ANNUAL REPORT 2013

PETROL

Energy for life

ANNUAL REPORT OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA 2013

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February 2014


PETROL

[Statement of the Management Board]

Pursuant to Article 60a of the Companies Act, members of the Management Board and the Supervisory Board of Petrol d.d., Ljubljana represent that the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for the year 2013, 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.

As provided in Article 110 of the Financial Instruments Market Act, members of the Management Board of Petrol d.d., Ljubljana, which comprises Tomaž Berločnik, President of the Management Board, Rok Vodnik, Member of the Management Board, Janez Živko, Member of the Management Board, and Samo Gerdin, Member of the Management Board/Worker Director, declare that to the best of their knowledge and belief:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the year 2013 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, financial performance and comprehensive income 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 2013 gives a fair view of the development and results of the Company's operations and its financial position, including the description of material risks that the company Petrol d.d., Ljubljana and other companies included in the consolidation are exposed to as a whole.

Ljubljana, 17 February 2014

Samo Gerdin
Member of the
Management Board/Worker Director

Janez Živko
Member of the
Management Board

Tomaž Berločnik
President of the
Management Board

Rok Vodnik
Member of the
Management Board

[Contents]

BUSINESS REPORT 2013

On 10 December 2013 we opened the Dul service station next to the A2 motorway (Ljubljana–Obrežje). This is already the

476th service station

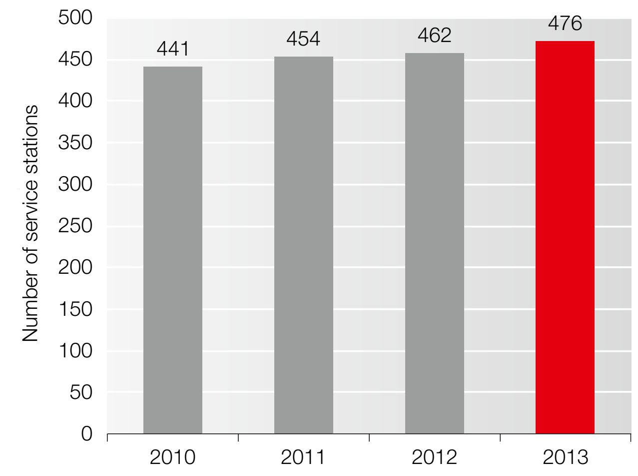
of the Petrol Group. Come see us!

[Business highlights of 2013]

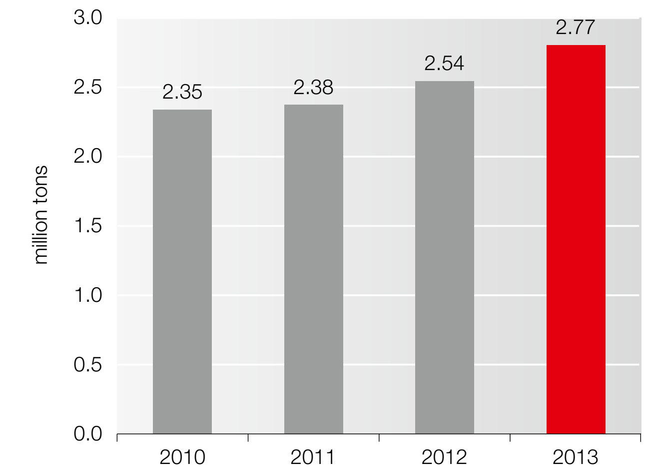
THE PETROL GROUP	UM	Results 2013	Results 2012	Index 2013 / 2012
Net sales	EUR million	3,947.3	3,754.0	105
Gross profit	EUR million	337.6	328.3	103
Operating profit	EUR million	93.8	84.9	110
Net profit	EUR million	52.8	53.9	98
Equity	EUR million	467.7	433.7	108
Total assets	EUR million	1,620.3	1,571.5	103
EBITDA[1]	EUR million	133.5	123.0	109
EBITDA / Average fixed assets	%	16.5	15.4	108
EBITDA / Gross profit	%	39.6	37.5	106
Operating costs / Gross profit	%	74.0	76.8	96
Net debt / Equity[2]		1.13	1.34	85
Earnings per share[3]	EUR	25.6	26.2	98
Share price as at period end	EUR	218.0	236.4	92
Volume of petroleum products sold	million tons	2.8	2.5	109
Volume of liquefied petroleum gas sold	thousand tons	68.5	63.5	108
Volume of natural gas sold	million m^3	121.8	128.8	95
Electricity sold	TWh	4.9	2.4	201
Revenue from the sale of merchandise	EUR million	474.8	472.2	101
Investments in fixed assets	EUR million	86.1	117.4	73
Number of service stations as at period end		476	462	103
Number of employees (including at third-party managed service stations) as at period end		3,945	3,818	103

