	(1,086,379,533)
Net revenue	1,747,633,643	262,899,860	26,154,596	72,776,229	0	2,109,464,328
Segment result (operating profit or loss)	41,385,985	4,934,448	453,540	3,699,063	(10,993)	50,462,043
Net financial revenue						5,655,058
Share of profit or loss of joint ventures						2,003,455
Share of profit or loss of associates						8,205,376
Profit before tax						66,325,932
Taxes						(13,050,826)
Net profit or loss attributable to minority shareholders						53,275,106
Net (profit)/loss of minority shareholders						19,085
Net profit or loss of majority shareholder						53,256,021
Segment assets	953,121,141	109,055,596	30,396,338	72,197,916	(324,391,242)	840,379,749
Deferred tax assets						1,712,646
Joint ventures						14,643,519
Associates						257,921,032
Total assets						1,114,656,946
Segment liabilities	744,985,995	88,362,728	14,274,462	35,844,593	(216,655,127)	666,812,652
Deferred tax liabilities						1,699,869
Joint ventures						807,190
Associates						5,119,311
Total liabilities						674,739,021
Capital expenditure	44,914,557	4,671,924	733,756	13,729,903	0	64,050,140
Amortisation of intangible assets and depreciation of property, plant and equipment	22,221,420	3,067,342	595,789	2,311,647	0	28,196,198
Write-downs	1,913,577	245,613	28,965	214,325	0	2,402,480

(in EUR)	Petroleum products	Supplementary and other merchandise	Services	Energy	Net eliminations	Total
Year ended 31 December 2008						
Revenue	3,973,433,757	375,486,522	62,081,783	143,414,465	0	4,554,416,527
Revenue from subsidiaries	(1,549,555,618)	(1,518,019)	(22,186,915)	(31,521,922)	0	(1,604,782,474)
Net revenue	2,423,878,139	373,968,503	39,894,868	111,892,543	0	2,949,634,054
Segment result (operating profit or loss)	(60,649,650)	(11,491,523)	(680,560)	2,416,739	(2,474,876)	(72,879,870)
Net financial revenue						(16,308,476)
Share of profit or loss of joint ventures						2,335,430
Share of profit or loss of associates						16,687,192
Profit before tax						(70,165,724)
Taxes						15,219,364
Net profit or loss attributable to minority shareholders						(54,946,360)
Net (profit)/loss of minority shareholders						(144,826)
Net profit or loss of majority shareholder						(54,801,534)
Segment assets	1,154,422,760	131,197,648	35,246,078	90,576,393	(379,617,278)	1,031,825,601
Deferred tax assets						30,655,307
Joint ventures						16,804,768
Associates						129,622,543
Total assets						1,208,908,219
Segment liabilities	864,648,165	105,689,723	14,980,297	38,373,815	(230,856,593)	792,835,407
Deferred tax liabilities						6,716,210
Joint ventures						2,089,111
Associates						9,991,774
Total liabilities						811,632,502
Capital expenditure	59,772,252	5,355,157	779,763	12,699,311	0	78,606,483
Amortisation of intangible assets and depreciation of property, plant and equipment	25,502,467	3,366,181	615,415	3,226,441	0	32,710,504
Write-downs	120,743,513	19,522,376	1,794,356	2,575,678	0	144,635,923

2. Segment reporting of Petrol d.d., Ljubljana

(in EUR)	Petroleum products	Supplementary and other merchandise	Services	Energy	Total
Year ended 31 December 2007					
Revenue	1,516,599,820	251,032,716	24,566,490	20,950,532	1,813,149,558
Revenue from subsidiaries	111,899,561	701,038	2,077,414	6,436,078	121,114,091
Net revenue	1,628,499,381	251,733,754	26,643,904	27,386,610	1,934,263,649
Segment result (operating profit or loss)	31,657,806	4,892,126	518,919	533,960	37,602,811
Net financial revenue					9,354,933
Share of profit or loss of subsidiaries					4,160,189
Share of profit or loss of joint ventures					2,883,898
Share of profit or loss of associates					3,223,278
Profit before tax					57,225,108
Taxes					(11,402,829)
Net profit or loss for the period					45,822,279
Segment assets	682,681,353	105,495,717	11,190,168	11,514,521	810,881,759
Deferred tax assets					971,332
Joint ventures					9,798,496
Associates					232,967,915
Total assets					1,054,619,502
Segment liabilities	558,792,245	86,350,958	9,159,441	9,424,932	663,727,575
Deferred tax liabilities					866,728
Joint ventures					807,190
Associates					1,808,000
Total liabilities					667,209,493
Capital expenditure	18,723,048	2,893,299	306,899	315,794	22,239,040
Amortisation of intangible assets and depreciation of property, plant and equipment	18,709,177	2,891,156	306,671	315,560	22,222,565
Write-downs	1,422,936	219,888	23,324	24,000	1,690,149

(in EUR)	Petroleum products	Supplementary and other merchandise	Services	Energy	Total
Year ended 31 December 2008					
Revenue	1,964,916,522	353,068,371	28,582,552	25,479,139	2,372,046,584
Revenue from subsidiaries	219,571,787	1,411,422	3,367,142	8,973,683	233,324,034
Net revenue	2,184,488,309	354,479,793	31,949,694	34,452,822	2,605,370,618
Segment result (operating profit or loss)	(69,486,964)	(11,275,711)	(1,016,295)	(1,095,938)	(82,874,909)
Net financial revenue					(8,742,266)
Share of profit or loss of subsidiaries					4,622,529
Share of profit or loss of joint ventures					2,728,360
Share of profit or loss of associates					3,185,993
Profit before tax					(81,080,293)
Taxes					16,650,227
Net profit or loss for the period					(64,430,066)
Segment assets	764,609,168	124,073,809	11,182,939	12,059,299	911,925,215
Deferred tax assets					29,643,141
Joint ventures					56,315,701
Associates					171,396,858
Total assets					1,169,280,916
Segment liabilities	621,171,763	100,798,094	9,085,067	9,797,026	740,851,951
Deferred tax liabilities					24,438,059
Joint ventures					2,089,111
Associates					1,898,535
Total liabilities					769,277,656
Capital expenditure	23,018,317	3,735,203	336,659	363,041	27,453,219
Amortisation of intangible assets and depreciation of property, plant and equipment	18,737,577	3,040,563	274,050	295,526	22,347,717
Write-downs	117,973,954	19,143,738	1,725,451	1,860,667	140,703,810

The operations of the Petrol Group and the company Petrol d.d., Ljubljana are organised into the following main business segments, which serve as a basis for reporting relevant information by segment:

- ▶ petroleum products,
- ▶ supplementary and other merchandise,
- ▶ services and
- ▶ energy.

Segment assets mainly consist of property, plant and equipment, intangible assets, inventories, receivables and cash, but do not include investments. Segment liabilities comprise all liabilities other than deferred tax liabilities. Capital expenditure comprises increases in the value of property, plant and equipment and intangible assets.

Secondary reporting format – geographical segments of the Petrol Group

	SALES			TOTAL ASSETS			CAPITAL EXPENDITURE		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07	2008	2007	Index 08/07
Slovenia	2,355,504,401	1,771,246,129	133	681,069,413	515,739,144	132	37,638,404	34,686,728	109
Croatia	341,503,865	147,238,411	232	209,222,808	86,688,448	241	20,869,213	22,602,825	92
Bosnia and Herzegovina	202,705,049	141,965,387	143	81,806,468	65,355,043	125	8,200,860	3,636,930	225
Austria	3,599,598	727,900	495	7,242,685	775,360	-	18,483	3,471	-
Other countries	46,321,141	48,286,501	96	52,484,227	171,821,753	31	11,879,523	3,120,187	381
	2,949,634,054	2,109,464,328	140	1,031,825,601	840,379,749	123	78,606,483	64,050,140	123
Joint ventures				16,804,768	14,643,519	115			
Associates				129,622,543	257,921,032	50			
Unallocated assets				30,655,307	1,712,646	-			
TOTAL ASSETS				1,208,908,219	1,114,656,946	108			

Secondary reporting format – geographical segments of Petrol d.d., Ljubljana

	SALES			TOTAL ASSETS			CAPITAL EXPENDITURE		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07	2008	2007	Index 08/07
Slovenia	2,280,408,200	1,726,751,085	132	798,182,693	723,888,369	110	24,029,037	19,853,181	121
Croatia	128,831,962	87,010,633	148	45,093,437	36,476,586	124	1,357,524	1,000,398	136
Bosnia and Herzegovina	132,802,420	92,002,552	144	46,483,166	38,569,298	121	1,399,361	1,057,792	132
Austria	33,029,420	4,060,115	-	11,560,874	1,702,081	-	348,036	46,681	-
Other countries	30,298,617	24,439,264	124	10,605,045	10,245,425	104	319,262	280,988	114
	2,605,370,618	1,934,263,649	135	911,925,215	810,881,759	112	27,453,220	22,239,040	123
Joint ventures				56,315,701	9,798,496	-			
Associates				171,396,858	232,967,915	74			
Unallocated assets				29,643,141	971,332	-			
TOTAL ASSETS				1,169,280,916	1,054,619,502	111			

The operations of the Petrol Group and the company Petrol d.d., Ljubljana are divided into the following main geographical segments: Slovenia, Croatia, Bosnia and Herzegovina, and Austria. The controlling company, which is also the largest company of the Petrol Group, is based in Slovenia.

3. Other operating revenue

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Reversal of allowances for receivables	2,865,260	1,513,856	189	2,475,848	169,407	-
Gain on disposal of fixed assets	2,471,395	378,782	-	2,343,214	323,697	-
Utilisation of environmental provisions	1,684,406	5,210,395	32	1,684,406	5,210,395	32
Reversal of inventory shortages accrued	543,165	518,372	105	543,165	518,372	105
Revenue from the reversal of long-term provisions for termination and jubilee benefits	392,588	0	-	265,615	0	-
Compensation received from insurance companies	390,058	143,664	272	52,365	129,593	40
Cash discounts, rebates received	387,439	294,504	132	238,151	202,767	117
Elimination of accrued costs, expenses	385,091	250,831	154	310,763	250,831	124
Penalties paid	206,384	6,000	-	18,500	6,000	308
Payment of court fees	133,608	99,007	135	111,141	86,709	128
Revenue from reversal of accrued litigation costs	113,634	186,482	61	110,617	186,482	59
Refund of fees for the building site use	82,873	11,724	-	82,873	11,724	-
Revenue from depreciation and amortisation of assets under management	65,400	65,400	100	52,262	52,262	100
Compensation received from the state	55,338	38,330	144	49,043	38,330	128
Written off receivables collected	11,561	568,005	2	11,428	566,530	2
Compensation received	5,663	22,385	25	0	22,325	-
Lawsuits won in previous years	0	165,143	-	0	165,143	-
Other operating revenue	765,009	1,114,938	69	105,828	177,572	60
TOTAL OTHER OPERATING REVENUE	10,558,872	10,587,818	100	8,455,219	8,118,137	104

The utilisation of environmental provisions of the company Petrol d.d., Ljubljana in the amount of EUR 1,684,406 (in 2007: EUR 5,210,395) relates to the accounted for depreciation of environment fixed assets in the amount of EUR 1,635,336 (in 2007: EUR 1,635,438) and the costs incurred in connection with the dump clean-up at Pesniški Dvor in the amount of EUR 49,070 (in 2007: EUR 3,574,957).

4. Cost of sales and general and administrative costs

		THE PETROL GROUP			PETROL D.D.		
(in EUR)	Notes	Cost of sales	General and administrative costs	Total	Cost of sales	General and administrative costs	Total
Year ended 31 December 2007							
Costs of materials	5.	15,910,566	906,139	16,816,705	7,273,068	686,718	7,959,786
Costs of services	6.	86,973,343	13,313,019	100,286,362	93,838,466	11,004,208	104,842,674
Labour costs	7.	29,935,222	14,608,991	44,544,213	14,327,330	9,939,003	24,266,332
Depreciation or amortisation	8.	25,996,246	2,199,952	28,196,198	20,407,649	1,814,916	22,222,565
Write-downs	9.	0	2,402,480	2,402,480	0	1,690,149	1,690,149
Other costs	10.	420,587	1,781,885	2,202,472	251,788	1,557,368	1,809,155
Other operating expenses	11.	429,072	932,595	1,361,667	265,661	3,033	268,693
TOTAL		159,665,036	36,145,061	195,810,097	136,363,960	26,695,394	163,059,354

		THE PETROL GROUP			PETROL D.D.		
(in EUR)	Notes	Cost of sales	General and administrative costs	Total	Cost of sales	General and administrative costs	Total
Year ended 31 December 2008							
Costs of materials	5.	22,084,106	1,839,753	23,923,859	8,788,134	663,694	9,451,829
Costs of services	6.	96,802,494	15,963,463	112,765,957	102,544,709	12,207,036	114,751,744
Labour costs	7.	33,304,896	16,610,339	49,915,235	12,400,418	10,365,688	22,766,106
Depreciation or amortisation	8.	29,705,400	3,005,104	32,710,504	20,519,561	1,828,156	22,347,717
Write-downs	9.	0	144,635,923	144,635,923	0	140,703,810	140,703,810
Other costs	10.	1,249,384	2,178,255	3,427,639	780,191	1,799,284	2,579,475
Other operating expenses	11.	857,827	179,738	1,037,565	734,937	7,861	742,798
TOTAL		184,004,107	184,412,575	368,416,682	145,767,950	167,575,530	313,343,480

5. Costs of materials

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Costs of energy	17,724,183	11,807,137	150	4,709,196	3,976,552	118
Electricity	6,603,967	3,913,075	169	2,995,121	2,760,714	108
Gas consumed	5,117,161	3,662,619	140	1,105	1,565	71
Charges for natural gas transmission network	3,787,882	3,410,179	111	388,838	374,039	104
Motor fuel	1,286,529	373,293	345	347,563	330,825	105
Heating	928,644	447,971	207	976,569	509,409	192
Costs of consumables	4,849,803	3,867,127	125	3,823,960	3,073,781	124
Costs of materials associated with the rendering of services	1,230,297	1,037,858	119	750,764	387,778	194
Small items of equipment	1,033,715	883,805	117	765,932	754,225	102
Cleaning materials and personal safety equipment	963,134	820,826	117	817,940	702,037	117
Water consumed	727,002	564,970	129	447,221	412,627	108
Materials for maintenance of fixed assets	631,086	556,428	113	777,840	814,163	96
Other	264,569	3,240	-	264,263	2,950	-
Write-off of small tools	249,122	190,186	131	120,018	147,447	81
Other costs of materials	1,100,751	952,255	116	798,655	762,007	105
Office supplies and literature	997,359	866,546	115	715,682	680,830	105
Laboratory supplies	80,537	81,177	99	81,632	81,177	101
Other	22,855	4,532	-	1,341	0	-
TOTAL COSTS OF MATERIALS	23,923,859	16,816,705	142	9,451,829	7,959,786	119

6. Costs of services

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Costs of transport services	30,774,138	25,982,993	118	29,144,579	24,669,885	118
Transport operations	28,631,544	24,111,035	119	27,526,740	23,241,250	118
Postal, telephone and other data transmission services	2,142,594	1,871,958	114	1,617,839	1,428,635	113
Lease payments	9,348,624	8,968,792	104	8,134,480	8,164,808	100
Costs of leasing warehouses and rail tankers	6,161,428	6,157,080	100	6,584,169	6,751,982	98
Other	3,187,196	2,811,712	113	1,550,311	1,412,826	110
Costs of fixed asset maintenance services	8,563,168	7,199,860	119	8,249,818	7,519,600	110
Maintenance of buildings and equipment	5,966,406	5,008,708	119	5,977,817	5,622,865	106
Public utility services, maintenance of greens, cleaning, ploughing...	2,596,762	2,191,152	119	2,272,001	1,896,735	120
Costs of professional services	5,681,274	5,282,400	108	3,890,638	4,013,836	97
Consulting services	1,989,714	1,853,264	107	2,078,791	2,092,074	99
Student and other employment agencies	1,418,492	1,299,683	109	323,897	315,418	103
Legal and notary services	1,018,801	1,039,148	98	766,224	898,229	85
Radio and television subscriptions, copyrights, electronic media...	421,610	268,903	157	412,377	264,578	156
Auditing services	277,561	225,204	123	70,979	58,780	121
- annual report audit	187,801	167,005	112	67,190	56,180	120
- other auditing services	51,387	28,254	182	3,389	1,920	177
- tax consulting services	28,559	18,000	159	0	0	-
- other non-auditing services	9,814	11,945	82	400	680	59
Health services	193,385	136,925	141	57,654	54,795	105
Court proceedings and detective services	175,180	209,255	84	169,495	200,987	84
Other	186,531	250,018	75	11,221	128,975	9
Costs of payment transactions and bank services	5,865,321	4,671,744	126	4,890,841	4,202,491	116
Payment card commissions	3,502,459	2,902,265	121	3,014,444	2,665,646	113
Payment transactions	2,263,586	1,591,609	142	1,844,294	1,372,722	134
Other	99,276	177,870	56	32,103	164,123	20
Costs of fairs, advertising and entertainment	3,904,001	3,181,182	123	3,321,332	2,783,505	119
Advertising costs	2,332,498	2,147,722	109	1,981,669	1,896,728	104
Costs of entertainment and catering at training	612,281	480,604	127	473,029	401,208	118
Gifts for business partners	489,585	315,460	155	473,223	306,340	154
Costs of fairs	215,246	73,426	293	165,878	25,062	-
Promotional campaign prizes	168,288	57,356	293	148,828	52,620	283
Remuneration of Supervisory Board and Workers' Council members for work performed	86,103	106,614	81	78,705	101,547	78
Costs of insurance premiums	2,421,968	2,237,089	108	1,768,027	1,890,019	94
Insurance of fixed assets and merchandise	1,871,771	1,612,298	116	1,307,494	1,319,738	99
Personal insurance	334,879	133,296	251	270,530	92,446	293
Insurance of non-cash payments	27,315	281,221	10	27,315	281,221	10
Other insurance	188,003	210,274	89	162,688	196,614	83
Reimbursement of work-related costs to employees	989,357	691,671	143	500,780	393,168	127

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Indeks 08/07	2008	2007	Indeks 08/07
Other costs of services	45,218,106	42,070,631	107	54,851,250	51,205,362	107
Lessee franchise costs	31,803,724	27,621,568	115	29,404,774	25,325,130	116
Contributions paid to DARS for operations along motorways	3,040,696	2,896,214	105	2,973,850	2,641,090	113
Costs of fire protection and physical and technical security	1,992,461	1,732,986	115	1,829,861	1,636,784	112
Concession charges	1,478,987	457,666	323	270,111	207,146	130
Costs of environment protection services	1,262,212	1,203,767	105	1,037,346	1,125,245	92
Fees for the building site use	1,176,018	1,365,041	86	1,123,113	1,217,449	92
Membership fees	496,738	354,367	140	224,115	193,558	116
Subcontractor costs	493,096	336,502	147	820	173	474
Property management	329,458	324,778	101	16,088,257	13,798,525	117
Costs of dump clean-up at Pesniški Dvor	93,088	3,533,897	3	23,983	3,539,929	1
Other	3,051,628	2,243,845	136	1,875,019	1,520,333	123
TOTAL COSTS OF SERVICES	112,765,957	100,286,362	112	114,751,744	104,842,674	109

7. Labour costs

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Salaries	37,457,518	31,868,232	118	17,241,518	17,842,164	97
Costs of pension insurance	2,793,913	2,599,816	107	1,490,542	1,469,221	101
Costs of other insurance	3,153,771	2,339,487	119	1,236,729	1,193,898	104
Payroll tax	690,284	1,233,979	56	445,534	840,391	53
Transport allowance	1,579,533	1,149,889	137	461,054	399,272	115
Meal allowance	1,513,926	1,359,620	111	593,629	526,062	113
Annual leave allowance	1,156,188	1,085,909	106	480,812	447,407	107
Supplementary pension insurance	789,985	739,952	107	436,849	416,994	105
Termination benefits	145,672	337,061	43	115,421	217,949	53
Compensation	81,496	246,640	33	42,325	245,787	17
Other allowances and reimbursements	552,949	1,583,628	35	221,693	667,187	33
TOTAL LABOUR COSTS	49,915,235	44,544,213	112	22,766,106	24,266,332	94

8. Depreciation or amortisation

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Amortisation of intangible assets	759,429	696,615	109	525,470	473,081	111
Depreciation of property, plant and equipment	31,105,375	26,732,955	116	20,929,364	20,901,474	100
Depreciation of investment property	845,700	766,628	110	892,883	848,010	105
TOTAL DEPRECIATION OR AMORTISATION	32,710,504	28,196,198	116	22,347,717	22,222,565	101

9. Write-downs

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Impairment of investments	142,561,607	0	-	139,969,926	0	-
Allowance for operating receivables	958,128	1,659,521	58	0	1,102,371	-
Loss on sale/elimination of property, plant and equipment	591,679	329,626	180	347,531	276,619	126
Write-down of receivables	421,046	299,445	141	311,599	297,721	105
Revaluation of inventories	100,031	86,277	116	72,737	0	-
Other expenses for fixed assets	3,432	27,611	12	2,017	13,438	15
TOTAL WRITE-DOWNS	144,635,923	2,402,480	-	140,703,810	1,690,149	-

In 2008 the Petrol Group impaired its investments based on the estimated value of associates and joint ventures as follows: investment in Istrabenz d.d. in the amount of EUR 141,768,194, in Bio Goriva d.o.o. in the amount of EUR 441,075, in Ogrevanje Piran d.o.o. in the amount of EUR 352,183 and in Petrol-Bonus d.o.o. in the amount of EUR 155.

In 2008 Petrol d.d., Ljubljana impaired its investments based on the estimated value of associates and joint ventures as follows: investment in Istrabenz d.d. in the amount of EUR 138,920,091, in Bio Goriva d.o.o. in the amount of EUR 569,588, in Ogrevanje Piran d.o.o. in the amount of EUR 401,248 and in Petrol-Bonus d.o.o. in the amount of EUR 79,000.

10. Other costs

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Sponsorship	1,231,053	945,648	130	1,179,054	940,398	125
Donations	387,832	407,570	95	352,756	376,265	94
Environment protection expenditure	422,958	240,804	176	143,058	85,551	167
Charges unrelated to operations	308,381	141,777	218	3,076	9,878	31
Accrued costs	525,150	79,658	-	523,135	66,539	-
Other costs	552,265	387,015	143	378,396	330,524	114
TOTAL OTHER COSTS	3,427,639	2,202,472	156	2,579,475	1,809,155	143

11. Other operating expenses

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Indeks 08/07	2008	2007	Indeks 08/07
Payment of tanker demurrage	615,517	101,623	-	615,517	101,623	-
Underpaid charges from previous years	111,390	89,377	125	105,153	16,306	-
Expenses from previous years	157,789	491,940	32	14,069	114,680	12
Complaints granted	1,504	21,086	7	1,504	21,086	7
Accrued compensation	100	451,448	-	0	0	-
Other operating expenses	151,265	206,193	73	6,555	14,998	44
TOTAL OTHER OPERATING EXPENSES	1,037,565	1,361,667	76	742,798	268,693	276

Payment of tanker demurrage relates to expenses arising from delays in unloading cargo in port.

12. Other financial revenue and other financial expenses

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Foreign exchange differences	87,374,750	25,011,522	349	84,137,435	24,574,873	342
Interest revenue	10,541,776	6,519,406	162	10,813,997	6,646,352	163
Dividend revenue	664,058	951,891	70	664,058	951,891	70
Other financial revenue	2,701,921	7,468,792	36	2,597,953	7,270,798	36
TOTAL OTHER FINANCIAL REVENUE	101,282,505	39,951,611	254	98,213,443	39,443,914	249
Interest expense	(29,272,569)	(12,676,757)	231	(24,150,631)	(9,534,103)	253
Foreign exchange differences	(87,697,668)	(20,884,362)	420	(82,243,958)	(20,110,622)	409
Other financial expenses	(620,744)	(735,434)	84	(561,120)	(444,256)	126
TOTAL OTHER FINANCIAL EXPENSES	(117,590,981)	(34,296,553)	346	(106,955,709)	(30,088,981)	355
Net other financial revenue	(16,308,476)	5,655,058	-	(8,742,266)	9,354,933	-

The Group's operations are fully hedged against foreign exchange risks, both in terms of balance sheet hedging and dynamic hedging. When entering into hedging, the Group first employs the natural types of hedging (i.e. balance sheet hedging), while the rest is hedged dynamically (entering into forward transactions on a daily basis) to ensure a neutral dollar position.

Interest revenue of the Petrol Group and Petrol d.d., Ljubljana mostly comprises interest from trade receivables, with interest expense mostly relating to bank loan expenses.

The Petrol Group hedges against interest rate risk using financial instruments (interest rate swaps, collars, etc.), as laid down in its business policy.

If a financial instrument is designated as an instrument for hedging against the variability of cash flows, a portion of the gain or loss on the instrument that is

determined to be an effective hedge is recognised directly in equity from 1 October 2008 onwards. In the period 1 October 2008 to 31 December 2008, there were no ineffective hedges that would need to be recognised in the income statement.

Expected future cash flows will affect the income statement progressively until 2012.

13. Financial revenue from interests

	THE PETROL GROUP		
(in EUR)	2008	2007	Index 08/07
Financial revenue from interests - profit generated during the year			
Geoplin d.o.o. Ljubljana	13,467,306	7,850,773	172
Aquasystems d.o.o.	397,437	244,462	163
Ogrevanje Piran d.o.o.	9,389	78,807	12
Istrabenz d.d.	2,848,103	0	-
Bio goriva d.o.o.	(128,513)	0	-
Marché Gostinstvo d.o.o.	93,470	31,334	298
TOTAL ASSOCIATES	16,687,192	8,205,376	203
Instalacija, d.o.o. Koper	2,268,010	1,968,400	115
Geoenergo d.o.o.	6,317	22,613	28
Karkasa, d.o.o.	80,403	34,718	232
Petrol - Bonus d.o.o.	(78,854)	0	-
Petrol - Oti - Slovenija L.L.C.	39,854	(21,532)	-
Petrol Slovenia Tirana Wholesale S.H.A.	19,691	(744)	-
TOTAL JOINT VENTURES	2,335,430	2,003,455	117
TOTAL FINANCIAL REVENUE FROM INTERESTS	19,022,622	10,208,831	186

	PETROL D.D.		
(in EUR)	2008	2007	Index 08/07
Financial revenue from interests - dividends received			
Petrol-Trade Handelsges.m.b.H.	4,622,529	4,160,188	111
Instalacija, d.o.o. Koper	2,728,360	2,883,898	95
Aquasystems d.o.o.	259,990	259,990	100
Geoplin d.o.o. Ljubljana	2,926,003	2,963,288	99
TOTAL FINANCIAL REVENUE FROM INTERESTS	10,536,882	10,267,365	103

14. Taxes

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Tax expense	(12,376,783)	(12,890,367)	96	(10,586,588)	(11,336,098)	93
Deferred tax	27,596,147	(160,459)	-	27,236,815	(66,731)	-
Taxes	15,219,364	(13,050,826)	-	16,650,227	(11,402,829)	-

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Accounting profit	(70,165,724)	66,325,932	-	(81,080,293)	57,225,108	-
Tax calculated at effective tax rate	(15,436,459)	15,254,964	-	(17,837,664)	13,161,775	-
Tax effect of untaxed revenue	(3,393,674)	(3,348,760)	101	(3,187,309)	(2,764,054)	115
Tax effect of expenses not deducted on tax assessment	31,874,298	1,209,834	-	31,611,560	938,377	-
Effect of lower tax rate	(409,598)	(371,348)	110	0	0	-
Different recognition of revenue and expenses	(27,853,931)	306,135	-	(27,236,815)	66,731	-
Taxes	(15,219,364)	13,050,826	-	(16,650,227)	11,402,829	-
Effective tax rate	-	19.68%	-	-	19.93%	-

Petrol d.d., Ljubljana's effective tax rate stood at 22% in 2008 and 23% in 2007.

15. Minority interest

	THE PETROL GROUP		
(in EUR)	31 December 2008	31 December 2007	Index 08/07
At the beginning of the year	727,765	114,356	-
Net profit or loss of minority shareholders	(144,826)	19,085	-
Decrease in minority shareholders' interest due to capital increase by majority shareholder	0	(15,356)	-
Increase in minority interest	33,570,209	609,680	-
Translation differences	(395,263)	0	-
AT THE END OF THE YEAR	33,757,885	727,765	-

16. Earnings per share

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Indeks 07/06	31 December 2008	31 December 2007	Indeks 08/07
Net profit or loss	(54,801,534)	53,256,021	-	(64,430,066)	45,822,279	-
Weighted average number of ordinary shares issued	2,061,509	2,061,003	100	2,061,509	2,061,003	100
Earnings per share	(26,58)	25.84	-	(31,25)	22.23	-

Earnings per share are calculated by dividing owners' net profit with the number of ordinary shares, excluding ordinary shares purchased by Petrol d.d., Ljubljana and held as own shares from the calculation. The Petrol Group and the company Petrol d.d., Ljubljana have no potential dilutive ordinary shares.

17. Intangible assets of the Petrol Group

(in EUR)	Software	Concessions	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2007	3,470,502	8,106,209	0	298,606	11,875,318
New acquisitions resulting from a takeover	1,453	0	255,816	0	257,269
New acquisitions	19,303	5,945	0	362,224	387,472
Disposals	(228,361)	(1,627)	0	(17,755)	(247,743)
Transfer from ongoing investments	351,062	0	0	(351,062)	0
Translation differences	(99)	3,083	0	37	3,021
As at 31 December 2007	3,613,860	8,113,610	255,816	292,050	12,275,336
Accumulated amortisation					
As at 1 January 2007	(2,502,245)	(1,196,650)	0	0	(3,698,895)
Amortisation	(382,509)	(314,847)	0	0	(697,356)
Disposals	225,967	681	0	0	226,648
Translation differences	7	(556)	0	0	(549)
As at 31 December 2007	(2,658,781)	(1,511,376)	0	0	(4,170,157)
Net carrying amount as at 31 December 2007	955,081	6,602,234	255,816	292,050	8,105,180
Net carrying amount as at 1 January 2007	968,257	6,909,559	0	298,606	8,176,423
Cost					
As at 1 January 2008	3,613,860	8,113,610	255,816	292,050	12,275,336
New acquisitions resulting from a takeover	122,567	82,731	18,579,973	5,622	18,790,893
New acquisitions	0	0	0	1,060,573	1,060,573
Disposals	(58,397)	(1,460)	0	(284,568)	(344,425)
Transfer from ongoing investments	647,332	195,925	0	(843,258)	0
Translation differences	(327)	(1,289)	0	241	(1,375)
As at 31 December 2008	4,325,035	8,389,517	18,835,789	230,660	31,781,002
Accumulated amortisation					
As at 1 January 2008	(2,658,781)	(1,511,376)	0	0	(4,170,156)
Acquisition of a new subsidiary	(92,829)	(13,484)	0	0	(106,313)
Amortisation	(442,948)	(316,665)	0	0	(759,613)
Disposals	55,699	1,269	0	0	56,968
Translation differences	358	1,475	0	0	1,833
As at 31 December 2008	(3,138,501)	(1,838,781)	0	0	(4,977,281)
Net carrying amount as at 31 December 2008	1,186,534	6,550,736	18,835,789	230,660	26,803,719
Net carrying amount as at 1 January 2008	955,081	6,602,234	255,816	292,050	8,105,180

The Petrol Group determines the amount of goodwill on the date subsidiaries are acquired.

On 31 December 2008, goodwill was tested for impairment, but the Group did not identify any indications of impairment. The management estimates that on 31 December 2008 the recoverable amount of the investment in a 51% interest in Euro-Petrol d.o.o. to which goodwill was allocated was higher than the investment's carrying amount.

The recoverable amount (value in use) of the investment was assessed using the method of discounted net cash flows arising from the 51% interest in the company Euro-Petrol d.o.o. The model used was based mainly on the following:

- ▶ Accurate projections of net cash flows were prepared for a period of four years, while a constant growth rate of 2.5% is envisaged for subsequent periods.
- ▶ The discount rate used is the company's average rate of borrowing and equals 12.25%.
- ▶ In the period up to 2012, the company Euro-Petrol d.o.o. will invest in 25 new service stations. Afterwards it is expected that the number of service stations will remain unchanged.

All assumptions used in the calculation of net cash flows are based on experience with operation of similar companies and take into account the expansion of business resulting from the envisaged capital investments.

On 31 December 2008, the Group recorded goodwill in the amount of EUR 704,068 arising from the acquisition of Toplarna Hrastnik d.o.o. in September 2008. Goodwill was not tested for impairment because the company was acquired in the second half of the year and because there were no indications of impairment.

On 31 December 2008, the Group recorded goodwill in the amount of EUR 255,816 arising from the acquisition of Rodgas a.d. in 2007. Goodwill was tested for impairment on 31 December 2008, but the Group did not identify any indications of impairment.

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Software	Concessions	Ongoing investments	Total
Cost				
As at 1 January 2007	3,147,008	3,508,883	0	6,655,891
New acquisitions	0	0	341,538	341,538
Disposals	(221,833)	0	0	(221,833)
Transfer from ongoing investments	333,886	0	(333,886)	0
As at 31 December 2007	3,259,061	3,508,883	7,652	6,775,596
Accumulated amortisation				
As at 1 January 2007	(2,320,855)	(597,376)	0	(2,918,230)
Amortisation	(332,725)	(140,355)	0	(473,081)
Disposals	221,833	0	0	221,833
As at 31 December 2007	(2,431,747)	(737,731)	0	(3,169,478)
Net carrying amount as at 31 December 2007	827,313	2,771,154	7,652	3,606,118
Net carrying amount as at 1 January 2007	826,153	2,911,508	0	3,737,661

(in EUR)	Software	Concessions	Ongoing investments	Total
Cost				
As at 1 January 2008	3,259,061	3,508,883	7,652	6,775,596
New acquisitions	0	0	819,359	819,359
Disposals	(1,894)	0	0	(1,894)
Transfer from ongoing investments	624,353	0	(624,353)	0
As at 31 December 2008	3,881,519	3,508,883	202,658	7,593,060
Accumulated amortisation				
As at 1 January 2008	(2,431,747)	(737,731)	0	(3,169,478)
Amortisation	(385,115)	(140,355)	0	(525,470)
Disposals	1,894	0	0	1,894
As at 31 December 2008	(2,814,968)	(878,086)	0	(3,693,054)
Net carrying amount as at 31 December 2008	1,066,551	2,630,797	202,658	3,900,006
Net carrying amount as at 1 January 2008	827,313	2,771,154	7,652	3,606,118

All intangible assets disclosed are owned by Petrol Group companies and are unencumbered.

Overview of items exceeding 5% of net carrying amount as at 31/12/2008 (in EUR):

	THE PETROL GROUP		PETROL D.D.	
(in EUR)	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Right to use the gas transmission network in the Municipality of Prevalje	1,008,204	1,050,207	0	0
Right to use the gas transmission network in the Municipality of Domžale	1,458,438	1,536,221	1,458,438	1,536,221
Right to use the gas transmission network in the Municipality of Mežica	916,462	417,301	0	0
Right to use property owned by the Municipality of Murska Sobota	640,526	674,859	640,526	674,859
Payment of concession charges to the Municipality of Murska Sobota	531,833	560,072	531,833	560,072

The remaining useful life of the above assets is 18 years, except for the rights to use the gas distribution network in the Municipalities Prevalje and Mežica, in which case it amounts to 24 years.

18. Property, plant and equipment of the Petrol Group

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2007	110,374,000	408,314,647	16,109,064	129,160,657	34,487,219	698,445,586
New acquisitions resulting from a takeover	2,681	4,913,141	0	82,616	70,718	5,069,156
New acquisitions	6,510	2,043,813	2,103,692	19,639	59,489,015	63,662,669
Disposals	(771,124)	(1,115,392)	(678,397)	(7,338,861)	(4,235,182)	(14,138,956)
Transfer from ongoing investments	12,690,584	29,509,611	0	8,694,698	(50,894,893)	0
Transfer to investment property	(336,900)	(2,509,296)	0	0	0	(2,846,196)
Transfer from investment property	0	763,067	0	0	0	763,067
Foreign exchange differences	(65,164)	(403,658)	0	(17,761)	(63,307)	(549,890)
As at 31 December 2007	121,900,587	441,515,933	17,534,359	130,600,988	38,853,570	750,405,436
Accumulated depreciation						
As at 1 January 2007	0	(171,422,594)	(11,887,398)	(98,468,739)	0	(281,778,731)
Depreciation	0	(18,481,427)	(676,401)	(8,613,217)	0	(27,771,045)
Depreciation - impairment	0	88,508	0	2,339	0	90,847
Disposals	0	1,181,857	642,231	6,839,020	0	8,663,108
Transfer to investment property	0	401,173	0	0	0	401,173
Transfer from investment property	0	(410,081)	0	0	0	(410,081)
Foreign exchange differences	0	66,007	0	12,033	0	78,040
As at 31 December 2007	0	(188,576,558)	(11,921,568)	(100,228,564)	0	(300,726,689)
Net carrying amount as at 31 December 2007	121,900,587	252,939,375	5,612,791	30,372,423	38,853,570	449,678,744
Net carrying amount as at 1 January 2007	110,374,000	236,892,053	4,221,666	30,691,916	34,487,219	416,666,854

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2008	121,900,587	441,515,933	17,534,359	130,600,988	38,853,570	750,405,437
New acquisitions resulting from a takeover	37,700,241	27,352,684	1,949,153	9,952,892	7,157,304	84,112,274
New acquisitions	0	0	294	2,806	77,445,023	77,448,123
Disposals	(984,603)	(2,254,518)	(1,522,743)	(8,104,598)	(150,225)	(13,016,687)
Transfer from ongoing investments	13,019,843	45,776,477	1,077,838	20,645,584	(80,519,742)	0
Transfer to investment property	0	(1,055,832)	0	0	0	(1,055,832)
Transfer from investment property	5,557	132,461	0	0	0	138,018
Foreign exchange differences	(562,115)	(1,369,322)	0	(250,804)	(899,149)	(3,081,390)
As at 31 December 2008	171,079,510	510,097,883	19,038,901	152,846,868	41,886,781	894,949,942
Accumulated depreciation						
As at 1 January 2008	0	(188,576,558)	(11,921,568)	(100,228,564)	0	(300,726,689)
Acquisition of a new subsidiary	0	(7,431,704)	(1,201,368)	(6,023,080)	0	(14,656,152)
Depreciation	0	(19,985,889)	(799,192)	(10,551,461)	0	(31,336,542)
Depreciation - impairment	0	38,304	0	2,339	0	40,643
Disposals	0	1,572,454	1,211,768	7,420,465	0	10,204,687
Transfer to investment property	0	390,650	0	0	0	390,650
Transfer from investment property	0	(52,897)	0	0	0	(52,897)
Foreign exchange differences	0	390,395	0	89,483	0	479,878
As at 31 December 2008	0	(213,655,245)	(12,710,360)	(109,290,818)	0	(335,656,422)
Net carrying amount as at 31 December 2008	171,079,510	296,442,638	6,328,541	43,556,050	41,886,781	559,293,520
Net carrying amount as at 1 January 2008	121,900,587	252,939,375	5,612,791	30,372,423	38,853,570	449,678,744

Property, plant and equipment of Petrol d.d., Ljubljana

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2007	86,933,010	328,849,992	115,376,547	12,626,589	543,786,139
New acquisitions	0	0	0	21,897,502	21,897,502
Disposals	(756,603)	(618,393)	(6,917,060)	(65,635)	(8,357,691)
Transfer from ongoing investments	3,959,845	10,406,611	4,509,086	(18,875,541)	0
Transfer to investment property	(336,900)	(1,578,044)	0	0	(1,914,944)
Transfer from investment property	0	912,260	0	0	912,260
As at 31 December 2007	89,799,353	337,972,426	112,968,573	15,582,915	556,323,266
Accumulated depreciation					
As at 1 January 2007	0	(153,225,718)	(91,491,735)	0	(244,717,453)
Depreciation	0	(14,515,701)	(6,385,773)	0	(20,901,474)
Disposals	0	800,147	6,512,612	0	7,312,759
Transfer to investment property	0	303,143	0	0	303,143
Transfer from investment property	0	(416,640)	0	0	(416,640)
As at 31 December 2007	0	(167,054,767)	(91,364,895)	0	(258,419,662)
Net carrying amount as at 31 December 2007	89,799,353	170,917,659	21,603,677	15,582,915	297,903,604
Net carrying amount as at 1 January 2007	86,933,010	175,624,274	23,884,812	12,626,589	299,068,686

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2008	89,799,353	337,972,426	112,968,573	15,582,915	556,323,266
New acquisitions	0	0	0	26,633,861	26,633,861
Disposals	(780,546)	(1,054,082)	(6,011,857)	(67,293)	(7,913,777)
Transfer from ongoing investments	1,375,994	13,765,050	8,975,685	(24,116,729)	0
Transfer to investment property	0	(1,055,832)	0	0	(1,055,832)
Transfer from investment property	5,557	132,461	0	0	138,018
As at 31 December 2008	90,400,358	349,760,023	115,932,401	18,032,754	574,125,537
Accumulated depreciation					
As at 1 January 2008	0	(167,054,767)	(91,364,895)	0	(258,419,662)
Depreciation	0	(14,442,470)	(6,486,894)	0	(20,929,364)
Disposals	0	802,433	5,453,255	0	6,255,688
Transfer to investment property	0	390,649	0	0	390,649
Transfer from investment property	0	(52,897)	0	0	(52,897)
As at 31 December 2008	0	(180,357,052)	(92,398,534)	0	(272,755,586)
Net carrying amount as at 31 December 2008	90,400,358	169,402,971	23,533,867	18,032,754	301,369,951
Net carrying amount as at 1 January 2008	89,799,353	170,917,659	21,603,677	15,582,915	297,903,604

The items of property, plant and equipment are unencumbered, except for the assets obtained in the acquisition of Euro-Petrol d.o.o. On 31 December 2008, the cost of Euro-Petrol d.o.o.'s assets pledged as security stood at EUR 19,543,162, with their net carrying amount totalling EUR 17,492,351.

When it acquired Euro-Petrol d.o.o., the Petrol Group obtained property, plant and equipment held under finance lease. On 31 December 2008, the cost of property, plant and equipment held under finance lease stood at EUR 5,459,970, with their net carrying amount totalling EUR 3,660,455.

Significant increases in the value of individual items of Petrol d.d., Ljubljana's property, plant and equipment relate to the gas transmission network in the Municipality of Domžale carried at EUR 2,127,279 and the energy plant at Technology Park Ljubljana carried at EUR 1,634,780.