[1] EBITDA = Operating profit + Depreciation and amortisation net of depreciation of environmental fixed assets
[2] Net debt / Equity = (Non-current and current financial liabilities – Cash and cash equivalents) / Equity
[3] Earnings per share = Net profit for the year attributable to owners of the controlling company / Weighted average number of ordinary shares issued, excluding own shares

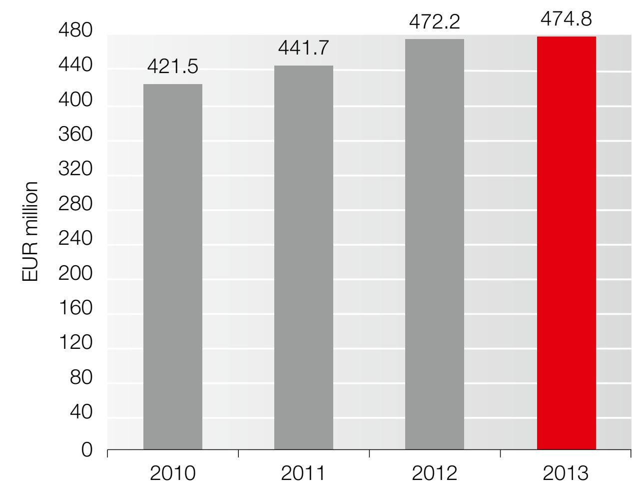
Number of service stations



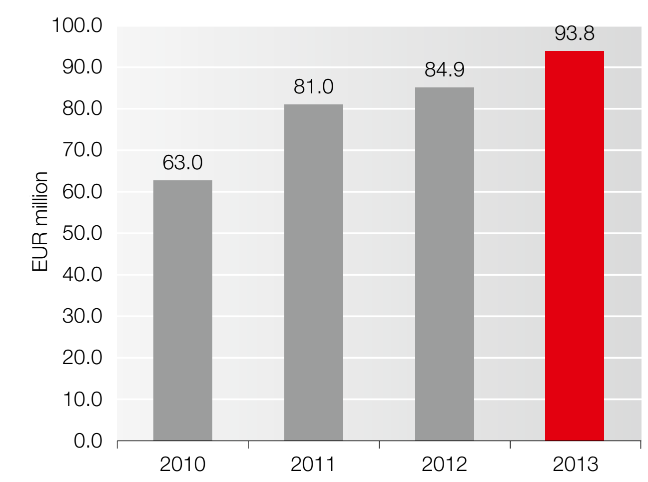
Volume of petroleum products sold



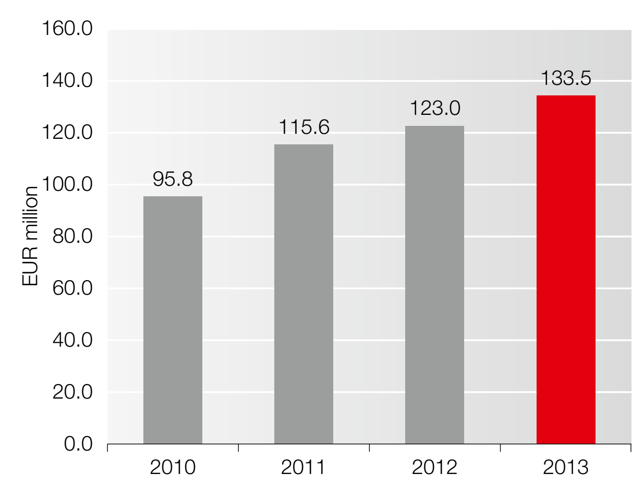
Revenue from the sale of merchandise



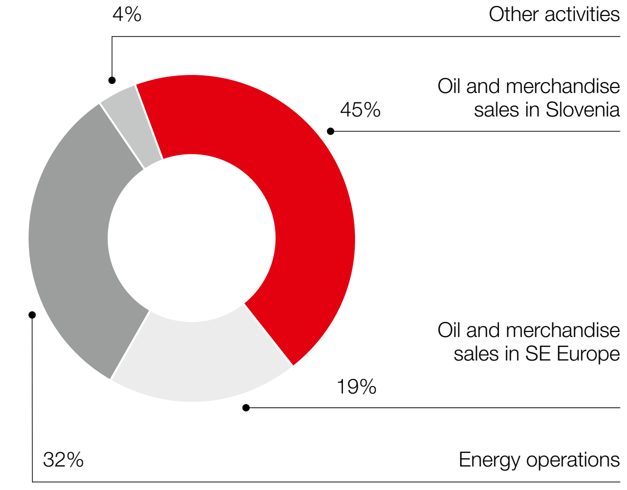
Operating profit



EBITDA



Breakdown of the Petrol Group's investments in 2013



[Letter from the President of the Management Board]

Dear shareholders, business partners and co-workers,

Every day, Petrol consolidates its position of a modern energy group, constantly developing new solutions both in the field of energy and renewable energy sources as well as in the sales of petroleum products.

The political and economic situation nowadays significantly impacts energy as one of the major economic sectors. The markets in which the Petrol Group operates have been facing a slowdown in economic activity and the related instability. Nevertheless, our solutions generate added value. In 2013 our operations were put to a test, but by responding to business challenges on a daily basis we succeeded in shifting the curve to our benefit. Each and every employee of the Petrol Group therefore deserves heartfelt commendation for the good results and financial stability.

The Petrol Group remains primarily engaged in the sale of petroleum products. In 2013 it sold 2.8 million tons of petroleum products or 9 percent more than in 2012. Somewhat lower sales in Slovenia were successfully compensated for by increased sales in SEE markets, where Petrol's sales grew by 13 percent. Even higher, 44-percent increase was recorded in the EU markets. In 2013 we established 14 new service stations, meaning that Petrol's retail network includes no fewer than 476 service stations, and thus brought our range even closer to customers.