Significant decreases in the net carrying amount of individual items of property, plant and equipment in 2008 relate to the disposal of computer equipment in the amount of EUR 778,625 and the sale of land in Rogaška Slatina at the net carrying amount of EUR 275,912.

The increase in the value of property, plant and equipment resulting from the acquisition of Petrol Group companies at the net carrying amount of EUR 69,456,122 relates to the increase resulting from the acquisition of a 51-percent interest in the company Euro-Petrol d.o.o. in the amount of EUR 67,786,299 and increase resulting from the acquisition of a 100-percent interest in Toplarna Hrastnik d.o.o. in the amount of EUR 1,669,823.

Overview of items exceeding 2% of net carrying amount as at 31/12/2008 (in EUR):

(in EUR)	THE PETROL GROUP		PETROL D.D.	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Office building, Dunajska 50	9,801,590	10,190,060	9,801,590	10,190,060

Overview of major investments as at 31/12/2008 (in EUR):

(in EUR)	THE PETROL GROUP			PETROL D.D.		
	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Construction of service stations	27,444,407	34,237,073	80	18,300,894	6,494,627	282
Purchase of land	4,274,165	3,959,845	108	1,416,609	3,959,845	36
Informatics	2,651,746	2,008,756	132	2,651,746	1,910,615	139
Gas concession	2,977,639	1,650,546	180	0	2,595,556	-

Changes in environment fixed assets of Petrol d.d., Ljubljana

(in EUR)	Buildings	Equipment	Investment property	Total
Cost				
As at 1 January 2007	32,961,676	13,577,160	83,805	46,622,641
Disposals	0	(551,235)	0	(551,235)
As at 31 December 2007	32,961,676	13,025,925	83,805	46,071,406
Accumulated depreciation				
As at 1 January 2007	(15,161,707)	(13,577,160)	(52,217)	(28,791,084)
Depreciation	(1,631,806)	0	(3,632)	(1,635,438)
Disposals	0	551,235	0	551,235
As at 31 December 2007	(16,793,513)	(13,025,925)	(55,849)	(29,875,287)
Net carrying amount as at 31 December 2007	16,168,163	0	27,956	16,196,119
Net carrying amount as at 1 January 2007	17,799,969	0	31,588	17,831,557

(in EUR)	Buildings	Equipment	Investment property	Total
Cost				
As at 1 January 2008	32,961,676	13,025,925	83,805	46,071,406
Disposals	(11,986)	(78,260)	0	(90,246)
As at 31 December 2008	32,949,690	12,947,665	83,805	45,981,160
Accumulated depreciation				
As at 1 January 2008	(16,793,513)	(13,025,925)	(55,849)	(29,875,287)
Depreciation	(1,631,706)	0	(3,632)	(1,635,336)
Disposals	8,590	78,260	0	86,850
As at 31 December 2008	(18,416,629)	(12,947,665)	(59,481)	(31,423,773)
Net carrying amount as at 31 December 2008	14,533,061	0	24,324	14,557,387
Net carrying amount as at 1 January 2008	16,168,163	0	27,956	16,196,119

Petrol d.d., Ljubljana is the only Group company with environment fixed assets.

The items of property, plant and equipment also include fixed assets relating to the environmental improvement of service stations and warehouses, the cost of which stood at EUR 45,981,160 on 31 December 2008. This represents the total amount of long-term provisions earmarked for this purpose.

19. Investment property

	THE PETROL GROUP	PETROL D.D.
(in EUR)	Investment property	Investment property
Cost		
As at 1 January 2007	22,792,535	24,951,162
Transfer to property, plant and equipment	(763,067)	(912,260)
Transfer from property, plant and equipment	2,846,196	1,914,944
As at 31 December 2007	24,875,663	25,953,846
Accumulated depreciation		
As at 1 January 2007	(8,436,267)	(8,903,470)
Depreciation	(766,628)	(848,010)
Transfer to property, plant and equipment	410,081	416,640
Transfer from property, plant and equipment	(401,173)	(303,143)
As at 31 December 2007	(9,193,987)	(9,637,983)
Net carrying amount as at 31 December 2007	15,681,677	16,315,863
Net carrying amount as at 1 January 2007	14,356,268	16,047,692
Cost		
As at 1 January 2008	24,875,663	25,953,846
New acquisitions	97,787	0
Transfer to property, plant and equipment	(138,018)	(138,018)
Transfer from property, plant and equipment	1,055,832	1,055,832
As at 31 December 2008	25,891,264	26,871,660
Accumulated depreciation		
As at 1 January 2008	(9,193,987)	(9,637,983)
Depreciation	(845,700)	(892,883)
Transfer to property, plant and equipment	52,897	52,897
Transfer from property, plant and equipment	(390,649)	(390,649)
As at 31 December 2008	(10,377,439)	(10,868,618)
Net carrying amount as at 31 December 2008	15,513,826	16,003,040
Net carrying amount as at 1 January 2008	15,681,677	16,315,863

Investment property comprises buildings (warehouses, carwashes, bars) that are being leased out by Petrol d.d., Ljubljana and the Petrol Group.

In 2008 revenue generated by Petrol d.d., Ljubljana from investment property totalled EUR 2,151,123 (up from EUR 1,582,789 in 2007). The Petrol Group's revenue from investment property stood at EUR 2,316,974 (up from EUR 1,566,659 in 2007).

On consolidation, property leased by Petrol d.d., Ljubljana to subsidiaries is transferred to property, plant and equipment as it does not constitute investment property at the Group level.

20. Investments of Petrol d.d., Ljubljana in subsidiaries

Changes in investments in subsidiaries

	PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07
As at 1 January	137,348,899	105,075,428	131
New acquisitions	71,301,320	32,273,471	221
As at 31 December	208,650,219	137,348,899	152

Balance of investments in subsidiaries

	PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07
Euro - Petrol d.o.o.	52,816,327	0	-
Petrol Trgovina d.o.o., Zagreb	51,021,249	51,021,249	100
Petrol BH Oil Company, d.o.o., Sarajevo	34,537,990	34,537,990	100
Petrol Plin, d.o.o.	18,174,723	11,460,741	159
Petrol d.o.o. Beograd	16,141,792	10,041,792	161
Petrol Energetika d.o.o.	11,367,889	11,367,889	100
Petrol Maloprodaja Slovenija, d.o.o.	11,344,738	11,344,738	100
Rodgas AD Bačka Topola	3,510,400	3,510,400	100
Petrol - Invest d.o.o.	2,400,000	0	-
Cypet Oils Ltd.	2,150,906	2,150,906	100
Petrol Toplarna Hrastnik d.o.o.	2,171,011	0	-
Petrol Gas Group d.o.o.	1,200,000	100,000	-
Petrol Skladiščenje, d.o.o.	794,951	794,951	100
Petrol Tehnologija, d.o.o.	755,579	755,579	100
Petrol-Trade, Handelsges.m.b.H	147,830	147,830	100
Petrol VNC, d.o.o.	114,834	114,834	100
TOTAL INVESTMENTS IN SUBSIDIARIES	208,650,219	137,348,899	152

In the process of consolidation, investments in subsidiaries are eliminated from the Petrol Group's financial statements.

Increases in long-term investments in subsidiaries made in 2008 relate to the acquisition of a 51% interest in Euro-Petrol d.o.o. in the amount of EUR 52,816,327, acquisition of a 100% interest in Toplarna Hrastnik d.o.o. in the amount of EUR 2,171,011, establishment of a new subsidiary Petrol Invest d.o.o. in the amount of EUR 2,400,000, and increases in the capital of the subsidiary Petrol d.o.o., Beograd by EUR 6,100,000, subsidiary Petrol Gas Group d.o.o. by EUR 1,100,000, and subsidiary Petrol Plin d.o.o. by EUR 6,713,982 (in-kind contribution).

The following table presents subsidiaries as at 31/12/2008.
The companies are not listed on a regulated market.

Name of the subsidiary	Address of the subsidiary	Activities	Ownership and voting rights	
			2008	2007
Petrol Maloprodaja Slovenija, d.o.o.	Dunajska c. 50, Ljubljana, Slovenia	Wholesale of solid, liquefied and gaseous fuels	100%	100%
Petrol Plin, d.o.o.	Dunajska c. 50, Ljubljana, Slovenia	Gas activities - gas production, distribution of liquid fuels within the liquefied and natural gas network	100%	100%
Petrol Skladiščenje d.o.o.	Zaloška 259, Ljubljana-Polje, Slovenia	Warehousing services	100%	100%
Petrol Tehnologija, d.o.o.	Zaloška 259, Ljubljana-Polje, Slovenia	Maintenance services	100%	100%
Petrol Energetika d.o.o.	Koroška c. 14, Ravne na koroškem, Slovenia	Distribution of gas and electricity	99.33%	99.33%
Petrol VNC d.o.o.	Dunajska c. 50, Ljubljana, Slovenia	Investigation activities and security	100%	100%
Petrol Trgovina d.o.o. Zagreb	Oreškovićeve 3D, Otok, 10010 Zagreb, Croatia	Sale and marketing of petroleum products	100%	100%
Petrol BH Oil Company, d.o.o., Sarajevo	Grbavička 4/4, 71000 Sarajevo, Bosnia and Herzegovina	Sale and marketing of petroleum products	100%	100%
Petrol d.o.o. Beograd	Ulica Španskih boraca br.24v, 11077 Belgrade, Serbia	Sale and marketing of petroleum products	100%	100%
Petrol-Trade, Handelsges.m.b.H	Elisabethstrasse 10 Top 4 u.5, 1010 Vienna, Austria	Trading in oil, petroleum products and chemical products	100%	100%
Cypet-Trade, Ltd.	Ariadne House, Office 52, 333 28th October Street, Limassol, Cyprus	Trading in oil and petroleum products	100%	100%
Cypet Oils, Ltd.	Ariadne House, Office 52, 333 28th October Street, Limassol, Cyprus	Trading in oil and petroleum products	100%	100%
Petrol Gas Group, d.o.o.	Kninska 139B, Veternik, Serbia	Gas distribution	100%	100%
Rodgas AD Bačka Topola	Maršala Tita 61, Bačka Topola, Serbia	Gas distribution	84.22%	84.22%
Petrol - Invest d.o.o.	Donje polje b.b., 81250 Cetinje, Montenegro	Capital investments in the gas activity	100%	-
Euro - Petrol d.o.o.	Martinkovac 143b, 51000 Rijeka, Croatia	Trading in and transport of oil and petroleum products	51%	-
Petrol Toplarna Hrastnik d.o.o.	Ulica prvoborcev 5a, 1430 Hrastnik, Slovenia	Production, distribution and sale of heat	100%	-

21. Investments of Petrol d.d., Ljubljana in joint ventures

Changes in investments in joint ventures

	THE PETROL GROUP			PETROL D.D.		
	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
(in EUR)						
As at 1 January	14,637,908	12,912,932	113	9,792,885	7,187,465	136
Adjustment due to a change in accounting policy	0	0	-	39,982,535	0	-
As at 1 January after the adjustment	14,637,908	12,912,932	113	49,775,420	7,187,465	-
Attributed profit	2,335,430	2,003,454	117	0	0	-
Dividends received	(2,728,360)	(2,883,898)	95	0	0	-
New investments	2,342,245	2,605,420	90	2,342,245	2,605,420	90
Net increase through equity	0	0	-	4,059,335	0	-
Impairment of investments	(155)	0	-	(79,000)	0	-
As at 31 December	16,587,067	14,637,908	113	56,098,000	9,792,885	-

Balance of investments in joint ventures

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Instalacija, d.o.o., Koper	11,395,242	11,855,592	96	50,640,000	7,041,412	-
Karkasa, d.o.o.	242,264	161,862	150	416,000	146,053	285
Geoenergo d.o.o.	43,627	37,310	117	30,000	0	-
Petrol - Bonus d.o.o.	426,000	5,000	-	426,000	5,000	-
Petrol - Oti - Slovenija L.L.C.	3,360,987	1,478,888	227	3,475,000	1,500,420	232
Petrol Slovenia Tirana Wholesale SH.A.	1,118,947	1,099,256	102	1,111,000	1,100,000	101
TOTAL INVESTMENTS IN JOINT VENTURES	16,587,067	14,637,908	113	56,098,000	9,792,885	-

Petrol d.d., Ljubljana

Increases in long-term investments made by Petrol d.d., Ljubljana in joint ventures in 2008 relate to an increase in the capital of Petrol-Bonus d.o.o. by EUR 500,000 and increase in the capital of Petrol-Oti-Slovenija L.L.C. by EUR 1,842,245. Other increases/decreases represent the effect of changes in the value of investments arising from the valuation at fair value.

Effect of impairment and changes in accounting policy

In 2008 Petrol d.d., Ljubljana changed the accounting policy for the valuation of investments in joint ventures and associates, which are now carried at fair value. The company applied the changed accounting policy retrospectively, i.e. from the beginning of the first comparative period for which the company was able to obtain comparable data. The effect of applying the changed accounting policy is evident from the adjustment of the opening balance as at 1 January 2008 in the table of changes in investments in joint ventures.

The table below shows the effect of impairment and changes in accounting policy by investment and year:

(in EUR)	Valuation method	Book value as per January 1, 2008	Fair value as per January 1, 2008	Effect of valuation as per January 1, 2008	Movement 2008	Fair value as per December 31, 31/12/2008	Effect of valuation in 2008
Instalacija, d.o.o., Koper	Method of capitalising normalised free cash flow	7,041,412	46,713,000	39,671,588	0	50,640,000	3,927,000
Karkasa, d.o.o.	Method of capitalising normalised free cash flow	146,053	253,000	106,947	0	416,000	163,000
Geoenergo d.o.o.	Liquidation value method	0	204,000	204,000	0	30,000	(174,000)
Petrol - Bonus d.o.o.	*	5,000	5,000	0	500,000	426,000	(79,000)
Petrol - Oti - Slovenija L.L.C.	Method of the present value of expected free cash flows	1,500,420	1,500,420	0	1,842,245	3,475,000	132,335
Petrol Slovenia Tirana Wholesale SH.A.	*	1,100,000	1,100,000	0	0	1,111,000	11,000
TOTAL INVESTMENTS IN JOINT VENTURES		9,792,885	49,775,420	39,982,535	2,342,245	56,098,000	3,980,335

* The company's book value equals its estimated fair value

Description of assumptions and methods used in the valuation of investments

The independent assessment of the fair value of investments in joint ventures was prepared on the going concern assumption, taking into account all information about the operation of the companies that was available at the time of valuation. However, due to the nature of the companies' business, no relevant information about their market value could be obtained. The valuation thus mainly relied on the data about the companies' previous operations and assumptions regarding their future operations. Valuation methods were tailored to the nature of the companies' business and available information. The following valuation methods were used:

- ▶ The method of capitalising normalised free cash flow, which is a shortened variant of the method of calculating the present value of expected returns, where a single projection of a return and an envisaged future growth rate of such a return are used instead of a longer time series of projections of the rate of return to owners. The method was selected due to relatively stable past operations of the companies and relatively stable operating projections.
- ▶ The liquidation value method, which comprises an assessment of the value of unencumbered assets less liquidation costs. The above value is based on a hypothetical disposal of assets and the repayment of all liabilities in the process of liquidation. Future inflows and outflows arising from the process of liquidation are discounted to the present value using an appropriate discount rate. The method was selected because negative future cash flows are envisaged.
- ▶ The method of the present value of expected free cash flows less debt, which assumes that the company will continue to operate over a comparatively long period of time. Cash returns to owners and credit issuers are estimated based on an analysis of past operations and estimated future business opportunities. Returns are discounted using the appropriate arithmetic mean of the required rate of return on debt and equity capital.

The required rate of return was adjusted to the specific circumstances of individual companies, the interest in which was subject to valuation, and their business environment. Their required rates of return ranged from 7.1% to 16.9%. In the valuation of the investments, discounts reflecting the lack of liquidity, which ranged from 5% to 30%, were taken into account and adjusted to the nature of the companies' business. In the case of methods requiring an estimate of free cash flows, the annual rates of growth in free cash flows ranged from 1% to 6%.

During the valuation, both optimistic and pessimistic scenarios were prepared. The fair value equals the arithmetic mean of the estimated value of investments under both scenarios.

The Petrol Group

In conformity with the equity method, the Petrol Group recorded in 2008 its shares of the profit of joint ventures in the amount of EUR 2,335,430, subtracting dividends on retained profit in the amount of EUR 2,728,360 from them.

In preparing consolidated financial statements, the Petrol Group uses the most recently available financial statements of joint ventures, which are not necessarily audited.

The following significant amounts indicated in the unaudited financial statements of joint ventures have been taken into account in preparing the Petrol Group's financial statements:

(in EUR)	Current assets	Non-current assets	Short-term liabilities	Non-current liabilities	Revenue	Expenses
Geoenergo d.o.o. *	210,446	5,683	69,451	0	544,351	(528,560)
Karkasa, d.o.o. *	487,067	197,008	195,817	3,728	1,053,878	(845,629)
Instalacija, d.o.o. Koper	2,008,332	40,697,886	7,913,699	11,536,920	14,093,407	(8,157,935)
Petrol - Bonus d.o.o.	1,062,156	54,322	264,168	0	397,879	(555,569)
Petrol Slovenia Tirana Wholesale SH.A.	125,462	1,969,372	51,445	0	87,215	(32,635)
Petrol - OTI - Slovenija L.L.c.	685,614	6,039,255	136,661	0	9,321,915	(9,222,483)

* The financial statements have been audited

The following table presents joint ventures within the Petrol Group as at 31/12/2008. The companies are not listed on a regulated market.

Name of the joint venture	Address of the joint venture	Activities	Ownership and voting rights	
			2008	2007
Geoenergo d.o.o.	Mlinska ulica 5, Lendava, Slovenia	Extraction of natural gas, oil and gas condensate	50%	50%
Karkasa, d.o.o.	Škofjeloška cesta 6, Kranj, Slovenia	Truck tyre retreading	50%	50%
Instalacija, d.o.o., Koper	Sermin 10/a, Koper, Slovenia	Warehousing and handling of petroleum products	49%	49%
Petrol - Bonus d.o.o.	Ulica Donje polje bb, Cetinje, Montenegro	Wholesale and retail sale of fuel	50%	50%
Petrol - OTI - Slovenija L.L.c. *	Prishtina Magjistralija, Priština, Serbia	Retail sale and wholesale of liquid and gaseous fuel and similar products	51%	51%
Petrol Slovenia Tirana Wholesale SH.A. *	Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania	Wholesale of liquid, gaseous and similar fuels	55%	55%
Petrol Slovenia Tirana Distribution SH.P.K.	Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania	Retail sale of liquid and gaseous fuel	100%	100%

* Joint management is stipulated in the contract of members

22. Investments in associates

Changes in investments in associates

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
As at 1 January	255,490,263	60,494,609	422	230,563,013	40,549,453	-
Adjustment due to a change in accounting policy	0	0	-	73,115,512	0	-
As at 1 January after the adjustment	255,490,263	60,494,609	422	303,678,525	40,549,453	-
Net attributed profit	16,687,192	8,205,376	203	0	0	-
Dividends received	(9,592,249)	(3,223,278)	298	(6,406,256)	0	-
New acquisitions	8,162,675	190,013,560	4	8,162,675	190,013,560	4
Net increase through equity	596,017	0	-	5,032,913	0	-
Impairment of investments	(142,561,454)	0	-	(139,890,927)	0	-
As at 31 December	128,782,444	255,490,263	50	170,576,930	230,563,013	74

Balance of investments in associates

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Istrabenz d.d.	43,947,930	189,274,277	23	43,947,930	189,274,277	23
Geoplin d.o.o., Ljubljana	81,629,500	62,899,094	130	122,449,000	38,661,659	317
Aquasystems d.o.o.	1,987,384	1,849,937	107	2,542,000	1,091,028	233
Ogrevanje Piran d.o.o.	531,000	873,795	61	531,000	932,248	57
Marché Gostinstvo d.o.o.	686,630	593,160	116	1,107,000	603,801	183
Bio goriva d.o.o.	0	0	-	0	0	-
TOTAL INVESTMENTS IN ASSOCIATES	128,782,444	255,490,263	50	170,576,930	230,563,013	74

Petrol d.d., Ljubljana

Increases in long-term investments made by Petrol d.d., Ljubljana in associates in 2008 relate to a 25% contribution to the establishment of the company Bio Goriva d.o.o. in the amount of EUR 569,788 and the acquisition of a 2.44% interest in the company Geoplin d.o.o. in the amount of EUR 7,593,087.

Dividends of EUR 6,406,256 received by Petrol d.d., Ljubljana from the company Istrabenz d.d. decrease the cost of the investment as they relate to profit for the period preceding the acquisition of the investment.

Effect of impairment and changes in accounting policy

In 2008 Petrol d.d., Ljubljana changed the accounting policy for the valuation of investments in joint ventures and associates, which are now carried at fair value. The company applied the changed accounting policy retrospectively, i.e. from the beginning of the first comparative period for which the company was

able to obtain comparable data. The effect of applying the changed accounting policy is evident from the adjustment of the opening balance as at 1 January 2008 in the table of changes in investments in associates.

Based on a review of the indications of impairment, Petrol d.d., Ljubljana estimates that the recoverable amount of investments in the companies Istrabenz d.d., Ogrevanje Piran d.o.o. and Bio Goriva d.o.o. decreased below their carrying amount. In accordance with accounting standards, the company therefore assessed the fair value of the companies and impaired its investments accordingly.

The table below shows the effect of impairment and changes in accounting policy by investment and year:

Effect of impairment and valuation of investments on fair value

(in EUR)	Valuation technique	Cost as at 01/01/2008	Fair value as at 01/01/2008	Effect of valuation as at 01/01/2008	Changes in 2008	Fair value as at 31/12/2008	Effect of valuation in 2008
Istrabenz d.d.	metoda čistih sredstev	189,274,277	189,274,277	0	(6,406,256)	43,947,930	(138,920,091)
Geoplin d.o.o., Ljubljana	capitalisation of standardised cash flows	38,661,659	109,906,000	71,244,341	7,593,087	122,449,000	4,949,913
Aquasystems d.o.o.	present value of expected cash flows	1,091,028	2,474,000	1,382,972		2,542,000	68,000
Ogrevanje Piran d.o.o.	capitalisation of standardised cash flows	932,248	932,248	0		531,000	(401,248)
Marché Gostinstvo d.o.o.	capitalisation of standardised cash flows	603,801	1,092,000	488,199		1,107,000	15,000
Bio goriva d.o.o.	present value of expected cash flows	0	0	0	569,588	0	(569,588)
TOTAL INVESTMENTS IN ASSOCIATES		230,563,013	303,678,525	73,115,512	1,756,419	170,576,930	(134,858,014)

Description of assumptions and methods used in the valuation of investment in Istrabenz d.d.

The independent assessment of the value of the investment in Istrabenz d.d. as at 31 December 2008 was prepared by considering all facts known at the time of the assessment and public information about the operations of the Istrabenz Group. The valuation was based on the going concern assumption and the assumption that the market in the shares of the company Istrabenz d.d. was inactive in 2008. The going concern assumption also included the assumption that the repayment of debt to creditor banks would be rescheduled.

The value of the parent company was assessed using the net asset method. This method was selected because the parent company is essentially a holding company. Its assets thus mainly consist of financial investments, and its liabilities of financial liabilities, which need to be assessed separately based on the required rate of return.

To assess the final value in accordance with the net asset method, the market value of all asset items is first assessed, followed by the assessment of the market value of individual liability items. The final value of the company is obtained by subtracting estimated liabilities, which also include contingent liabilities and dividends paid, from the estimated value of assets. A 5% minority interest discount and a 10% lack of marketability discount were also applied.

The value of individual asset items (investments and business activities/ company groups) was assessed at the level of parent company without including the share of financial liabilities that was taken into account at the group level. The value of investments and business activities was primarily assessed using the method of the present value of expected free cash flows less debt, the method of the present value of normalised free cash flows less debt, the shortened method, and the comparable company analysis as a control method. The valuation thus mainly relied on information about the company's past operations and assumptions regarding its future operations. The valuation methods were tailored to the nature of the investments and available information. The required rates of return for individual investments ranged from 7.10% to 12.8%. The discounts reflecting the lack of liquidity of investments ranged from 5% to 20%.

The value of the investments traded in a regulated securities market was determined based on their market prices as at 31 December 2008.

The estimated fair value of the investment in Istrabenz d.d. totalled EUR 43,947,930 as at 31 December 2008. The value is the arithmetic mean of the value estimated under the optimistic and pessimistic scenario, and includes the investments carried at market value. The management believes to the best of their knowledge that the value of the investment was assessed conservatively and that it reflects the investment's fair value as at 31 December 2008, taking into account all facts, assumptions and estimates known to the date of this annual report.

Had the stock exchange price as at 31 December 2008 been used, the value of the investment in the company Istrabenz d.d. would have amounted to EUR 39,789,780.

Description of assumptions and methods used in the valuation of other investments

The independent assessment of the fair value of investments in associates was prepared on the going concern assumption, taking into account all information about the operation of the companies that was available at the time of valuation. However, due to the nature of the companies' business, no relevant information about their market value could be obtained. The valuation thus mainly relied on information about the company's past operations and assumptions regarding its future operations. Valuation methods were tailored to the nature of the companies' business and available information. The following valuation methods were used:

The method of capitalising normalised free cash flow, which is a shortened variant of the method of calculating the present value of expected returns, where a single projection of a return and an envisaged future growth rate of such a return are used instead of a longer time series of projections of the rate of return to owners. The method was selected due to relatively stable past operations of both companies and relatively stable operating projections.

The method of the present value of expected free cash flows less debt, which assumes that the company will continue to operate over a comparatively long period of time. Cash returns to owners and credit issuers are estimated based on an analysis of past operations and estimated future business opportunities. Returns are discounted using an appropriate arithmetic mean of the required rates of return on debt capital and equity capital.

The required rate of return was adjusted to the specific circumstances of individual companies, the interest in which was subject to valuation, and their business environment. Their required rates of return ranged from 8.8% to 14.9%. In the valuation of the investments, discounts reflecting the lack of liquidity, which ranged from 10% to 20%, were taken into account and adjusted to the nature of the companies' business. In the case of methods requiring an estimate of free cash flows, the annual rates of growth in free cash flows ranged from 1% to 3%.

During the valuation, both optimistic and pessimistic scenarios were prepared. The fair value equals the arithmetic mean of the estimated value of investments under both scenarios.

The Petrol Group

In conformity with the equity method, the Petrol Group recorded in 2008 its shares of the profit of associates in the amount of EUR 16,687,192, subtracting dividends on retained profit in the amount of EUR 9,592,249 from them.

A proportionate share of changes in an associate's equity, which were not recognised in the associate's income statement, was allocated to the investments as required by the equity method. Consequently, the value of the investment in the Geoplin Group increased by EUR 596,017.

The changed accounting policy of the company Petrol d.d., Ljubljana has no impact on the financial statements of the Petrol Group, in which the investments in subsidiaries are shown using the equity method.

In preparing consolidated financial statements, the Petrol Group uses the most recently available financial statements of associates, which are not necessarily audited.

Associates within the Petrol Group as at 31/12/2008 that are not listed on a regulated market:

Name of the associate	Address of the associate	Activities	Ownership and voting rights	
			2008	2007
Ogrevanje Piran d.o.o.	Liminjanska cesta 117, Portorož, Slovenia	Gaseous fuel supply, generation and distribution of steam and heat	40%	40%
Geoplin d.o.o., Ljubljana	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	Sale and transport of natural gas	30.02%	27.57%
Aquasystems d.o.o.	Dupleška 330, Maribor, Slovenia	Construction and operation of industrial and municipal water treatment plants	26%	26%
Marché Gostinstvo d.o.o.	Notranjska c. 71, Logatec, Slovenia	Preparation of food and beverages, sale of merchandise and other services	25%	25%
Bio goriva d.o.o.	Grajski trg 21, 2327 Rače, Slovenia	Manufacturing, trading and services	25%	-

Associate within the Petrol Group as at 31/12/2008 that is listed on a regulated market:

Name of the associate	Address of the associate	Activities	Ownership and voting rights	
			2008	2007
Istrabenz d.d.	Cesta Zore Perello - Godina 2, Koper	Management of Istrabenz Group investments and other investments	32.63%	32.63%

The following significant amounts indicated in the financial statements of associates were included in the Petrol Group's financial statements:

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The Geoplin Group*	317,739,800	68,884,400	368,210,800	34,153,600	10,252,911
Aquasystems d.o.o.**	0		7,223,990	(1,392,984)	(362,176)
Marché Gostinstvo d.o.o.	4,493,036	1,746,517	12,199,757	373,879	93,470
Ogrevanje Piran d.o.o.***	2,916,919	708,962	1,323,262	(15,883)	(6,353)
Bio goriva d.o.o.	13,360,909	10,544,070	8,472,350	(592,332)	(128,513)

* Most recently available information for the Geoplin Group consists of consolidated financial statements for the period January to November 2008.

** Most recently available information for Acquasystems, d.o.o. consists of financial statements for the period January to November 2008.

*** Most recently available information for Ogrevanje Piran d.o.o. consists of financial statements for the period January to September 2008.

The following significant amounts indicated in the unaudited financial statements of the associate listed on a regulated market were included in the Petrol Group's financial statements:

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Skupina Istrabenz ****	1,323,592,902	1,076,704,514	504,327,586	8,728,480	2,848,103

**** Most recently available information for the Istrabenz Group consists of consolidated financial statements for the period January to September 2008.

23. Available-for-sale financial assets

Changes in available-for-sale financial assets

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
As at 1 January	10,509,249	11,807,198	89	10,430,206	11,643,298	90
New acquisitions	17,646,030	1,970,246	-	17,646,030	1,967,054	-
Increase in fair value through equity		4,354,549	-	0	4,354,549	-
Decrease in fair value through equity	(4,374,317)	(368,081)	-	(4,374,317)	(368,081)	-
Decrease in fair value through profit or loss	(151,264)	(207,721)	73	(151,264)	(205,012)	74
Decrease in investment revaluation surplus as a result of disposal	(38,459)	(1,182,577)	3	(38,459)	(1,182,577)	3
Disposal of investments	(889,613)	(5,808,417)	15	(889,613)	(5,723,077)	16
Other decreases	(8,713)	(55,948)	16	(8,713)	(55,948)	16
As at 31 December	22,692,913	10,509,249	216	22,613,870	10,430,206	217

Balance of available-for-sale financial assets

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Shares of companies	4,669,463	9,741,224	48	4,669,463	9,741,224	48
Shares of banks	17,838,194	314,884	-	17,759,151	235,841	-
Mutual fund units held for sale	0	298,902	-	0	298,902	-
Interests in companies	184,518	144,788	127	184,518	144,788	127
Other investments in bonds	738	9,451	8	738	9,451	8
Total available-for-sale financial assets	22,692,913	10,509,249	216	22,613,870	10,430,206	217

Available-for-sale financial assets relate to investments in the shares and interests of companies and banks as well as to investments in mutual funds and bonds.

New acquisitions of Petrol d.d., Ljubljana and the Petrol Group mostly relate to the acquisition of NLB d.d.'s shares in the amount of EUR 17,523,310.

Increases and decreases in the fair value of available-for-sale financial assets relate to the fair value valuation of the investments listed on a regulated market. Based on the above, the company Petrol d.d., Ljubljana and the Petrol Group decreased the value of available-for-sale financial assets by EUR 4,374,317.

Disposal of investments by Petrol d.d., Ljubljana and the Petrol Group relates to the squeeze-out of minority shareholders in the total amount of EUR 629,170 and the disposal of investments in mutual funds in the amount of EUR 260,443.

On 31 December 2008, the available-for-sale financial assets of Petrol d.d., Ljubljana and the Petrol Group measured at fair value totalled EUR 958,420, while the available-for-sale financial assets of Petrol d.d., Ljubljana and the Petrol Group measured at cost totalled EUR 21,655,450 and EUR 21,734,493, respectively.

Available-for-sale assets are only measured at cost if there is insufficient reliable information about the fair value of an investment. Considering the shallowness of the over-the-counter securities market and poor transparency of transactions involving such securities, the management believes that discounted return models are not appropriate for determining the value of such securities as there is too much uncertainty about input data used in such models to allow reasonable planning. To determine a need for the impairment of investments, the company tries to obtain as much current information as possible about the business performance of companies, and analyse their financial statements.

24. Non-current financial receivables

Changes in non-current financial receivables

(in EUR)	THE PETROL GROUP			PETROL D.D.		
	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Balance of receivables as at 1 January	3,244,543	5,085,983	64	12,164,061	14,396,874	84
Allowance for receivables as at 1 January	(57,286)	(57,286)	100	(57,286)	(57,286)	100
New loans	268,000	162,771	165	268,000	6,876,753	4
New acquisitions resulting from a takeover	1,059,877	0	-	0	0	-
Transfer from current financial receivables	0	0	-	5,220,000	0	-
Repayment of loans	(1,699,795)	(100,409)	-	(7,573,636)	(6,201,463)	122
Reversal of allowances for receivables	57,286	0	-	57,286	0	-
Transfer to short-term financial receivables	(329,233)	(1,903,802)	17	(1,160,990)	(2,908,103)	40
Translation differences	(8,874)	0	-	0	0	-
Balance of receivables as at 31 December	2,534,518	3,244,543	78	8,917,435	12,164,061	73
Allowance for receivables as at 31 December	0	(57,286)	-	0	(57,286)	-
As at 1 January	3,187,257	5,028,697	63	12,106,775	14,339,588	84
As at 31 December	2,534,518	3,187,257	80	8,917,435	12,106,775	74

Non-current financial receivables of Petrol d.d., Ljubljana increased by EUR 5,488,000 as a result of a new loan to the subsidiary Petrol Energetika d.o.o. in the amount of EUR 2,790,000, a loan to the subsidiary Petrol Plin d.o.o. in the amount of EUR 2,430,000, and loans to others in the amount of EUR 268,000.

On the other hand, non-current financial receivables of Petrol d.d., Ljubljana decreased by EUR 7,573,636, mostly due to the repayment of loans by the associate Aquasystems d.o.o. in the amount of EUR 1,559,952 and the conversion of a loan to the subsidiary Petrol Plin d.o.o. in the amount of EUR 5,874,734 into an interest in the subsidiary. Together with the conversion of short-term financial receivables in the amount of EUR 839,248, the in-kind contribution to the company Petrol Plin d.o.o. totalled EUR 6,713,982. The amount of EUR 138,950 relates to the repayment of loans by others.

Due to their transfer to short-term financial receivables, non-current financial receivables of Petrol d.d., Ljubljana further decreased by EUR 1,160,990, of which the loans to Petrol Energetika d.o.o. account for EUR 476,681, loans to Petrol Plin d.o.o. for EUR 303,750, loans to Petrol Tehnologija for EUR 71,633, and loans to others for EUR 308,926.

Long-term financial receivables of the Petrol Group increased by EUR 268,000 as a result of new loans to others. Non-current financial receivables of the Petrol Group decreased mostly due to the repayment of loans by the associate Aquasystems d.o.o. in the amount of EUR 1,559,952. Due to their transfer to short-term financial receivables, non-current financial receivables from others further decreased by EUR 329,233.

Changes in non-current finance lease receivables

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Balance of finance lease receivables as at 1 January	126,812	167,443	76	57,286	57,286	100
Allowance for finance lease receivables as at 1 January	(57,286)	(57,286)	100	(57,286)	(57,286)	100
Repayment of loans	(58,181)	(6,120)	-	(57,286)	0	-
Transfer to short-term financial receivables	(20,307)	(34,511)	59	0	0	-
Reversal of allowance for finance lease receivables	57,286	0	-	57,286	0	-
Balance of finance lease receivables as at 31 December	48,324	126,812	38	0	57,286	-
Allowance for finance lease receivables as at 31 December	0	(57,286)	-	0	(57,286)	-
As at 1 January	69,526	110,157	63	0	0	-
As at 31 December	48,324	69,526	70	0	0	-

The Petrol Group's finance lease receivables by maturity:

Repayments	(in EUR)
in year 1	20,307
in year 2	21,538
in year 3	22,845
in year 4	3,941

In 2008 the Petrol Group and the company Petrol d.d. recorded their finance lease receivables as financial receivables. Their repayment period is 5 years and the applicable interest rate stands at 6%.

Over the next four years, the Petrol Group's interest revenue from finance leases will amount to EUR 6,784.

Balance of non-current financial receivables

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Financial receivables from companies	1,414,993	1,923,941	74	7,846,234	10,912,985	72
Financial receivables from others	1,071,201	1,193,790	90	1,071,201	1,193,790	90
Finance lease receivables	48,324	126,812	38	0	57,286	-
Allowance for finance lease receivables	0	(57,286)	-	0	(57,286)	-
TOTAL NON-CURRENT FINANCIAL RECEIVABLES	2,534,518	3,187,257	80	8,917,435	12,106,775	74

Non-current financial receivables of Petrol d.d., Ljubljana in the amount of EUR 7,846,234 from group companies mostly relate to loans to the subsidiary Petrol Energetika d.o.o. in the amount of EUR 5,320,179, loans to the subsidiary Petrol Plin d.o.o. in the amount of EUR 2,126,250, loans to the subsidiary Petrol Tehnologija in the amount of EUR 35,817, and loans to the associate Aquasystems d.o.o. in the amount of EUR 363,989.

Non-current financial receivables of Petrol d.d., Ljubljana from others, which total EUR 1,071,201, relate to loans to road hauliers for the purchase of vehicles in the amount of EUR 346,063, a loan for the payment of goods delivered in the amount of EUR 292,658, and housing loans to Petrol Group employees in the amount of EUR 313,536.

25. Non-current operating receivables

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Receivables from companies	1,426,404	1,426,404	100	1,430,872	1,441,696	99
Allowance for receivables from companies	(1,426,404)	(1,426,404)	100	(1,426,404)	(1,426,404)	100
Receivables from municipalities	1,781,077	2,432,739	73	1,642,901	2,284,501	72
Other receivables	79,466	73,281	108	79,466	73,281	108
TOTAL NON-CURRENT OPERATING RECEIVABLES	1,860,543	2,506,020	74	1,726,835	2,373,074	73

Non-current operating receivables from group companies mostly relate to receivables from the joint venture Geoenergo d.o.o. in the amount of EUR 1,426,404. The receivable arises from long-term assets allocated to the restructuring of the company Nafta Lendava d.o.o. that the company Petrol

d.d., Ljubljana was obliged to provide under an agreement concluded with the Government of the Republic of Slovenia. Because the repayment of long-term operating receivables is contingent on the generation and distribution of profit of the company Geoenergo d.o.o., an allowance was made for their total amount.

Receivables from municipalities mainly relate to receivables from the Municipality of Nova Gorica in the amount of EUR 426,511 and from the Municipality of Šempeter Vrtojba in the amount of EUR 788,482, both arising from the refund of the fee for the building site use, and to other receivables from the Municipality of Mengeš in the amount of EUR 421,523.

Other receivables mainly relate to reserve fund receivables amounting to EUR 61,240.

26. Deferred taxes

Balance of deferred taxes

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
As at 1 January	(12,777)	(1,044,818)	1	(104,603)	(769,507)	14
Adjustment due to a change in accounting policy	0	0	-	22,619,609	0	-
As at 1 January 2008 after the adjustment	(12,777)	(1,044,818)	1	22,515,006	(769,507)	-
Acquisition of a company	5,918,480	288,914	-	0	0	-
To debit/(credit) of the income statement	(27,596,147)	160,459	-	(27,236,815)	66,731	-
To debit/(credit) of equity	(2,182,519)	598,172	-	(483,273)	598,172	-
Translation differences	(66,134)	(15,504)	427	0	0	-
As at 31 December	(23,939,097)	(12,777)	-	(5,205,083)	(104,603)	-

Changes in deferred taxes of the Petrol Group

(in EUR)	Investments	Tax non-deductible provisions	Revaluation and impairment of assets	Inventories	Other	Total
Deferred tax assets						
As at 1 January 2007	0	(1,117,353)	(587,644)	(137,932)	(36,396)	(1,879,327)
Acquisition of a company	0	(1,249)	0	0	0	(1,249)
To debit/(credit) of the income statement	0	44,416	88,069	6,543	28,702	167,730
Translation differences	0	57	142	0	0	199
As at 31 December 2007	0	(1,074,130)	(499,433)	(131,389)	(7,694)	(1,712,646)
To debit/(credit) of the income statement	(28,583,577)	715,259	330,163	36,204	(5,966)	(27,507,917)
To debit/(credit) of equity	(1,434,994)	0	0	0	0	(1,434,994)
Translation differences	0	(15)	265	0	0	250
As at 31 December 2008	(30,018,571)	(358,886)	(169,005)	(95,185)	(13,660)	(30,655,307)

(in EUR)	Investments	Fixed assets	Receivables/ liabilities	Total
Deferred tax liabilities				
As at 1 January 2007	268,555	542,654	23,297	834,509
Acquisition of a company	0	290,164	0	290,164
To debit/(credit) of the income statement	0	(3,068)	(4,203)	(7,271)
To debit/(credit) of equity	598,172	0	0	598,172
Translation differences	0	(15,704)	0	(15,704)
As at 31 December 2007	866,728	814,046	19,094	1,699,869
Acquisition of a company	0	5,918,480	0	5,918,480
To debit/(credit) of the income statement	0	(74,531)	(13,699)	(88,230)
To debit/(credit) of equity	(747,525)	0	0	(747,525)
Translation differences	0	(66,384)	0	(66,384)
As at 31 December 2008	119,203	6,591,611	5,395	6,716,210

Changes in deferred taxes of Petrol d.d., Ljubljana

(in EUR)	Investments	Tax non-deductible provisions	Impairment of assets	Accelerated amortisation	Total
Deferred tax assets					
As at 1 January 2007	0	(542,804)	(462,601)	(32,658)	(1,038,063)
To debit/(credit) of the income statement	0	4,479	29,594	32,658	66,731
As at 31 December 2007	0	(538,325)	(433,006)	0	(971,332)
To debit/(credit) of the income statement	(28,065,241)	395,420	433,006	0	(27,236,815)
To debit/(credit) of equity	(1,434,995)	0	0	0	(1,434,995)
As at 31 December 2008	(29,500,236)	(142,905)	0	0	(29,643,141)

(in EUR)	Investments	Total
Deferred tax liabilities		
As at 1 January 2007	268,555	268,555
To debit/(credit) of equity	598,172	598,172
As at 31 December 2007	866,728	866,728
Adjustment due to a change in accounting policy	22,619,609	22,619,609
As at 1 January after the adjustment	23,486,337	23,486,337
To debit/(credit) of equity	951,722	951,722
As at 31 December 2008	24,438,059	24,438,059

27. Inventories

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Inventory of spare parts and materials	970,673	847,024	115	0	0	-
Merchandise:	87,011,965	84,026,796	104	72,463,273	74,064,112	98
- fuel	61,614,559	61,744,571	100	50,587,418	54,364,479	93
- other petroleum products	5,548,907	4,851,451	114	4,781,597	4,478,863	107
- other merchandise	19,848,499	17,430,774	114	17,094,258	15,220,770	112
TOTAL INVENTORIES	87,982,638	84,873,820	104	72,463,273	74,064,112	98

The inventories of the company Petrol d.d., Ljubljana and the Petrol Group do not include inventories pledged as security for liabilities.