The economic crisis, which is reflected in diminished purchasing power of the population and the price of motor fuels, which was mostly higher than in the neighbouring countries, had a negative impact on the sale of motor fuels at service stations in Slovenia. By introducing new types of goods and services we managed to mitigate the negative impacts. The concept of a convenient service station was expanded by fresh products on-the-go. This evolved into a new concept called Fresh. Customers are offered high-quality, freshly prepared food 24 hours a day. The concept design pursues the “one stop shop” idea, offering customers as many products and services as possible at a single location. That is the only way to save customers time, which is nowadays extremely important.

We made another step towards a true alternative mobility. In line with global trends, we have been actively on the lookout for new, more environmentally acceptable alternatives to fossil fuels. With the opening of the first liquid hydrogen filling plant in Slovenia in 2013, Petrol was put on the European hydrogen map. In addition, Petrol operates 8 battery charging stations for electric vehicles connected into its smart grid of electric mobility. Environment protection is one of the most important commitments that we actively pursue.

In 2013 we continued consolidating the operations in the Croatian and Montenegrin market, reorganised wholesale in Slovenia and launched the internal transformation of the entire Petrol Group, making it more process-organised and customer-oriented.

Efficient purchasing and logistics are important competitive advantages of Petrol and a guarantee of uninterrupted and timely supply. In 2012 already, Petrol greatly increased the safety and reliability of its supply chain for fuel in Slovenia and in the wider region, at the same time enabling the development and boosting of trading activity in petroleum products in the neighbouring markets. This has already yielded results, as the fuel from the Sermin storage facility has been successfully sold to Central European countries.