On 31 December 2008, the company Petrol d.d., Ljubljana reviewed the value of inventories of goods and determined that the net realisable value of its inventories was lower than the cost of goods. The company therefore impaired the value of inventories in the amount of EUR 72,737 in 2008.

On 31 December 2008, the Petrol Group reviewed the value of inventories of goods and determined that the net realisable value of inventories of the companies Petrol Trgovina d.o.o., Zagreb and Petrol Energetika d.o.o. was lower than their cost, which is why the companies impaired the value of their inventories in the amount of EUR 27,294 in 2008.

As far as significant amounts are concerned, the carrying amount of inventories as at 31 December 2008 matches their net realisable value.

28. Short-term financial receivables

(in EUR)	THE PETROL GROUP			PETROL D.D.		
	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Time deposits with banks with maturity between 3 months and 1 year	1,693,156	12,705	-	0	0	-
Loans to companies	1,569,991	13,027,882	12	2,286,483	14,081,782	16
Adjustments of loans to companies	(786,925)	(1,126,117)	70	(786,925)	(1,126,117)	70
Finance lease receivables	20,307	34,511	59	0	0	-
Interest receivables	1,056,978	959,859	110	1,159,796	1,041,634	111
Allowance for interest receivables	(711,081)	(706,029)	101	(705,705)	(706,029)	100
TOTAL SHORT-TERM FINANCIAL RECEIVABLES	2,842,426	12,202,811	23	1,953,649	13,291,270	15

Short-term loans from Petrol d.d., Ljubljana to group companies, which stood at EUR 2,286,483 as at 31 December 2008, relate to the short-term portion of long-term loans to subsidiaries in the total amount of EUR 852,064 and short-term loans to others in the amount of EUR 1,434,419.

The short-term portion of long-term loans to subsidiaries relates to a loan of EUR 476,681 to the company Petrol Energetika d.o.o., a loan of EUR 303,750 to the company Petrol Plini d.o.o., and a loan of EUR 71,633 to the company Petrol Tehnologija d.o.o.

Short-term loans to others relate to a loan of EUR 364,179 to road hauliers for the purchase of vehicles, a loan of EUR 278,096 to group companies for the payment of goods delivered, and to disputed loans in the amount of EUR 792,144, for which an allowance was made for EUR 786,925.

Short-term financial receivables from interest in the amount of EUR 1,159,796 relate to interest from subsidiaries in the amount of EUR 106,455, interest from associates in the amount of EUR 19,707, and interest from other companies in the amount of EUR 1,033,634, for which an allowance was made for EUR 705,705.

29. Short-term operating receivables

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Trade receivables	289,751,988	247,788,559	117	261,559,232	239,995,834	109
Allowance for trade receivables	(16,848,945)	(18,922,558)	89	(11,065,706)	(14,298,997)	77
Operating receivables from state and other institutions	13,851,427	9,939,190	139	8,147,216	5,097,384	160
Allowance for receivables from state and other institutions	(125,133)	(125,133)	100	0	0	-
Operating receivables from interest	2,145,882	1,240,211	173	1,563,621	1,125,833	139
Allowance for interest receivables	(911,164)	(894,128)	102	(877,841)	(881,928)	100
Other operating receivables	433,272	257,480	168	44,615	30,764	145
Allowance for other receivables	(76,019)	(76,019)	100	0	0	-
TOTAL SHORT-TERM OPERATING RECEIVABLES	288,221,308	239,207,602	120	259,371,137	231,068,890	112

Changes in allowances for operating receivables of the Petrol Group

(in EUR)	Short-term operating receivables	Short-term interest receivables	Total
As at 1 January 2007	(20,548,694)	(1,144,801)	(21,693,494)
Changes in allowances affecting profit or loss	(202,539)	56,874	(145,665)
Changes in allowances not affecting profit or loss (recorded interest)	10,732	192,708	203,440
Write-downs of receivables subject to allowances	1,619,001	1,091	1,620,092
Translation differences	(2,212)	0	(2,212)
As at 31 December 2007	(19,123,712)	(894,128)	(20,017,838)

(in EUR)	Short-term operating receivables	Short-term interest receivables	Total
As at 1 January 2008	(19,123,712)	(894,128)	(20,017,838)
Changes in allowances affecting profit or loss	1,957,847	(108,001)	1,849,846
Changes in allowances not affecting profit or loss (recorded interest)	0	97,483	97,483
Write-downs of receivables subject to allowances	765,551	(6,674)	758,877
New acquisitions resulting from a takeover	(658,618)	0	(658,618)
Translation differences	8,833	156	8,989
As at 31 December 2008	(17,050,099)	(911,164)	(17,961,261)

Changes in allowances for operating receivables of Petrol d.d., Ljubljana

(in EUR)	Short-term operating receivables	Short-term interest receivables	Total
As at 1 January 2007	(14,010,301)	(1,114,416)	(15,124,717)
Changes in allowances affecting profit or loss	(968,299)	35,335	(932,964)
Changes in allowances not affecting profit or loss (recorded interest)	0	197,152	197,152
Write-downs of receivables subject to allowances	679,603	0	679,603
As at 31 December 2007	(14,298,997)	(881,929)	(15,180,925)

(in EUR)	Short-term operating receivables	Short-term interest receivables	Total
As at 1 January 2008	(14,298,997)	(881,928)	(15,180,925)
Changes in allowances affecting profit or loss	2,516,549	(97,987)	2,418,562
Changes in allowances not affecting profit or loss (recorded interest)	0	100,685	100,685
Write-downs of receivables subject to allowances	716,742	1,390	718,132
As at 31 December 2008	(11,065,706)	(877,841)	(11,943,547)

Short-term operating receivables of the Petrol Group by maturity

(in EUR)	BREAKDOWN BY MATURITY					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	167,600,123	53,632,221	7,335,565	1,720,358	17,480,907	247,769,173
– allowances for trade receivables	0	0	(4,264,685)	(1,558,973)	(13,098,898)	(18,922,558)
Operating receivables from state and other institutions	7,283,640	65,946	262,002	0	2,327,602	9,939,190
– allowances for receivables from state and other institutions	0	0	0	0	(125,133)	(125,133)
Interest receivables	70,686	198,758	51,502	68,804	850,462	1,240,211
– allowances for interest receivables	0	0	0	(48,146)	(845,987)	(894,128)
Other receivables	199,172	158	80	82	77,374	276,866
– allowances for other receivables	0	0	0	0	(76,019)	(76,019)
Total receivables as at 31 December 2007	175,173,005	53,897,083	3,384,464	181,772	6,590,308	239,207,602

(in EUR)	Not yet due	Up to 30 days overdue	Between 31 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue	Total
Trade receivables	186,886,933	48,387,083	22,231,974	6,394,312	25,851,686	289,751,988
– allowances for trade receivables	0	0	(78,442)	(440,986)	(16,329,517)	(16,848,945)
Operating receivables from state and other institutions	13,605,534	99,493	5,684	0	140,716	13,851,427
– allowances for receivables from state and other institutions	0	0	0	0	(125,133)	(125,133)
Interest receivables	163,352	556,577	288,204	100,455	1,037,294	2,145,882
– allowances for interest receivables	0	0	0	(71,061)	(840,103)	(911,164)
Other receivables	264,430	0	91,024	0	77,818	433,272
– allowances for other receivables	0	0	0	0	(76,019)	(76,019)
Total as at 31 December 2008	200,920,249	49,043,153	22,538,444	5,982,720	9,736,742	288,221,308

Short-term operating receivables of Petrol d.d., Ljubljana by maturity

(in EUR)	BREAKDOWN BY MATURITY					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	168,862,233	47,649,664	9,789,088	1,637,834	12,057,015	239,995,834
– allowances for trade receivables	0	0	(4,264,685)	(1,470,463)	(8,563,849)	(14,298,997)
Other receivables	5,128,148	0	0	0	0	5,128,148
Interest receivables	28,701	164,558	50,646	43,786	838,142	1,125,833
– allowances for interest receivables	0	0	-	(43,786)	(838,142)	(881,928)
Total receivables as at 31 December 2007	174,019,082	47,814,222	5,575,049	167,371	3,493,166	231,068,890

(in EUR)	Not yet due	Up to 30 days overdue	Between 31 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue	Total
Trade receivables	174,797,704	47,065,101	18,887,904	3,478,153	17,330,371	261,559,232
– allowances for trade receivables	0	0	0	0	(11,065,706)	(11,065,706)
Other receivables	8,191,831	0	0	0	0	8,191,831
Interest receivables	212,189	143,044	109,794	67,133	1,031,461	1,563,621
– allowances for interest receivables	0	0	0	(67,133)	(810,708)	(877,841)
Total as at 31 December 2008	183,201,724	47,208,145	18,997,698	3,478,153	6,485,418	259,371,137

30. Financial assets at fair value through profit or loss

(in EUR)	THE PETROL GROUP			PETROL D.D.		
	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Receivables from banks arising from forward transactions	1,435,280	667,553	215	1,435,280	667,553	215
Receivables from banks arising from interest rate swaps	36,108	951,691	4	34,108	951,691	4
Receivables from commodity swaps	985,646	564,792	175	985,646	277,282	355
Total financial assets at fair value through profit or loss	2,455,034	2,184,036	112	2,455,034	1,896,526	129

Receivables of EUR 1,435,280 arising from forward transactions to purchase US dollars relate to accrued fair values of outstanding forward contracts as at 31 December 2008 and should be considered together with accrued fair values of outstanding forward contracts recorded as short-term financial liabilities, which totalled EUR 7,525,045 as at 31 December 2008.

Receivables of EUR 34,108 arising from interest rate swaps relate to fair values of interest rate hedging contracts as at 31 December 2008 and should be considered together with accrued fair values of outstanding interest rate hedging contracts recorded as short-term financial liabilities, which totalled EUR 5,160,936 as at 31 December 2008.

Receivables of EUR 985,646 arising from commodity swaps relate to accrued fair values of outstanding commodity swaps as at 31 December 2008 and should be considered together with accrued fair values of outstanding commodity swaps recorded as short-term financial liabilities, which totalled EUR 748,874 as at 31 December 2008.

31. Cash and cash equivalents

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Cash	99,292	77,692	128	5,930	6,519	91
Cash in banks	8,930,680	10,031,113	89	4,389,553	6,113,255	72
Short-term deposits - up to 3 months	4,931,574	61,879	-	5,026,052	4,393,603	114
Total cash and cash equivalents	13,961,546	10,170,684	137	9,421,536	10,513,377	90

32. Accrued revenue and deferred costs and other assets

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Advances	3,276,175	1,477,110	222	190,341	232,857	82
Transitional account for merchandise sold	962,677	711,477	135	961,978	711,209	135
Receivables from accrued costs	908,772	85,345	-	908,574	85,049	-
Prepaid insurance premiums	694,586	477,816	145	516,935	381,173	136
Uninvoiced natural gas and LPG	552,796	247,876	223	97,186	96,071	101
Accrued default interest arising from overdue trade receivables	530,747	226,497	234	530,747	226,497	234
Inventory of virtual cards	377,929	189,842	199	286,751	110,993	258
Prepaid costs of subscriptions, sponsorship, specialised literature	286,401	288,574	99	283,055	285,537	99
Receivables from insurance companies - loss events	263,175	211,984	124	244,893	208,547	117
Deferred expenses associated with the cost of natural gas	144,393	106,708	135	0	0	-
Deferred operating costs - DARS	96,398	35,628	271	96,398	35,628	271
Prepaid costs arising from Magna card	15,705	11,452	137	0	0	-
Other short-term deferred costs and expenses	128,472	138,193	93	0	0	-
Total accrued revenue and deferred costs and other assets	8,238,226	4,208,502	196	4,116,858	2,373,561	173

33. Equity

The share capital of the company Petrol d.d., Ljubljana totals EUR 52,240,977 and is divided into 2,086,301 ordinary shares with a nominal value of EUR 25.04. All shares have been paid up in full.

All 2,086,301 ordinary shares with the share code PETG are traded on the Ljubljana Stock Exchange. The quoted share price as at 31/12/2008 was EUR 268.82. The book value of the share as at 31/12/2008 was EUR 191.73.

At the 17th General Meeting of the joint-stock company Petrol d.d., Ljubljana held on 15 May 2008, the shareholders adopted the following resolution on the allocation of accumulated profit:

As proposed by the Management Board and the Supervisory Board, the accumulated profit for the financial year 2007 in the amount of EUR 47,440,088.48 shall be allocated in accordance with the provisions of Articles 230, 282 and 293 of the Companies Act (ZGD-1) as follows:

1. payment of dividends to shareholders in the gross amount of EUR 5.90 per share or in the total amount of EUR 12,309,175.90;
2. transfer to other revenue reserves in the amount of EUR 22,911,139.42;
3. transfer to retained earnings in the amount of EUR 12,219,773.16, the distribution of which shall be determined in the coming financial years.

The payment under item 1 shall be made from other revenue reserves set aside in 2000 and 2001.

The company only paid out dividends on 2,061,598 shares amounting to EUR 12,163,428, as it does not pay dividends on own shares.

The company offset the net loss for the year in the amount of EUR 64,430,066 against retained earnings and other revenue reserves.

34. Reserves

In 2008 capital surplus increased by EUR 213,267 which represents the excess of the disposal value over the book value of own shares paid to Management Board members. In 2008 the company Petrol d.d., Ljubljana disposed of 324 own shares that were paid to Management Board members.

Other reserves increased by the amount of the transferred 2007 accumulated profit of EUR 20,616,208 and the payment of bonuses to the Management Board in the amount of EUR 34,163. On the other hand, the reserves decreased as a result of the payment of dividends to shareholders in the amount of EUR 12,163,428 and the offsetting of current loss in the amount of EUR 52,210,293.

In 2008 Petrol d.d., Ljubljana changed the accounting policy for the valuation of investments in joint ventures and associates, which are now carried at fair value. The company applied the changed accounting policy retrospectively, i.e. from the beginning of the first comparative period for which the company was able to obtain comparable data. The effect of applying the changed accounting policy is evident from the adjustment of the opening balance as at 1 January 2008 in the table of changes in equity of Petrol d.d., Ljubljana.

Due to the changed accounting policy, investment valuation reserves as at 1 January 2008 increased by EUR 113,098,047, but were also decreased by the amount of the company's share of deferred tax liabilities of EUR 22,619,609. In 2008 investment valuation reserves increased by EUR 9,092,248 and

decreased by the amount of the company's share of deferred tax liabilities of EUR 1,818,450.

What is more, investment revaluation reserves decreased in 2008 by the amount of the negative effect of the valuation of available-for-sale financial assets in the amount of EUR 4,599,681 and increased by the amount of EUR 998,730 deferred taxes arising from the revaluation of investments. The investment revaluation reserves also decreased due to changes in the fair value of hedging instruments in the amount of EUR 6,514,963 and increased by the amount of EUR 1,302,993 deferred taxes arising from the revaluation of investments.

The Petrol Group recorded an increase in legal reserves due to a transfer of a 5% share of profit for the current year to legal reserves of the subsidiaries Petrol Maloprodaja Slovenija d.o.o., Petrol Plin d.o.o., Petrol Tehnologija d.o.o., Petrol Skladiščenje d.o.o. and Petrol VNC d.o.o.

35. Own share of Petrol d.d., Ljubljana

Purchase of own shares

	Number of shares	Cost (in EUR)*
Transaction		
Purchases		
Year 1997	9,218	629,060
Year 1998	25,748	2,183,612
Year 1999	1,176	74,524
TOTAL PURCHASES	36,142	2,887,195

Disposal of own shares

	Number of shares	Cost (in EUR)*
Transaction		
Payments - Disposals		
Payment of bonuses in 1997	(1,144)	(104,848)
Payment of bonuses in 1998	(1,092)	(98,136)
Payment of bonuses in 1999	(715)	(62,189)
Payment of bonuses in 2000	(1,287)	(119,609)
Payment of bonuses in 2001	(1,122)	(95,252)
Payment of bonuses in 2002	(1,830)	(158,256)
Payment of bonuses in 2003	(1,603)	(138,625)
Payment of bonuses in 2004	(1,044)	(90,284)
Payment of bonuses in 2005	(144)	(15,183)
Payment of bonuses in 2006	(403)	(42,492)
Payment of bonuses in 2007	(731)	(77,077)
Payment of bonuses in 2008	(324)	(34,162)
TOTAL PAYMENTS	(11,439)	(1,036,113)

In 2008 the number of own shares decreased by 324 as a result of the payment to Management Board members. The total value of the shares paid stood at EUR 34,162, while their average market price in 2007 amounted to EUR 763.67. The difference up to the disposal value in the amount of EUR 213,267 was used in 2008 to increase the paid-in capital surplus.

Petrol d.d., Ljubljana held 24,703 own shares on 31 December 2008. The book value of repurchased own shares as at 31 December 2008 totalled EUR 4,736,306, with their market value as at the above date totalling EUR 6,640,660.

36. Provisions for employee benefits

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Termination benefits on retirement	2,192,372	2,517,809	87	916,484	1,137,045	81
Jubilee benefits	1,299,603	1,507,747	86	577,090	686,663	84
TOTAL PROVISIONS	3,491,975	4,025,556	87	1,493,574	1,823,708	82

Changes in provisions for employee benefits

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	Termination benefits	Jubilee benefits	Total	Termination benefits	Jubilee benefits	Total
As at 1 January 2007	2,538,942	1,534,118	4,073,060	1,190,073	700,127	1,890,200
Additional provisions	171,452	188,100	359,552	11,901	65,725	77,626
Acquisition of a company	8,155	4,339	12,494	0	0	0
Utilisation	(150,218)	(202,408)	(352,626)	(64,929)	(79,189)	(144,118)
Reversal	(48,774)	(16,218)	(64,992)	0	0	0
Translation differences	(1,748)	(184)	(1,932)	0	0	0
As at 31 December 2007	2,517,809	1,507,747	4,025,556	1,137,045	686,663	1,823,708
Additional provisions	34,402	20,136	54,538	0	0	0
Acquisition of a company	20,810	13,565	34,375	0	0	0
Utilisation	(96,106)	(140,161)	(236,267)	(18,208)	(46,312)	(64,519)
Reversal	(283,152)	(101,062)	(384,214)	(202,353)	(63,261)	(265,615)
Translation differences	(1,391)	(622)	(2,013)	0	0	0
As at 31 December 2008	2,192,372	1,299,603	3,491,975	916,484	577,090	1,493,574

The number of employees of Petrol d.d., Ljubljana and the Petrol Group included in the calculation of provisions for employee benefits was 560 and 1,469, respectively. The calculation was performed using a 7.65% interest rate, while the interest rate of 3% was applied in connection with future salary increases. This does not apply to the subsidiaries Rodgas a.d. and Petrol d.o.o., Beograd for which the annual interest rate stood at 16% and the interest rate applied in connection with future salary increases at 12%.

37. Other provisions and long-term deferred revenue

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Other provisions	14,993,323	16,776,090	89	14,635,490	16,311,359	90
Long-term deferred revenue	2,119,150	1,696,847	125	297,659	326,268	91
Other provisions and long-term deferred revenue	17,112,473	18,472,936	93	14,933,149	16,637,627	90

Other provisions of the Petrol Group

(in EUR)	Environmental provisions	Provisions associated with grants received	Provisions for legal procedures	Other provisions	Total
As at 1 January 2007	21,439,574	76,642	421,132	441,099	22,378,447
Increase in provisions	0	2,934	11,911	30,127	44,972
Decrease in provisions during the year	(5,210,394)	(1,522)	0	(435,413)	(5,647,329)
As at 31 December 2007	16,229,180	78,054	433,043	35,813	16,776,090
Increase in provisions	0	0	0	162,360	162,360
Decrease in provisions during the year	(1,662,717)	(13,274)	(411,035)	(70,373)	(2,157,399)
New acquisitions resulting from a takeover	0	0	0	212,272	212,272
As at 31 December 2008	14,566,463	64,780	22,008	340,072	14,993,323

Other provisions of Petrol d.d., Ljubljana

(in EUR)	Environmental provisions	Provisions associated with grants received	Other provisions	Total
As at 1 January 2007	21,439,574	76,642	7,668	21,523,884
Increase in provisions	0	667	0	667
Decrease in provisions during the year	(5,210,394)	(750)	(2,048)	(5,213,192)
As at 31 December 2007	16,229,180	76,559	5,620	16,311,359
Decrease in provisions during the year	(1,662,717)	(12,501)	(652)	(1,675,870)
As at 31 December 2008	14,566,463	64,059	4,968	14,635,490

Environmental provisions relate to long-term provisions for capital investments in the environmental improvement of service stations, road tankers and storage facilities, and capital investments in the clean-up of the bitumen dump at Pesniški Dvor that were approved by a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and recognised in the opening balance sheet as at 1 January 1993 as a liability charged to equity in the initial amount of EUR 22,356,856.

On 31 December 2008, the current portion of provisions relating to capital investments in the environmental improvement stood at EUR 14,557,387, with the current portion of provisions relating to the clean-up of the bitumen dump at Pesniški Dvor amounting to EUR 9,076.

Decrease in environmental provisions by EUR 1,662,717 in 2008 relates to disbursement funds equivalent to the accounted for depreciation of environment fixed assets in the amount of EUR 1,638,733 and funds used for the clean-up of the bitumen dump in the amount of EUR 23,984 that are being used in accordance with the contract for the clean-up of the bitumen dump concluded by the Republic of Slovenia, the company Petrol d.d. and the company Gorenje d.d.

Long-term deferred revenue of the Petrol Group

(in EUR)	Long-term deferred revenue from gas connections	Other long-term deferred revenue	Total
As at 1 January 2007	1,234,731	151,164	1,385,895
Increase in deferred revenue	498,367	19,706	518,073
Decrease in deferred revenue during the year	(156,734)	(50,388)	(207,122)
As at 31 December 2007	1,576,364	120,482	1,696,847
Increase in deferred revenue	781,923	0	781,923
Decrease in deferred revenue during the year	(309,232)	(50,388)	(359,620)
As at 31 December 2008	2,049,055	70,094	2,119,150

Long-term deferred revenue of Petrol d.d., Ljubljana

(in EUR)	Long-term deferred revenue from gas connections	Other long-term deferred revenue	Total
As at 1 January 2007	181,114	151,164	332,278
Increase in deferred revenue	108,940	19,706	128,646
Decrease in deferred revenue during the year	(84,268)	(50,388)	(134,656)
As at 31 December 2007	205,786	120,482	326,268
Increase in deferred revenue	240,308	0	240,308
Decrease in deferred revenue during the year	(218,529)	(50,388)	(268,917)
As at 31 December 2008	227,565	70,094	297,659

Long-term deferred revenue from gas connections consists of revenue deferred by the company Petrol d.d., Ljubljana and the Petrol Group over a concession period. Increase in deferred revenue in 2008 relates to the provision of new connections, while decrease in deferred revenue relates to the transfer of the portion falling due in the current year to revenue.

38. Financial liabilities

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Short-term financial liabilities						
Bank loans	209,434,363	155,076,156	135	107,868,236	83,359,647	129
Liabilities to banks arising from forward transactions	7,525,045	745,744	-	7,525,045	745,744	-
Liabilities to banks arising from interest rate swaps	5,160,936	84,693	-	5,160,936	84,693	-
Liabilities arising from commodity swaps	748,874	287,510	260	1,236,240	460,423	269
Finance lease liabilities	1,680,668	0	-	0	0	-
Other loans	2,937,304	1,751,205	168	11,028,116	9,432,777	117
	227,487,188	157,945,308	144	132,818,573	94,083,284	141
Non-current financial liabilities						
Bank loans	298,733,884	260,788,526	115	275,766,939	259,789,252	106
Finance lease liabilities	7,989,484	0	-	0	0	-
	306,723,368	260,788,526	118	275,766,939	259,789,252	106
TOTAL FINANCIAL LIABILITIES	534,210,556	418,733,834	128	408,585,512	353,872,536	115

Financial liabilities are not covered by securities in rem, except in the case of liabilities assumed in the acquisition of Euro-Petrol d.o.o. The carrying amount of loans obtained by the company Euro-Petrol d.o.o. and secured by mortgages totalled EUR 8,842,483 as at 31 December 2008.

The loans have a variable and Euribor-linked interest rate.

Liabilities to banks arising from forward transactions in the amount of EUR 7,525,045 relate to accrued fair values of outstanding forward contracts as at 31 December 2008 and should be considered together with accrued fair values of outstanding forward contracts amounting to EUR 1,435,280 as at 31 December 2008 and recorded as short-term financial assets at fair value through profit or loss.

Liabilities to banks arising from interest rate swaps in the amount of EUR 5,160,936 relate to accrued fair values of interest rate hedging contracts as at 31 December 2008 and should be considered together with accrued fair values of outstanding interest rate hedging contracts amounting to EUR 34,108 as at 31 December 2008 and recorded as short-term financial liabilities at fair value through profit or loss.

Liabilities arising from commodity swaps in the amount of EUR 748,874 relate to accrued fair values of outstanding commodity swaps and should be considered together with accrued fair values of outstanding commodity swaps amounting to EUR 985,646 as at 31 December 2008 and recorded as short-term financial assets at fair value through profit or loss.

Other loans obtained by the company Petrol d.d., Ljubljana relate to loans from group companies in the amount of EUR 10,921,656 and loans from others in the amount of EUR 106,460. Loans from subsidiaries relate to loans from the company Petrol Tehnologija d.o.o. in the amount of EUR 213,815, loans from the company Petrol Maloprodaja Slovenija d.o.o. in the amount of EUR 7,805,870, loans from the company VNC d.o.o. in the amount of EUR 69,753, and loans from the company Energetika Ravne d.o.o. in the amount of EUR 1,374. The loan obtained from the joint venture Karkasa d.o.o. totalled EUR 249,720, with the loan from the joint venture Petrol Slovenia Tirana Distribution Sh.p.k amounting to EUR 1,071,053. The loan obtained from the associate Marche Gostinstvo d.o.o. totalled EUR 1,510,070.

Finance lease liabilities by maturity:

	(in EUR)
6 months or less	844,387
6 to 12 months	836,281
1 to 5 years	5,268,972
over 5 years	2,720,512
Total finance lease liabilities	9,670,152

The Group's interest expense for finance leases will amount to EUR 2,117,732 over the next 11 years.

39. Changes in non-current operating liabilities for assets received for management

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
As at 1 January	1,553,382	1,671,048	93	1,254,458	1,358,981	92
Decrease	(65,400)	(117,666)	56	(52,262)	(104,523)	50
As at 31 December	1,487,982	1,553,382	96	1,202,196	1,254,458	96

Non-current operating liabilities of the company Petrol d.d., Ljubljana in the amount of EUR 1,202,196 and of the Petrol Group in the amount of EUR 1,487,982 relate to property, plant and equipment received for management from municipalities in accordance with concession contracts. Liabilities are decreased by the amount of accrued depreciation of assets received for management.

40. Short-term operating and other liabilities

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Trade payables	157,645,835	146,920,173	107	229,681,601	215,854,734	106
Excise duty liabilities	42,875,470	35,930,375	119	40,045,431	35,911,401	112
Value added tax (VAT) liabilities	13,820,063	19,261,583	72	12,292,491	18,844,341	65
Carbon tax	1,948,025	1,690,709	115	1,895,429	1,578,549	120
Import duty liabilities	6,015,036	1,044,849	-	3,894,108	52,137	-
Social security contributions	562,209	413,531	136	239,352	216,180	111
Other liabilities to the state and other state institutions	2,411,947	2,177,767	111	1,933,168	2,010,637	96
Liabilities to employees	7,108,333	6,713,009	106	4,322,586	4,994,708	87
Liabilities associated with the distribution of profit	405,100	424,227	95	405,100	424,227	95
Liabilities arising from advances and collaterals	623,504	369,392	169	12,462,334	361,304	-
Other liabilities	3,185,570	2,357,123	135	2,055,862	2,378,263	86
Total short-term operating and other liabilities	236,601,092	217,302,738	109	309,227,463	282,626,479	109

41. Accrued costs and deferred revenue

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Accrued interest associated with lawsuits	2,697,587	2,554,984	106	2,663,772	2,533,691	105
Accrued costs of lawsuits	2,099,593	1,358,683	155	1,496,927	1,243,697	120
Accrued environment protection costs	1,222,433	1,221,672	100	1,222,433	1,221,672	100
Accrued costs of leave	1,051,490	1,393,190	75	633,163	789,017	80
Accrued expenses for tanker demurrage	849,707	505,507	168	849,707	505,507	168
Accrued merchandise shortages	609,543	546,023	112	609,543	546,023	112
Accrued default interest arising from overdue trade receivables	530,747	226,497	234	530,747	226,497	234
Accrued concession charges	180,793	119,963	151	102,857	72,601	142
Accrued costs of motorway sites payable to DARS	147,974	272,477	54	147,974	272,477	54
Accrued costs of annual report audit	96,167	55,263	174	45,950	35,100	131
Customer credit - Magna prepayment card	83,540	79,511	105	83,540	79,511	105
Cogeneration lease	66,800	149,708	45	0	0	-
Accrued licence fees	39,700	158,794	25	39,700	158,794	25
Accrued expenses for claims	36,021	41,696	86	36,021	41,696	86
Accrued costs of professional services	1,105	17,000	7	0	0	-
Other accrued costs	644,752	533,079	121	204,760	151,213	135
Short-term deferred heating revenue	315,147	182,187	173	0	0	-
Short-term deferred revenue from gas connections	289,090	153,595	188	209,411	93,656	224
Short-term deferred revenue from assigned contributions	107,020	34,716	308	47,205	13,317	354
Short-term deferred revenue from Lubriccoat project	69,387	73,350	95	69,387	73,350	95
Short-term deferred revenue from the termination of education contracts	10,611	16,008	66	10,611	16,008	66
Other short-term deferred revenue	427,497	427,359	100	280,987	93,211	301
TOTAL ACCRUED COSTS AND DEFERRED REVENUE	11,576,704	10,121,262	114	9,284,695	8,167,037	114

42. Cash from operations

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Profit before tax	(70,165,724)	66,325,932	-	(81,080,293)	57,225,108	-
Adjustments for:						
Depreciation of property, plant and equipment	31,951,075	27,499,583	116	21,822,247	21,749,484	100
Amortisation of intangible assets	759,429	696,615	109	525,470	473,081	111
(Gain)/loss on disposal of property, plant and equipment	(1,879,716)	(49,156)	-	(1,995,683)	(47,078)	-
Other (revenue)/expenses arising from fixed assets	3,432	10,931	31	2,017	(3,074)	-
Net (decrease in)/creation of allowance for operating receivables	(1,907,132)	145,665	-	(2,475,848)	932,964	-
Net write-down of operating receivables	409,485	(268,560)	-	300,171	(268,809)	-
Impairment of investments	142,561,607	0	-	139,969,926	0	-
Impairment/(reversal of impairment) of inventories	100,031	(734,434)	-	72,737	(820,879)	-
Reversal of negative goodwill	0	(15,356)	-	0	0	-
Revenue from assets under management	(65,400)	(65,400)	100	(52,262)	(52,262)	100
Net (decrease in)/creation of provisions for employee benefits	(567,956)	(59,998)	-	(330,134)	(66,491)	497
Net (decrease in)/creation of other provisions	(1,275,299)	(5,141,573)	25	(1,486,721)	(5,135,750)	29
Net (decrease in)/creation of accrued costs and deferred revenue	1,174,585	39,144	-	899,902	(426,060)	-
Net decrease in/(creation) of accrued revenue and deferred costs	(1,444,567)	(1,437,806)	100	(1,785,814)	(1,342,373)	133
Net merchandise shortages	3,896,591	2,190,459	178	3,452,432	1,785,712	193
Disposal of own shares	247,429	281,077	88	247,429	281,077	88
Net financial (revenue)/expenses	15,985,555	(1,661,097)	-	10,635,627	(4,890,680)	-
Share of profit of joint ventures	(2,335,430)	(2,003,455)	117	0	0	-
Share of profit of associates	(16,687,192)	(8,205,376)	203	0	0	-
Financial revenue from dividends received from subsidiaries	0	0	-	(4,622,529)	(4,160,188)	111
Financial revenue from dividends received from joint ventures	0	0	-	(2,728,360)	(2,883,898)	95
Financial revenue from dividends received from associates	0	0	-	(3,185,993)	(3,223,278)	99
Changes in working capital, excluding the effect of increases or decreases in investments in subsidiaries						
Inventories	(3,535,909)	(6,911,936)	51	(1,924,330)	(6,414,780)	30
Operating and other receivables	(3,864,748)	(35,402,825)	11	(20,608,245)	(40,293,491)	51
Receivables from forward transactions	(767,726)	(641,051)	120	(767,726)	(641,051)	120
Receivables from commodity swaps	(420,855)	(139,174)	302	(708,363)	(277,282)	255
Operating and other liabilities	(20,658,161)	(8,686,552)	238	28,385,421	11,927,223	238
Liabilities for forward transactions	6,779,301	(343,474)	-	6,779,301	(343,474)	-
Liabilities arising from commodity swaps	461,364	287,510	160	775,817	460,423	169
Cash generated from operations	78,754,069	25,709,693	306	90,116,194	23,544,174	383

43. Derivative financial instruments

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Total amount of forward contracts						
Total amount in USD (purchase)	(165,207,908)	(168,717,064)	98	(165,207,908)	(168,717,064)	98
Total amount in EUR (purchase)	(10,743,445)	(37,280,908)	29	(10,743,445)	(37,280,908)	29
Total amount in USD (disposal)	10,743,445	37,280,908	29	10,743,445	37,280,908	29
Total amount in EUR (disposal)	171,660,369	168,795,254	102	171,660,369	168,795,254	102
Gains on forward transactions	1,435,280	667,553	215	1,435,280	667,553	215
Loss on forward transactions	(7,525,045)	(745,744)	-	(7,525,045)	(745,744)	-
Total amount of interest rate swaps	158,230,769	96,461,538	164	158,230,769	96,461,538	164
Gains on interest rate swaps	34,108	951,691	4	34,108	951,691	4
Loss on interest rate swaps	(5,160,936)	(84,693)	-	(5,160,936)	(84,693)	-
Effect of commodity swaps						
Unrealised loss	(748,874)	(594,510)	126	(748,874)	(594,510)	126
Unrealised profit	985,646	134,087	735	985,646	134,087	-
Realised loss	(11,427,978)	(12,949,287)	88	(11,427,978)	(12,949,287)	88
Realised profit	10,014,210	4,841,267	207	10,014,210	4,709,547	213

44. Accumulated profit

	PETROL D.D.	
(in EUR)	31 December 2008	31 December 2007
Compulsory allocation of net profit		
Net profit or loss	(64,430,066)	45,822,279
Net loss for the year offset against retained earnings	12,219,773	0
Net loss for the financial year offset against other revenue reserves	52,210,293	0
Net profit after compulsory allocation	0	45,822,279
– creation of other revenue reserves	0	22,911,140
Remaining net profit	0	22,911,140
Determination of accumulated profit		
Remaining net profit	0	22,911,140
+ retained earnings	0	9,924,842
+ other revenue reserves	14,604,107	14,604,107
ACCUMULATED PROFIT	14,604,107	47,440,089

Accumulated profit consists of other revenue reserves amounting to EUR 14,604,107.

Final dividends for the year ended 31 December 2007 in the gross amount of EUR 5.90 per share were paid in 2008. The entire payment to shareholders totalled EUR 12,163,428.

Final dividends for the year ended 31 December 2008 have not yet been proposed and confirmed by owners at the General Meeting, which is why they have not been recorded as liabilities in these financial statements.

45. Related party transactions

	THE PETROL GROUP				PETROL D.D.			
(in EUR)	2008	Percentage of the total	2007	Percentage of the total	2008	Percentage of the total	2007	Percentage of the total
Sales revenue:								
Revenue from sales to subsidiaries	-	-	-	-	233,324,034	8.9555%	121,114,091	6.2615%
Revenue from sales to joint ventures	228,627	0.0078%	42,981	0.0020%	227,437	0.0087%	32,283	0.0017%
Revenue from sales to associates	2,543,034	0.0862%	2,005,235	0.0951%	2,426,001	0.0931%	1,895,230	0.0980%
Cost of merchandise sold:								
Cost of merchandise sold to subsidiaries	-	-	-	-	1,329,814,057	55.8234%	936,124,661	54.0170%
Cost of merchandise sold to joint ventures	556,621	0.0209%	584,823	0.0312%	556,621	0.0233%	584,823	0.0337%
Cost of merchandise sold to associates	47,766,106	1.7934%	14,511,289	0.7750%	9,840,016	0.4131%	2,092,260	0.1207%
Cost of sales:								
Cost of sales to subsidiaries	-	-	-	-	22,403,463	15.3693%	20,116,554	14.7521%
Cost of sales to joint ventures	7,302,440	3.9686%	6,830,533	4.798%	7,302,440	5.0096%	6,830,533	5.0090%
Cost of sales to associates	112,471	0.0611%	149,195	0.0978%	109,540	0.0751%	146,673	0.1076%
General and administrative costs:								
General and administrative costs of subsidiaries	-	-	-	-	1,636	0.0018%	71	0.0003%
General and administrative costs of joint ventures	900	0.0022%	0	0.0000%	0	0.0000%	0	0.0000%
General and administrative costs of associates	5,937	0.0142%	5,637	0.0156%	5,204	0.0056%	5,006	0.0188%
Financial revenue and expenses arising from interests in group companies:								
Financial revenue from interests - subsidiaries	-	-	-	-	4,622,529	43.8700%	4,160,188	40.5186%
Financial revenue from interests - joint ventures	2,424,603	12.5975%	2,043,150	19.8915%	2,728,360	25.8934%	2,883,898	28.0880%
Financial revenue from interests - associates	16,822,058	87.4025%	8,228,308	80.1085%	3,185,993	30.2366%	3,223,278	31.3934%
Financial expenses for interests - joint ventures	89,173	39.8024%	39,695	63.3832%	0	0.0000%	0	0.0000%
Financial expenses for interests - associates	134,866	60.1976%	22,932	36.6168%	0	0.0000%	0	0.0000%
Financial revenue and expenses arising from interest:								
Financial revenue from interest - subsidiaries	-	-	-	-	1,565,531	14.4769%	561,481	8.4480%
Financial revenue from interest - joint ventures	0	0.0000%	682	0.0105%	0	0.0000%	682	0.0103%
Financial revenue from interest - associates	168,985	1.6107%	186,985	2.8681%	168,985	1.5627%	186,985	2.8133%
Financial expenses for interest - subsidiaries	-	-	-	-	1,730,997	7.1675%	546,165	5.7285%
Financial expenses for interest - joint ventures	30,016	0.0980%	616	0.0049%	30,016	0.1243%	616	0.0065%
Financial expenses for interest - associates	55,601	0.1816%	88,979	0.7019%	55,601	0.2302%	88,979	0.9333 %

	THE PETROL GROUP				PETROL D.D.			
(in EUR)	31-Dec-2008	Percentage of the total	31-Dec-2007	Percentage of the total	31-Dec-2008	Percentage of the total	31-Dec-2007	Percentage of the total
Investments in group companies:								
Investments in subsidiaries	-	-	-	-	208,650,219	47.9297%	137,348,899	36.3641%
Investments in joint ventures	16,587,067	11.4103 %	14,637,908	5.4189%	56,098,000	12.8865%	9,792,885	2.5927%
Investments in associates	128,782,444	88.5897 %	255,490,263	94.5811 %	170,576,930	39.1838%	230,563,013	61.0432%
Non-current financial receivables:								
Non-current financial receivables from subsidiaries	-	-	-	-	7,482,246	83.9058%	8,989,044	74.2480%
Non-current financial receivables from associates	363,989	14.3613%	1,923,941	61.7097%	363,989	4.0818%	1,923,941	15.8914%
Non-current operating receivables:								
Non-current operating receivables from subsidiaries	-	-	-	-	4,467	0.2587%	15,292	0.6444%
Non-current operating receivables from joint ventures	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%
Short-term operating receivables:								
Short-term operating receivables from subsidiaries	-	-	-	-	48,517,840	18.7060%	29,082,020	12.5859%
Short-term operating receivables from joint ventures	217,701	0.0794%	5,611	0.0023%	217,701	0.0839%	5,611	0.0024%
Short-term operating receivables from associates	456,403	0.1665%	457,470	0.1908%	436,232	0.1682%	431,603	0.1868%
Short-term financial receivables:								
Short-term loans to subsidiaries	-	-	-	-	958,246	49.0490%	1,396,102	10.2892%
Short-term loans to joint ventures	0	0.0000%	0	0.0000%	0	0.0000%	0	0.0000%
Short-term loans to associates	19,707	0.6933%	49,358	0.4051%	19,707	1.0087%	49,358	0.3638%
Short-term deposits (up to 3 months)								
Short-term deposits (up to 3 months) with subsidiaries	-	-	-	-	5,024,627	99.9716%	4,331,724	98.5916%
Short-term financial liabilities:								
Short-term financial liabilities to subsidiaries	-	-	-	-	8,578,178	6.4586%	8,141,996	8.6540%
Short-term financial liabilities to joint ventures	1,320,773	0.5797%	69,250	0.0439%	1,320,773	0.9944%	69,250	0.0736%
Short-term financial liabilities to associates	1,510,070	0.6627%	1,586,232	1.0061%	1,510,070	1.1369%	1,586,232	1.6860%
Short-term operating liabilities:								
Short-term operating liabilities to subsidiaries	-	-	-	-	156,225,583	50.5213%	162,902,725	57.6389%
Short-term operating liabilities to joint ventures	768,338	0.3339%	737,940	0.3391%	768,338	0.2485%	737,940	0.2611%
Short-term operating liabilities to associates	8,481,704	3.5848%	3,533,079	1.6237%	388,465	0.1256%	221,768	0.0785%

46. Remuneration of Supervisory Board and Management Board members and the Petrol Group's employees with individual contracts

Remuneration of Supervisory Board members

(in EUR)	Session fees	Other remuneration	Total
Viktor Baraga, President	11,798	1,628	13,425
Bratož Andrej, Member	9,075	0	9,075
Milan Podpečan, Member	9,075	0	9,075
Matjaž Gantar, Member	825	0	825
Aleš Marinček, Member	8,250	0	8,250
Bojan Šrot, Member	5,775	0	5,775
Samo Gerdin, Member	9,075	0	9,075
Cvetka Žigart, Member	9,075	0	9,075
Ciril Pirš, Member	7,425	0	7,425
TOTAL	70,373	1,628	72,000

Remuneration of Management Board members

(in EUR)	Net salary	Fixed portion - gross	Variable portion - gross *	Other gross receipts **	Total gross amount
Marko Kryžanowski, President of the Management Board	96,057	196,800	164,000	68,596	429,396
Igor Irgolič, Vice-president of the Management Board	73,575	149,954	125,000	72,080	347,034
Alenka Vrhovnik Težak, Member of the Management Board	75,787	150,000	125,000	79,764	354,764
Boštjan Napast, Member of the Management Board	73,537	150,000	125,000	79,881	354,881
Bojan Herman, Worker Director	37,084	68,744	0	867	69,611
TOTAL	356,040	715,498	539,000	301,188	1,555,686

* Payment in shares of Petrol d.d., Ljubljana

** Other receipts relate to jubilee benefits, annual leave allowance, fringe benefits, insurance taxes and contributions, use of company vehicles and a premium arising from the difference between the average market share price in 2007 and the market share price upon payment in 2008.