Comprehensive energy supply was a priority of the Petrol Group's operations in 2013 as well. Natural and liquefied petroleum gas, two purest fossil fuels of the highest quality, are supplied to customers through networks and gas storage tanks. Liquefied petroleum gas is becoming ever more popular as motor fuel and is already available at 157 service stations. Petrol has been gaining ground in electricity supply and trading in Slovenia and in the wider region. In 2013 Petrol supplied electricity to over 30 thousand households, increased sales to industry consumers and intensified its involvement in the international electricity market. Wood as an energy product used for heating has been re-establishing its prominent position. Petrol supplies several Slovene municipalities with the heat produced from wood biomass. Significant energy and environmental savings are achieved through renovations of boiler rooms, electricity and heat cogeneration and efficient production of heat. We ensure that urban water supply systems and district heating systems operate impeccably. We manage utility treatment plants, thus treating waste waters in the local communities. Petrol is also active in energy production from waste. It produces green electricity at biogas plants. The efficient lighting of industrial, tourist and business facilities bring great energy and environmental savings to our customers. At the Energy Solutions Centre we successfully share with our customers all the knowledge and experience acquired in various projects implemented for the public and private sector. There, our experienced experts are available for personal consultation regarding the optimal choice of an energy package.

Through all the above we pursue the commitments to sustainable development, create a company of the future, which applies and, by employing its knowledge, develops comprehensive infrastructural solutions in nearly all spheres of life.

We did not cut down on funds allocated to socially responsible projects in these unfavourable economic and social times, because caring for the society and the environment that we come from is extremely important to us. In 2013 we supported the blood donation initiative for the third consecutive year as well as for the third year in a row allocated the funds earmarked for business presents to people in need of help all over Slovenia, as selected by employees at our service stations.

A testament to the good work performed by our employees is a series of awards, notably the European and global communication awards: EMErald and Gold Quill for the Code of Conduct and Values of Petrol and the Primus award for excellent manager communication.

I am proud that Petrol – as a group of the future – has been built on good and open mutual relations. I am certain that only partnership and trust allow us to realise our mission and at the same time achieve business excellence and success. The results and the progress, and above all the internal reshuffling accomplished in 2013 are the outcome of all of our team work and cooperation.

In 2013 the sales revenue of the Petrol Group totalled EUR 3.9 billion or 5 percent more than in 2012, and its gross profit was EUR 337.6 million, up 3 percent over 2012. Operating profit stood at EUR 93.8 million, having grown by 10 percent from 2012. Net profit amounted to EUR 52.8 million or 2 percent less than in 2012.

A stable dividend policy supporting the long-term maximisation of shareholder returns is one of the main business commitments of the Petrol Group. In 2013 a dividend of EUR 10.0 per share was paid for the 2012 business year.

In 2014 we once again set ambitious goals. We are convinced that we will attain them thanks to having the best employees who every day with their extensive knowledge prove that we are up to the challenges arising from our operations in demanding economic conditions. It is crucial for the Company's success that its employees are devoted to work, but that is impossible without a creative working environment and good relations. By streamlining business processes we can direct more energy to development, which is the driver of progress and an important element of competitive advantage.

Trust in Petrol is worth gold, which is something the holders of the Petrol Club Gold Card are aware of. Creativity, business adaptability and the ability to make the right decision at the right moment will serve as the basis of Petrol's successful growth in the future. I sincerely thank all colleagues for their assiduous and responsible achievement of the goals. To you, our valued shareholders and business partners, the Petrol staff is sending a message that our future is bright.

Join us!

Tomaž Berločnik, MSc
President of the Management Board

BUSINESS PERFORMANCE IN 2013

Hydrogen, motor fuel of tomorrow, already available at Petrol: in Lesce we opened the

first hydrogen filling plant

in Slovenia.

[Strategic orientations]

Mission

To ensure reliable, economical and environmentally friendly supply to our customers in Slovenia and Southeast Europe, providing them with a comprehensive range of energy and environmental products and services. Thanks to our broad network of service stations, drivers are offered everything they need for a safe and comfortable journey. Petrol makes sure that businesses and local communities have a full range of energy supply at their disposal, and provides households with all the energy they need for their home – at their home.

Vision

To become a leader in quality and development of comprehensive energy supply and the convenience model for service stations in Southeast Europe, and enjoy an above-average customer-satisfaction rate.

Values

- **Respect:** Respecting fellow human beings and the environment.
- **Trust:** Building partnerships through fairness.
- **Excellence:** Aiming to be the best at what we do.
- **Creativity:** Making progress through ideas.
- **Courage:** Working with enthusiasm and heart.

At Petrol we feel a strong sense of responsibility towards our employees, customers, suppliers, business partners, shareholders and the society as a whole. We meet their expectations with the help of motivated and business-oriented staff, we adhere to the fundamental legal and moral standards of the Slovene society and broader European standards, and we protect the environment.