Total remuneration paid in 2008 by the company Petrol d.d., Ljubljana and the Petrol Group to employees with individual contracts who are not subject to the tariff part of the collective labour agreement (excluding Management Board members) stood at EUR 5,655,985 and EUR 7,597,156, respectively.

Total remuneration paid in 2008 by the company Petrol d.d., Ljubljana to the members of the Workers' Council stood at EUR 3,877, with the total amount paid by the Petrol Group amounting to EUR 11,174.

Total remuneration of other Supervisory Board members (excluding members of the Supervisory Board of Petrol d.d., Ljubljana) stood at EUR 28,929.

On 31 December 2008, the company and the Group had no receivables from or liabilities to Supervisory Board members.

On 31 December 2008, the company and the Group had no receivables from or liabilities to Management Board members, except for liabilities arising from December salaries payable in January 2009.

47. Acquisitions of companies and interests, and establishment of companies

Euro-Petrol d.o.o.

In February, the company Petrol d.d., Ljubljana acquired a 51-percent interest in the company EURO-PETROL, društvo s ograničenom odgovornostjo za trgovinu i prijevoz nafte i naftnih derivata.

On the date of the takeover, the acquisition of the company had the following effect on the assets and liabilities of the Petrol Group:

(in EUR)	Carrying amount on the day of purchase	Reallocation of cost	Fair value
Non-current (long-term) assets	39,313,305	29,592,400	68,905,705
Current assets	39,890,928		39,890,928
- Cash and cash equivalents	759,520		759,520
- Other current assets	39,131,408		39,131,408
Non-current liabilities	15,299,158	5,918,480	21,217,638
Short-term liabilities	59,884,691		59,884,691
Equity	4,020,384	23,673,920	27,694,304
Acquisition of a 51-percent interest in Euro-Petrol d.o.o.			14,124,095
Goodwill			17,875,905
Acquisition price			32,000,000
Cash acquired			(759,520)
Net payment for the acquisition of equity interest			31,240,480

If the Petrol Group acquired the subsidiary on 1 January 2008, its sales revenue would have amounted to EUR 2,982,383,420 and net loss for the year to EUR 54,595,490. The Petrol Group's share of the subsidiary's loss amounts to EUR 148,272.

Toplarna Hrastnik d.o.o.

In September, the company Petrol d.d., Ljubljana acquired a 100-percent interest in the company Toplarna Hrastnik, podjetje za proizvodnjo, distribucijo in prodajo toplotne energije, d.o.o., Hrastnik, Ulica prvoborcev 5 A, 1340 Hrastnik.

On the date of the takeover, the acquisition of the company had the following effect on the assets and liabilities of the Petrol Group:

(in EUR)	
Non-current (long-term) assets	1,714,900
Current assets	373,164
- Cash and cash equivalents	13,386
- Other current assets	359,778
Non-current liabilities	246,647
Short-term liabilities	374,474
Equity	1,466,943
Acquisition of a 100-percent interest in Toplana Hrastnik d.o.o.	1,466,943
Goodwill	704,068
Acquisition price	2,171,011
Cash acquired	(13,386)
Net payment for the acquisition of equity interest	2,157,625

If the Petrol Group acquired the subsidiary on 1 January 2008, its sales revenue would have amounted to EUR 2,951,364,687 and net loss for the year to EUR 55,119,693. The Petrol Group's share of the subsidiary's loss amounts to EUR 52,988.

Petrol Bonus

In 2007 the companies Petrol d.d. Ljubljana and Montenegro Bonus established the company Petrol Bonus d.o.o. in which they both hold a 50-percent interest. Upon establishment, Petrol d.d., Ljubljana undertook to invest EUR 154,550,000 in the company until 2012.

Joint venture

Upon the establishment of the joint venture in 2007, the company Petrol d.d., Ljubljana entered into an option contract based on which it is entitled to purchase the cofounder's share after five years of the joint venture's establishment. The management estimates that the fair value of the option contract as at 31 December 2008 was minimum or nil.

Subsidiary

Upon the acquisition of the subsidiary in 2008, the company Petrol d.d., Ljubljana entered into an option contract based on which it is entitled to purchase the counterparty's share after five years of the subsidiary's establishment. The management estimates that the fair value of the option contract as at 31 December 2008 was minimum or nil.

Available-for-sale assets

The company Petrol d.d., Ljubljana undertook to pay additional funds of EUR 5,617,194 in the capital investment fund if called upon to do so.

48. Risks

Presentation of book value and fair value of financial instruments

	THE PETROL GROUP				PETROL D.D.			
	31 December 2008		31 December 2007		31 December 2008		31 December 2007	
(in EUR)	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Available-for-sale financial assets	22,692,913	22,692,913	10,509,249	10,509,249	22,613,870	22,613,870	10,430,206	10,430,206
Financial receivables	5,376,944	5,376,944	15,390,068	15,390,068	10,871,084	10,871,084	25,398,045	25,398,045
Operating receivables	290,081,851	290,081,851	241,713,622	241,713,622	261,097,972	261,097,972	233,441,963	233,441,963
Cash	13,961,546	13,961,546	10,170,684	10,170,684	9,421,536	9,421,536	10,513,377	10,513,377
Financial liabilities	(520,406,807)	(520,406,807)	(417,615,887)	(417,615,887)	(394,294,395)	(394,294,395)	(352,581,676)	(352,581,676)
Operating liabilities	(238,089,074)	(238,089,074)	(218,856,120)	(218,856,120)	(310,429,659)	(310,429,659)	(283,880,936)	(283,880,936)
Derivative financial instruments (assets)	2,457,026	2,457,026	2,184,036	2,184,036	2,457,026	2,457,026	1,896,526	1,896,526
Derivative financial instruments (liabilities)	(13,803,751)	(13,803,751)	(1,117,947)	(1,117,947)	(14,291,117)	(14,291,117)	(1,290,860)	(1,290,860)
TOTAL FINANCIAL INSTRUMENTS	(437,729,352)	(437,729,352)	(357,622,295)	(357,622,295)	(412,553,683)	(412,553,683)	(356,073,356)	(356,073,356)

The Petrol Group is exposed to various types of financial risks that are regularly monitored by relevant departments and responded to in time by taking appropriate measures and using various hedging instruments.

In 2008 we faced the financial crisis whose main negative impact on the operations will not become evident until 2009. Nevertheless, already in October 2008, the management took additional measures which mostly concern the collection of operating receivables, reduction of inventory levels, limitation of capital investments and increase in the size of credit lines.

Credit risk

The item that was most exposed to the credit risk on the reporting date were short-term operating receivables.

	THE PETROL GROUP			PETROL D.D.		
	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
(in EUR)						
Short-term operating receivables	288,221,308	239,207,602	120	259,371,137	231,068,890	112
without allowances						
Trade receivables	289,751,988	247,788,559	117	261,559,232	239,995,834	109
secured						
- bills of exchange	23,347,870	29,690,821	79	11,358,073	22,480,872	51
- bank guarantees	16,351,979	19,519,406	84	10,342,495	16,031,822	65
- corporate guarantees	1,871,978	1,137,741	165	1,400,000	1,000,000	140
- debentures	21,147,342	0	0	0	0	-
- mortgages and pledges	18,725,143	1,696,668	-	16,451,499	1,696,668	-

Short-term operating receivables mainly relate to receivables from domestic and foreign customers arising from the wholesale of goods and services and the sale of goods to the holders (natural persons) of the Magna card. The structure of wholesale and retail customers (natural persons) is diversified, meaning that the company is not significantly exposed to a single customer. The Petrol Group has in place a computerised system of grades, ratings and blocks, enabling it to constantly monitor defaulting debtors. Wholesale units are responsible for sales and the collection of receivables. Because they operate in the field, the customers are constantly monitored. The role of the Petrol Group's financial function is to provide for standardised payment conditions and constant monitoring of the overall exposure to customers, but it also assists in the collection in the field.

The Petrol Group improves the system for the monitoring of credit risks on a yearly basis. Due to an expected increase in the number of defaulting customers, the Petrol Group tightened its credit standards in 2008, requiring from customers a wider range of security types (bank guarantees, mortgages, pledges).

In accordance with the amended Execution of Judgments in Civil Matters and Insurance of Claims Act, the Central Authentic Documents Department was established as part of the Ljubljana District Court, which allows for an electronic filing of execution proposals. The company Petrol d.d., Ljubljana reached an agreement with the Department and adapted its computer system so that execution proposals can be filed automatically. The time from the filing of an execution proposal to the delivery of an execution (if there are no objections on the part of the debtor) was reduced from one year to mere 18 days.

In 2007 the Petrol Group terminated a contract concluded with the insurance company Zavarovalnica Triglav for the insurance of sales to natural persons made using the Magna card. Based on its extensive experience with the collection from legal entities, the Petrol Group set up its own collection service and amended the instructions for the management of receivables arising from operations involving natural persons using the Magna card. On the basis of the data for 2008, the company determined that this business decision proved very successful, with the write-downs of uncollectible receivables from natural being significantly lower than the costs of insurance.

The Petrol Group measures the degree of receivables management using the average collection period.

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	2008	2007	Index 08/07	2008	2007	Index 08/07
Average collection period						
contract days	38	38	100	39	40	98
overdue receivables in days	15	17	88	14	17	82
total receivables	53	55	96	53	57	93

The items exposed to credit risk also include financial assets held for sale and short-term financial receivables. Compared to the overall size of the balance sheet, the value of these investments is relatively low and does not pose a significant risk. The investments comprise the investments of Petrol d.d., Ljubljana and the Petrol Group in shares, bonds and mutual funds amounting to EUR 22,613,870 and EUR 22,692,913, respectively.

(in EUR)	THE PETROL GROUP			PETROL D.D.		
	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Available-for-sale financial assets	22,692,913	10,509,249	216	22,613,870	10,430,206	217
Short-term financial receivables	2,842,426	12,202,811	23	1,953,649	13,291,270	15
secured						
- interests in companies	0	9,857,094	-	0	9,857,094	-
- pledge of movable and immovable property	0	2,040,393	-	0	2,040,393	-

Liquidity risk

The Petrol Group manages liquidity risks using:

- ▶ standardised and centralised treasury management at the level of the Petrol Group;
- ▶ single approach to banks in Slovenia and abroad;
- ▶ computer-assisted system for the management of cash flows of the parent company and all its subsidiaries; and
- ▶ centralised collection of available cash through cash pooling.

Half of the Petrol Group's total revenue is generated through its retail network in which cash or payment cards are used as the mean of payment. This ensures regular daily inflows and mitigates liquidity risks.

Moreover, the Petrol Group has credit lines at its disposal both in Slovenia and abroad, the size of which enables it to meet all its due liabilities at any given moment. Thanks to rising oil prices, the Petrol Group succeeded in increasing the size of credit lines abroad, which proved very useful in autumn when the oil prices fell and the financial crisis began to develop as most banks, due to their own liquidity problems, considerably reduced their crediting activities, providing credit only to established business partners and only in pre-approved amounts.

All liabilities are included in the computer-assisted planning of the parent company's cash flows, which is prepared daily for three months in advance, so that compliance with the principle of prudence is ensured. The system also enables the Petrol Group to enter inflow and outflow items manually, thus optimally managing the cash flow. Due to the financial crisis, the Petrol Group now devotes even more attention to planning, which enables it to anticipate any liquidity surpluses or shortages in time and manage them optimally.

The majority of financial liabilities arising from long-term and short-term loans are those of the parent company, which also generates the majority of revenue.

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
6 months or less	181,685,597	132,089,531	138	93,911,657	69,031,294	136
6 to 12 months	45,801,591	25,855,777	177	38,906,916	25,051,990	155
1 to 5 years	275,906,357	215,325,932	128	247,915,702	214,326,658	116
over 5 years	30,817,011	45,462,594	68	27,851,237	45,462,594	61
TOTAL FINANCIAL LIABILITIES	534,210,556	418,733,834	128	408,585,512	353,872,536	115

Currency and price risk

	THE PETROL GROUP						
	31 DECEMBER 2008						
(in EUR)	EUR	USD	HRK	BAM	RSD	CHF	Total
Short-term operating receivables	226,567,347	4,968,650	40,410,859	15,395,638	878,814	0	288,221,308
Short-term operating liabilities	(146,685,992)	(64,687,822)	(19,440,400)	(5,130,917)	(655,961)	0	(236,601,092)
Financial liabilities	(426,623,577)	(88,370,359)	(15,111,050)	0	0	(4,105,570)	(534,210,556)
Balance sheet exposure	(346,742,222)	(148,089,531)	5,859,409	10,264,721	222,853	(4,105,570)	(482,590,340)

	PETROL D.D.		
	31 DECEMBER 2008		
(in EUR)	EUR	USD	Total
Short-term operating receivables	257,372,321	1,998,816	259,371,137
Short-term operating liabilities	(145,661,325)	(163,566,138)	(309,227,463)
Financial liabilities	(407,349,272)	(1,236,240)	(408,585,512)
Balance sheet exposure	(295,638,276)	(162,803,561)	(458,441,837)

	THE PETROL GROUP						
	31 DECEMBER 2007						
(in EUR)	EUR	USD	HRK	BAM	RSD	CHF	Total
Short-term operating receivables	211,973,180	1,075,394	12,647,915	12,820,849	690,264	0	239,207,602
Short-term operating liabilities	(149,407,082)	(59,821,935)	(5,838,787)	(1,504,088)	(730,846)	0	(217,302,738)
Financial liabilities	(356,036,001)	(62,662,740)	0	0	(35,093)	0	(418,733,834)
Balance sheet exposure	(293,469,903)	(121,409,281)	6,809,128	11,316,761	(75,675)	0	(396,828,970)

	PETROL D.D.		
	31 DECEMBER 2007		
(in EUR)	EUR	USD	Total
Short-term operating receivables	230,014,372	1,054,518	231,068,890
Short-term operating liabilities	(127,487,229)	(155,139,250)	(282,626,479)
Financial liabilities	(353,412,113)	(460,423)	(353,872,536)
Balance sheet exposure	(250,884,970)	(154,545,155)	(405,430,125)

Because the Petrol Group purchases petroleum products in US dollars, while sales in the domestic and foreign markets are made in euros, it is exposed to the risk of changes in the EUR/USD exchange rate. It is also exposed to the risk of changes in the prices of petroleum products.

The following exchange rates prevailed during the period:

for 1 EUR	31 December 2008	31 December 2007
USD	1.4098	1.4692
HRK	7.3348	7.3308
BAM	1.9558	1.9558
RSD	89.3718	82.8740

Hedging is performed in accordance with the Petrol Group's rules for the management of price and currency risks that were prepared on the basis of the Regulation on the Price Methodology for Petroleum Products. Hedging covers all purchases of petroleum products. The hedging system remained unchanged because the Regulation itself was not amended.

The instrument used by the Petrol Group to hedge against movements in the USD exchange rate and which is recognised by the pricing model relates to forward contracts entered into with Slovene banks.

	THE PETROL GROUP			PETROL D.D.		
	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
Outstanding forward transactions						
in EUR	160,916,924	131,514,346	122	160,916,924	131,514,346	122
originally in USD	217,764,000	193,106,000	113	217,764,000	193,106,000	113

Considering that forward contracts for hedging against currency risks are entered into with first-class Slovene banks, the Petrol Group estimates that the counterparty default risk is nil.

To hedge petroleum products prices, the Petrol Group mostly uses commodity swaps (variable to fixed price swap). Partners in this area include global financial institutions and banks or suppliers of goods, which is why the Petrol Group believes that the counterparty default risk is nil.

The Petrol Group is also exposed to currency risks in transactions with subsidiaries in SE Europe. There is a risk of changes in the HRK/EUR exchange rate because the Group sells goods in Croatia, and a risk of changes in the RSD/EUR exchange rate because a loan of a Serbian subsidiary was provided in EUR. Considering that due to an illiquid market the price of hedging against movements in the above exchange rates would be excessive and that the above items represent only a small part of the Petrol Group's operations, the Petrol Group estimates that it is not exposed to significant risks in this area.

Interest rate risk

When financing its capital investment activities and current operations, the Petrol Group incurs interest rate risks as it enters into long-term and short-term loan agreements that are based on Euribor, which changes daily. Interest rate hedging is conducted in accordance with the Petrol Group's policy for hedging against business risks as laid down in the rules on business risk management and instructions for hedging against interest rate risks.

Cash flow hedging is performed as follows:

- ▶ partly through current operations, the Petrol Group's interest rate on operating receivables being Euribor-based;
- ▶ partly through financial markets, the interest rate on bank deposits being Euribor-based;
- ▶ partly through forward markets by entering into interest rate swaps.

Hedging using derivatives is aimed at achieving a fixed interest rate and, consequently, constant cash flows (cash flow hedging) in the amount of the fixed interest rate plus interest margin. As a result, the company recognises gains or losses on a hedging instrument that is determined to be an effective hedge directly in equity.

For the purpose of interest rate hedging, the company uses multiple financial instruments, most frequently interest rate swaps (IRS), but also several derivatives that are based on interest rate swaps (collars, IRS with triggers, IRS with cancellation option).

Because partners in this area include first-class Slovene banks, the company estimates that the counterparty default risk is nil.

	THE PETROL GROUP			PETROL D.D.		
(in EUR)	31 December 2008	31 December 2007	Index 08/07	31 December 2008	31 December 2007	Index 08/07
6 months or less	2,000,000	0	-	2,000,000	0	-
6 to 12 months	15,230,769	0	-	15,230,769	0	-
1 to 5 years	141,000,000	81,461,538	173	141,000,000	81,461,538	211
over 5 years	0	15,000,000	-	0	15,000,000	-
TOTAL INTEREST RATE SWAPS	158,230,769	96,461,538	164	158,230,769	96,461,538	164

Risk of changing interest rates

Exposure

The Petrol Group and the company Petrol d.d., Ljubljana were exposed to the risk of changing interest rates as follows:

Financial instruments with fixed interest rate

	THE PETROL GROUP		PETROL D.D.	
(in EUR)	2008	2007	2008	2007
Financial instruments with fixed interest rate				
Financial receivables	0	0	0	0
Financial liabilities	0	0	0	0
Total amount of interest rate swaps	158,230,769	96,461,538	158,230,769	96,461,538
Net financial instruments with fixed interest rate	158,230,769	96,461,538	158,230,769	96,461,538
Financial instruments with variable interest rate				
Financial receivables	5,376,944	15,390,068	10,871,084	25,398,045
Financial liabilities	(534,210,556)	(418,733,834)	(408,585,512)	(352,581,676)
Net financial instruments with variable interest rate	(528,833,612)	(403,343,766)	(397,714,428)	(327,183,631)

Sensitivity analysis of cash flows from instruments with variable interest rate

A change in the interest rate by 100 or 200 basis points on the reporting date would increase (decrease) net profit or loss by amounts indicated below. The analysis assumes that all variables, in particular foreign exchange rates, remain unchanged. In performing the calculation, the value of financial instruments with variable interest rates is also decreased by the total amount arising from interest rate swaps (see table above and Note 43 – Derivative financial instruments). The analysis was prepared in the same manner for both years.

Change in net profit or loss in the case of increase by 100 or 200 bp

	THE PETROL GROUP		PETROL D.D.	
(in EUR)	2008	2007	2008	2007
Cash flow variability (net) - 100 bp	(3,706,028)	(3,068,822)	(2,394,837)	(2,320,130)
Cash flow variability (net) - 200 bp	(7,412,057)	(6,137,645)	(4,789,673)	(4,640,259)

Change in net profit or loss in the case of decrease by 100 or 200 bp

	THE PETROL PETROL		PETROL D.D.	
(v EUR)	2008	2007	2008	2007
Cash flow variability (net) - 100 bp	3,706,028	3,068,822	2,394,837	2,320,130
Cash flow variability (net) - 200 bp	7,412,057	6,137,645	4,789,673	4,640,259

Long-term loan agreements include provisions regarding financial commitments that the Petrol Group needs to meet until the loan expires. In terms of their content, the financial commitments can be divided into commitments aimed at verifying the optimum structure of the company's financing and commitments aimed at verifying operating performance compared to the amount of debt. Due to the financial crisis and the resulting impairment of investments in Petrol Group companies, some of the commitments will not be met, judging by the 2008 annual accounts.

As laid down in the provisions of long-term loan agreements, we will discuss the content of the financial commitments with the banks whose financial requirements will not be met as a result of the financial crisis and will try to maintain the existing loan conditions. Nevertheless, considering that the current and expected 6-month Euribor is considerably lower than in 2008, we estimate that the Petrol Group will not have to increase its interest expense and incur higher interest rate risks as a result.

49. Contingent liabilities of Petrol d.d. and the Petrol Group

Contingent liabilities related to guarantees issued

The company Petrol d.d., Ljubljana issued guarantees for the liabilities of Petrol Group companies, which stood at EUR 439,159,823 as at 31 December 2008. Out of the above amount, EUR 263,498,817 relates to guarantees issued to banks as security for the repayment of credit lines and long-term loans, while EUR 175,661,006 relates to guarantees issued to other parties, in particular suppliers, as security for the payment of goods, refund of advance payments, and services rendered. On 31 December 2008, the value of liquidated guarantees stood at EUR 341,045,681 and was broken down as follows:

- ▶ EUR 134,602,931 at Cypet - Trade Ltd, Limassol, Cyprus, of which EUR 90,734,506 as security for credit line liabilities,
- ▶ EUR 3,221,021 at Petrol Trade, H.m.b.H, Vienna, Austria,
- ▶ EUR 17,853,068 at Petrol Trgovina d.o.o., Zagreb, of which EUR 9,181,818 as security for the repayment of long-term bank loans;
- ▶ EUR 911,309 at Aquasystems d.o.o., Maribor,
- ▶ EUR 17,752 at Petrol Tehnologija d.o.o.,
- ▶ EUR 51,129 at Petrol BH Oils Company d.o.o., Sarajevo,
- ▶ EUR 154,500,000 at Petrol-Bonus d.o.o., Cetinje,
- ▶ EUR 5,000,000 at Petrol Beograd d.o.o., Beograd,
- ▶ EUR 24,085,545 at Euro-Petrol d.o.o., Rijeka,
- ▶ EUR 300,000 at Rodgas AD, Bačka Topola,
- ▶ EUR 172,199 at Petrol Energetika Ravne,
- ▶ EUR 330,727 at Bio Goriva d.o.o., Rače.

The company Petrol d.d., Ljubljana also issued other guarantees, which totalled EUR 4,679,762 as at 31 December 2008. The guarantees mostly include performance guarantees issued for participation in public tenders.

Other guarantees issued by the Petrol Group amounted to EUR 7,768,687. On 31 December 2008, other guarantees issued by the Petrol Group, in particular performance guarantees, totalled EUR 12,448,449.

In addition to the above guarantees, the company Petrol d.d., Ljubljana also issues guarantees for liabilities arising from blank bills of exchange that were issued as security to the subsidiaries Petrol BH Oils Company d.o.o., Petrol Plin, d.o.o., Petrol Energetika, d.o.o., Petrol Maloprodaja Slovenija, d.o.o. and Petrol Tehnologija, d.o.o., and to the joint venture Instalacija, d.o.o., Koper. On 31 December 2008, the total value of bills of exchange issued stood at EUR 14,429,672.

Contingent liabilities related to lawsuits

The total value of court lawsuits against the company Petrol d.d., Ljubljana as defendant and debtor totals EUR 1,811,789.56. Interest on overdue amounts arising from claims amounted to EUR 2,705,407 as at 31 December 2008. The Management Board estimates that there is high probability of the company losing some of the lawsuits. As a result, the company set aside short-term provisions, which stood at EUR 1,496,927 as at 31 December 2008 compared to EUR 1,243,697 as at 31 December 2007. In addition, the company also created short-term provisions for interest on overdue amounts arising from claims, which totalled EUR 2,663,772 as at 31 December 2008 compared to EUR 2,533,691 as at 31 December 2007.

The total value of court lawsuits against the Petrol Group as defendant and debtor totals EUR 2,664,387. Interest on overdue amounts arising from claims amounted to EUR 2,739,222 as at 31 December 2008. The Petrol Group estimates that there is high probability of the Group losing some of the lawsuits. As a result, the Petrol Group set aside short-term provisions, which stood at EUR 2,099,593 as at 31 December 2008 compared to EUR 1,358,683 as at 31 December 2007. In addition, the Petrol Group also created short-term provisions for interest on overdue amounts arising from claims, which totalled EUR 2,697,587 as at 31 December 2008 compared to EUR 2,554,984 as at 31 December 2007. The Petrol Group also has long-term provisions for legal procedures, which totalled EUR 22,008 as at 31 December 2008 compared to EUR 433,043 as at 31 December 2007.

Inventories not owned by Petrol

On 31 December 2008, the inventories of the Petrol Group and the company Petrol d.d., Ljubljana included commodity reserves of the Republic of Slovenia in the amount of EUR 68,927,408. On 31 December 2008, the inventories of the company Petrol d.d., Ljubljana and the Petrol Group also included goods

delivered on consignment in the amount of EUR 33,971,632.93 and EUR 34,422,887, respectively. The goods delivered on consignment are carried at cost, while the commodity reserve inventories are carried at calculated prices.

50. Events after the balance sheet date

There were no events after the balance sheet date that would materially affect the 2008 financial statements.

Appendix to the annual report of Petrol d.d., Ljubljana for 2008

Presentation of financial statements by activity pursuant to the Public Utilities Act and the Energy Act

NOTES TO THE FINANCIAL STATEMENTS ITEMISED BY ACTIVITY

In the preparation of its financial statements and annual report, the company is obliged to comply with the Public Utilities Act provisions stipulating that a company holding a concession for a public utility activity shall keep separate accounts in accordance with the Companies Act.

Petrol d.d., Ljubljana conducts its public utility activities in two sectors: energy and water management.

In the area of energy, the company's activities involve the distribution and supply of natural gas and the management of distribution networks, for which it obtained a licence and concluded three concession contracts with the municipalities of Trzin, Mengeš and Domžale. Under the provisions of the Energy Act, the above constitutes an energy sector activity in the area of natural gas supply, for which the company needs to prepare separate financial statements, have them audited, and then publish the audited financial statements.

The company's water management activities comprise the treatment of urban and drainage wastewaters, for which it has concluded two concession contracts with the municipalities of Murska Sobota and Mežica.

The Petrol d.d., Ljubljana's balance sheet as at 31 December 2008 and income statement for 2008 were prepared separately for natural gas distribution and supply, water treatment and other activities, as required by law.

Basic rules and criteria for allocating assets, liabilities, revenue and expenses to individual activities

Cost centres are defined based on individual concessions or contracts for undertaking the pursuit of business activities. All assets, liabilities, revenue and expenses directly connected with a particular cost centre of a concession are recognised directly under that cost centre.

The company did not receive any government grants. All intangible assets and items of property, plant and equipment were financed from its own resources.

All transactions with related companies are presented in notes to the complete set of financial statements of the company Petrol d.d., Ljubljana.

Balance sheet as at 31 December 2008

(in EUR)	Supply of natural gas	Activity of operating natural gas distribution system	Activity of municipal and drainage wastewater treatment	Activities in the market	TOTAL
ASSETS					
Non-current (long-term) assets					
Intangible assets	0	1,458,438	1,172,359	1,269,209	3,900,006
Property, plant and equipment	0	16,176,802	6,279,713	278,913,436	301,369,951
Land	0	2,879	0	90,397,480	90,400,359
Buildings	0	15,890,762	3,189,661	150,322,548	169,402,971
Other equipment	0	57,810	3,023,078	20,452,979	23,533,867
Property, plant and equipment in the course of construction or manufacturing	0	225,351	66,974	17,740,429	18,032,754
Investment property	0	0	0	16,003,040	16,003,040
Investments in subsidiaries	0	0	0	208,650,219	208,650,219
Investments in joint ventures	0	0	0	56,098,000	56,098,000
Investments in associates	0	0	0	170,576,930	170,576,930
Available-for-sale financial assets	0	0	0	22,613,870	22,613,870
Financial receivables	0	0	0	8,917,435	8,917,435
Operating receivables	0	421,553	0	1,305,282	1,726,835
Deferred tax assets	0	0	986	29,642,155	29,643,141
	0	18,056,794	7,453,058	793,989,578	819,499,428
Current assets					
Inventories	0	33,671	0	72,429,602	72,463,273
Financial receivables	0	0	0	1,953,649	1,953,649
Operating receivables	1,269,507	411,627	604,705	257,085,298	259,371,137
from customers	1,230,373	398,970	570,582	248,293,601	250,493,526
from the state	39,134	12,657	34,123	8,061,302	8,147,216
from others	0	0	0	730,395	730,395
Corporate income tax assets	0	0	0	0	0
Financial assets at fair value through profit or loss	0	0	0	2,455,034	2,455,034
Cash and cash equivalents	16,183	5,232	6,595	9,393,526	9,421,536
Deferred costs and accrued revenue and other assets	78,264	25,243	0	4,013,351	4,116,858
	1,363,954	475,773	611,300	347,330,459	349,781,487
TOTAL ASSETS	1,363,954	18,532,567	8,064,358	1,141,320,038	1,169,28,916

(in EUR)	Supply of natural gas	Activity of operating natural gas distribution system	Activity of municipal and drainage wastewater treatment	Activities in the market	TOTAL
EQUITY AND LIABILITIES					
Equity					
Called-up capital	(75,616)	6,846,437	1,985,962	43,484,194	52,240,977
Capital surplus	(117,229)	10,614,319	3,078,920	67,415,375	80,991,385
Legal reserves	0	0	0	61,749,884	61,749,884
Reserves for own shares	0	0	0	2,604,670	2,604,670
Own shares	0	0	0	(2,604,670)	(2,604,670)
Other revenue reserves	0	0	0	113,008,754	113,008,754
Hedging reserve	0	0	0	(5,211,970)	(5,211,970)
Investment revaluation reserves	127,598	0	0	97,096,631	97,224,229
Retained earnings	127,596	(1,056,101)	(67,835)	996,340	0
Net profit or loss for the period	346,399	(263,877)	0	(82,522)	0
	408,748	16,140,778	4,997,047	378,459,686	400,003,259
Non-current liabilities					
Provisions for employee benefits	0	0	10,306	1,483,268	1,493,574
Other provisions and long-term deferred revenue	0	227,565	0	14,705,584	14,933,149
Financial liabilities	0	262,459	2,950,706	272,553,774	275,766,939
Operating liabilities	0	1,202,196	0	0	1,202,196
Deferred tax liabilities	0	0	0	24,438,059	24,438,059
	0	1,692,220	2,961,012	313,180,685	317,833,917
Short-term liabilities					
Financial liabilities	0	0	0	132,818,574	132,818,573
Operating and other liabilities	954,543	387,301	101,557	307,784,062	309,227,463
to group companies	883,858	185,949	13,186	155,142,590	156,225,583
to suppliers	49,572	142,263	49,940	85,286,143	85,527,918
to employees	0	0	29,826	4,292,760	4,322,586
to the state	21,113	6,827	8,605	60,263,435	60,299,980
other	0	52,262	0	2,799,134	2,851,397
Corporate income tax liabilities	663	0	373	111,973	113,008
Accrued costs and deferred revenue	0	312,268	4,369	8,968,058	9,284,695
	955,206	699,569	106,299	449,682,667	451,443,739
TOTAL LIABILITIES	955,206	2,391,789	3,067,311	762,863,352	769,277,656
TOTAL EQUITY AND LIABILITIES	1,363,954	18,532,567	8,064,358	1,141,320,038	1,169,280,916

The balance sheet of the company Petrol d.d., Ljubljana as at 31 December 2008 was broken down as follows:

- ▶ intangible assets and property, plant and equipment were recorded as actually posted to cost centres;
- ▶ long-term operating receivables were recorded as actually posted to cost centres;
- ▶ deferred tax assets were recorded according to Key 4, except for deferred receivables from allowances for trade receivables relating to water treatment activities, in which case they were recorded in the amount of actual trade receivables, and activities concerning the supply and distribution of natural gas, in which case they were recorded in proportion to allowances for receivables;
- ▶ inventories were recorded as actually posted to cost centres;
- ▶ short-term operating receivables relating to trade receivables were recorded by profit centre, depending on which profit centre customers belong to. Based on the selling price calculation, receivables from buyers of natural gas were divided into natural gas supply and the activity of operating the natural gas distribution system. Short-term operating receivables from the state arising from VAT were recorded according to Key 1;
- ▶ cash and cash equivalents were recorded according to Key 2;
- ▶ accrued revenue and deferred costs and other assets were recorded as actually posted to cost centres;
- ▶ depending on the differences between assets and liabilities, called-up capital and capital surplus were broken down by the amount of shortage or surplus until the assets and liabilities have been balanced on individual profit centres;
- ▶ retained earnings were transferred in accordance with stand-alone financial statements for previous years;
- ▶ net profit or loss for the year was calculated as shown in the income statement for the current year;
- ▶ provisions for employees benefits were recorded according to Key 4;
- ▶ long-term deferred revenue was recorded directly by cost centre;
- ▶ long-term financial liabilities were recognised as arising from long-term loans and were recorded by activity according to Key 3;
- ▶ long-term operating liabilities were posted directly to individual activities;
- ▶ short-term operating liabilities relating to trade payables were recorded as actually posted to cost centres; short-term operating liabilities to the state for VAT, taxes and excise duties were recorded according to Key 2; short-term operating liabilities to employees were recorded according to Key 4;
- ▶ short-term accrued costs and deferred revenue were recorded as actually posted to cost centres.

Keys:

Key 1: is calculated on the basis of operating costs for the current year

Key 2: is calculated on the basis of net sales revenue for the current year

Key 3: is calculated on the basis of actual investment value relating to individual profit centre

Key 4: is calculated on the basis of labour costs for the current year

Income statement for the year ended 31 December 2008

(in EUR)	Supply of natural gas	Activity of operating natural gas distribution system	Activity of municipal and drainage wastewater treatment	Activities in the market	TOTAL
Net sales revenue	4,460,040	1,461,688	1,623,754	2,597,825,136	2,605,370,618
Cost of merchandise sold	(4,117,652)	0	0	(2,378,062,619)	(2,382,180,271)
Net profit/(loss) on commodity swaps	0	0	0	(1,176,996)	(1,176,996)
Gross profit or loss from sales	342,388	1,461,688	1,623,754	218,585,521	222,013,351
Costs of materials	0	(397,617)	(225,933)	(8,828,279)	(9,451,829)
Costs of services	0	(682,477)	(222,283)	(113,846,984)	(114,751,744)
Labour costs	0	0	(155,957)	(22,610,149)	(22,766,106)
Depreciation	0	(701,460)	(558,293)	(21,087,964)	(22,347,717)
Write-downs	(100)	(32)	(10,881)	(140,692,797)	(140,703,810)
Other costs	0	(41)	(1,900)	(2,577,534)	(2,579,475)
Operating costs	(100)	(1,781,627)	(1,175,247)	(309,643,707)	(312,600,681)
Other operating revenue	4,180	80,363	0	8,370,676	8,455,219
Other operating expenses	0	(6,503)	0	(736,295)	(742,798)
Operating profit or loss	346,468	(246,079)	448,507	(83,423,805)	(82,874,910)
Financial revenue from dividends from subsidiaries, associates and joint ventures	0	0	0	10,536,882	10,536,882
Other financial revenue	0	0	0	98,213,443	98,213,443
Other financial expenses	(69)	(17,797)	(256,945)	(106,680,898)	(106,955,709)
Profit or loss before tax	346,399	(263,876)	191,562	(8,354,378)	(81,080,293)
Tax expense	(62,113)	0	(34,936)	(10,489,539)	(10,586,588)
Deferred taxes	(708)	(281)	(104,450)	27,342,254	27,236,815
Net profit or loss for the period	283,579	(264,157)	52,176	(64,501,664)	(64,430,066)

The income statement of the company Petrol d.d., Ljubljana for 2008 was broken down as follows:

- ▶ net sales revenue was recorded as actually posted to cost centres;
- ▶ the cost of goods sold was recorded as actually posted to cost centres;
- ▶ the costs of materials and services were recorded as actually posted to cost centres;
- ▶ labour costs were recorded according to Key 4. The key is calculated on the basis of a ratio between waste treatment plant population units;
- ▶ depreciation and amortisation charge was recorded as posted to cost centres;
- ▶ allowances for trade receivables related to municipal cleansing services were recorded as posted to cost centres; in the case of activities concerning the supply and distribution of natural gas, they were recorded in proportion to outstanding receivables as at 31 December 2008;
- ▶ other costs, other operating expenses and other operating revenue were recorded as actually posted to cost centres;
- ▶ financial expenses were recorded according to Key 3. The key is calculated on the basis of actual investment value for the current year relating to individual profit centre;
- ▶ corporate income tax was recorded in proportion to net profit or loss before tax;
- ▶ deferred taxes were recorded as actually posted to cost centres and according to Key 4, except for deferred taxes arising from allowances for trade receivables associated with the activities of water treatment, in which case they were recorded according to the actual amount of trade receivables, and the activities concerning the supply and distribution of natural gas, in which case they were recorded in proportion to allowances for receivables.

Concessions operated by the Petrol Group

Construction of a central waste treatment plant and the cleaning of sewerage system wastewaters

The Petrol Group has concluded concession contracts with the municipalities Murska Sobota and Mežica. The duration of the contracts is 25 and 15 years, respectively. Upon their expiry, all rights, liabilities, responsibilities and powers of the concessionaire are transferred to the grantor. The concession contract expires when the concession period elapses. The net carrying amount of environment fixed assets stood at EUR 6,279,713.31 as at 31 December 2008.

Construction, management and supply of natural gas from the network

The Petrol Group has concluded concession contracts with the municipalities Trzin, Mengeš, Domžale, Slovenska Bistrica, Slovenske Konjice, Gornja Radgona, Cerklje, Komenda, Vodice, Beltinci, Rogatec, Tržič, Turnišče, Odranci, Radovljica, Sežana, Ravne na Koroškem, Prevalje, Mežica, Dravograd and Bačka Topola. The duration of the contracts is 25 to 30 years. Upon their expiry, the network is transferred to the grantor free of charge, except for the Bačka Topola concession, which has been acquired for an indefinite period. The net carrying amount of environment fixed assets stood at EUR 41,960,025.10 as at 31 December 2008.

Network construction and management, and distribution of liquefied natural gas for the purpose of mass consumption, industry and other users

The Petrol Group has concluded concession contracts with the municipalities Idrija, Semič, Ilirska Bistrica, Postojna and Divača. The duration of the contracts is 20 to 30 years. Upon their expiry, the network is transferred to the grantor free of charge. The net carrying amount of environment fixed assets stood at EUR 2,637,061.97 as at 31 December 2008.

Concessions operated by Petrol d.d., Ljubljana

Construction of a central waste treatment plant and the cleaning of sewerage system wastewaters

The company Petrol d.d., Ljubljana has concluded concession contracts with the municipalities Murska Sobota and Mežica. The duration of the contracts is 25 and 15 years, respectively. Upon their expiry, all rights, liabilities, responsibilities and powers of the concessionaire are transferred to the grantor. The concession contract expires when the concession period elapses. The net carrying amount of environment fixed assets stood at EUR 6,279,713.31 as at 31 December 2008.

Construction, management and supply of natural gas from the network

The company Petrol d.d., Ljubljana has concluded concession contracts with the municipalities Trzin, Mengeš and Domžale. The duration of the contracts is 30 years. Upon their expiry, the network is transferred to the grantor free of charge. The net carrying amount of environment fixed assets stood at EUR 16,176,802.70 as at 31 December 2008.



Petrol, Slovenska energetska družba, d.d.

Dunajska cesta 50, 1527 Ljubljana

phone: 01 / 47 14 332

fax: 01 / 47 14 809

www.petrol.si

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R. JAKOPIČ.



J. Grohar

Impressionism is the newspaper of the soul.

Henri Matisse

Impressions,

The group is an open composition. We captured thousands of moments, individual or collective, as numbers, trends and stories of this annual report. Just like impressionists. Their works of art from Petrol's collection symbolically marked the year in what was the first showing of their works, which took place last December, and they also inspired this annual report.

views,

The group's performance is assessed by what it achieves where it operates. We cannot imagine respect for fresh ideas without respecting the supreme masterpieces of the past. This is how we continue to think and operate. That is also why some of our efforts and funds are invested in worlds from which we draw an inspiration to create. We know that good energy carries a reward.

moments

We thus pay tribute to Slovene impressionists, those international masters of creating moments, whose view of the passing time, play of light and energy serves us as a timeless inspiration, raises our eyes and continues to astound us.



and



Sternen

and
successes.

were shared
throughout
the year.

This annual report includes motifs from Petrol's collection of Slovene impressionist paintings. We thank Andrej Smrekar and Miloš Bašin for their expert assistance and you for seeing the exhibition and reading our annual report.

“

It took some time before the public learned that to appreciate an impressionist painting one has to step back a few yards and enjoy the miracle of seeing these puzzling patches suddenly fall into one place and come to life before our eyes.”

Ernst Gombrich

[1] Selected works by annual report chapter:

Matej Sternen: **Venice** (1905–1920), p. 50;
Rihard Jakopič: **View of the Mountains** (1920), p. 62;
Matija Jama: **Oak Woods** (around 1925–1930), p. 74;
Matija Jama: **White Carniola Motif** (around 1935), p. 86;
Matej Sternen: **Sitting Woman** (around 1937), p. 103;
Ivan Grohar: **Potato Picker** (1910), p. 126.

◀ A tribute to you,
the impressionists