Strategic business plan 2012–2016

The strategic business plan is a fundamental corporate document defining the business future of the Petrol Group in the period 2012–2016 based on its mission, vision, values, goals and strategies.

The Petrol Group will pursue its mission in its core areas of business, which are:

1. Oil and merchandise sales in Slovenia
2. Oil and merchandise sales in Southeast Europe
3. Energy operations, comprising the sale and distribution of natural and liquefied petroleum gas, heat, electricity, energy solutions and environmental solutions

Petrol will operate in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia and Kosovo, as well as in EU member states (Austria, Italy, Hungary, etc.).

Main strategic orientations underpinning the Petrol Group's development:
1. Ensuring growth
2. Increasing operating profitability and boosting added value per employee

Through a well-considered investment policy we will secure a greater return on assets and focus on ensuring the Group's financial stability, gearing our operations at quality and business excellence.

By achieving these goals we will strengthen long-term financial stability of the Petrol Group. A shareholder policy that is based on a long-term maximisation of returns for shareholders is one of the cornerstones of Petrol's development strategy. With a stable dividend policy we will ensure a balanced dividend yield for shareholders and the use of free cash flows to finance the Group's investment plans. This will allow for long-term growth and development of the Petrol Group, maximising its value for the owners.

Plans for 2014

The Petrol Group operates in an international as well as domestic competitive business environment. As far as the international business environment goes, the most relevant factors influencing the Group's operations include price fluctuations in the oil market and the US dollar exchange rate, both reflecting global economic developments (mostly in the EU and in the United States, with China and India increasingly gaining in prominence). Petrol's domestic environment, on the other hand, is determined by government measures taken to regulate prices and the energy market as well as by the overall economic situation (economic growth, price growth rates, increase in consumption and production). The demanding economic conditions are expected to continue in Petrol's main sales markets (Slovenia and Croatia) in 2014.

Despite the persistence of the difficult and uncertain economic situation, the Petrol Group has set itself ambitious goals for 2014. To achieve them, the Group will pay particular attention to the streamlining of operational and supporting business processes in the year to come.

Main business targets of the Petrol Group for 2014:
- Net sales revenue of EUR 3.94 billion
- Net profit of EUR 65.0 million
- 2.7 million tons of petroleum products sold
- Revenue from the sale of merchandise of EUR 505.5 million
- Electricity sales of 7.51 TWh
- Retail network comprised of 484 service stations

[The Petrol Group in its region]

[The management and governance system]

Corporate governance of Petrol d.d., Ljubljana – legal compliance and the corporate governance system

Pursuant to Article 70(5) of the Companies Act (ZGD-1), Petrol d.d., Ljubljana hereby issues its corporate governance statement.

1. Reference to the applicable Corporate Governance Code

In the period 1 January 2013 to 31 December 2013, the Company was subject to the Corporate Governance Code as jointly drawn up and adopted by the Ljubljana Stock Exchange, the Slovene Directors' Association and the Managers' Association of Slovenia. The Code in its revised wording was adopted on 8 December 2009 and entered into force on 1 January 2010. It is available both in Slovene and in English from the website of the Ljubljana Stock exchange at http://www.ljse.si/.

The Company has not adopted a corporate governance code of its own. It is managed in accordance with the Companies Act and within the framework of the above Code. In compliance with the Code's recommendations, the Supervisory Board and the Management Board jointly drew up and, at the Supervisory Board meeting of 23 November 2010, adopted the Corporate Governance Policy of Petrol d.d., Ljubljana, which was then published via the Ljubljana Stock Exchange information system – SEOnet. The policy was updated at the Supervisory Board meeting of 12 December 2013 and published via the Ljubljana Stock Exchange information system (http://seonet.ljse.si/Default.aspx?doc=SEARCH&doc_id=53568) on 23 December 2013. It is also available, in Slovene and in English, from the website of Petrol d.d., Ljubljana (www.petrol.si).

Declaration of compliance with the Code

The Company respects the Code, both its guiding principles and specific recommendations, when conducting its operations. Significant deviations from the Code are listed and explained as follows:

- The Articles of Association do not mention objectives other than maximising shareholder value, but such objectives may be specified as part of changes, if any, to the Company's fundamental legal act.
- Independence statements of Supervisory Board members shall not be published on the Company's website, in accordance with a Supervisory Board decision.
- Due to a high degree of data confidentiality, the use of information technology to convene meetings and distribute Supervisory Board documents is not yet possible. It will be introduced as soon as all members of the Supervisory Board and its committees are equipped with sufficiently secure connections and protocols to prevent unauthorised access to documents.
- The Supervisory Board did not specify the term of the committees (they are composed of Supervisory Board members, except for an external member of the audit committee). The terms of office of committee members who are also Supervisory Board members end when their post of Supervisory Board member expires or when they are relieved of their duties.
- The Supervisory Board and its Audit Committee decided not to undertake a thorough assessment of their own performance in 2013 as most of their members had been replaced. They did commit, however, to carrying out the assessment after one year of taking over their responsibilities (the process is set to begin in the second quarter of 2014).
- As of 1 January 2012, and as laid down in their employment contracts, legal representatives of the Company are entitled to severance payments that may exceed the fixed portion of their annual remuneration when relieved of their duties on business grounds (no-fault dismissal).
- The Company does not disclose in its annual report the positions held by Management Board members and Supervisory Board members in the management and supervisory bodies of unrelated companies since the members concerned notify the Supervisory Board of any potential breaches of competition prohibition or instances of dependence.
- The Company has not drawn up an internal act or rules that would lay down additional rules on trading limitations regarding its shares 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 discloses only gross remuneration of individual Management Board and Supervisory Board members, as required by law, but not their net remuneration.
- The duties of the nomination committee are performed by a permanent Supervisory Board committee called The Human Resources and Management Board Evaluation Committee. Although lacking a company law expert, the Committee is assisted in this area by the secretary of the Supervisory Board who has appropriate expertise and coordinates its work.

The Company will continue to comply with the recommendations of the Corporate Governance Code. Should it become evident that the Company is not able to observe a recommendation laid down in the Code, the Management Board and the Supervisory Board will prepare a justified explanation. It should be emphasised in particular that since the end of the accounting period and until the publication of this statement, no changes or deviations occurred other than those mentioned above. This announcement is permanently posted on the website of Petrol d.d., Ljubljana (www.petrol.si).

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

The Company's management is responsible for the keeping of proper books of account, setting up and ensuring the functioning of internal controls and internal accounting control, selecting and applying accounting policies and safeguarding the Company's assets.

In connection with financial reporting, the company Petrol d.d., Ljubljana uses, as appropriate, the COSO model[1] of risk management and an internal control system. The establishment of the latter pursues the following three objectives:

- accuracy, reliability and completeness of financial records, and true and fair financial reporting,
- compliance with applicable laws and regulations, and
- effectiveness and efficiency of operations.

The Company's management aims to establish a control system that is both as efficient as possible as regards the prevention of undesired events and acceptable in terms of cost. It is aware that every internal control system, regardless of how well it functions, has its limitations and cannot fully prevent errors or frauds. Nevertheless, it must be configured so that it flags them as soon as possible and provides management with suitable assurance about the achievement of objectives.

Petrol therefore keeps and further improves:
- a transparent organisational structure of the parent company and the Group;
- clear and uniform accounting policies and their consistent application throughout the Petrol Group;
- an efficiently organised accounting function (functional responsibility) within individual Petrol Group companies;
- a uniform accounting and business information system of the parent company and its subsidiaries, thus boosting the efficiency of operational and control procedures;
- reporting in accordance with International Financial Reporting Standards, including all disclosures and notes that are required;
- regular internal and external audits of business processes and operations.

The Risk Management chapter of this business report presents risk management and control mechanisms relating to the assessment of specific types of risk in greater detail.

It is our opinion that in 2013 the existing internal control system of the company Petrol d.d., Ljubljana and of the Petrol Group provided for efficient and successful achievement of business objectives, operation in compliance with the law, and fair and transparent reporting in all material respects.

[1] The risk management model for companies, known as the COSO model, was designed by the Committee of Sponsoring Organizations of the Treadway Commission. Its application is recommended by all relevant international institutions and standards. Risk management and the control system are set up to measure risks by considering individual activities and regional organisation of a company in conjunction with its objectives and strategy. The risk management system consists of the following ongoing procedures:
- environment assessment and risk assessment,
- determination of control methods – establishment of a control system,
- information and communication to create a sense of ownership in employees, and
- system monitoring and implementation of improvements.

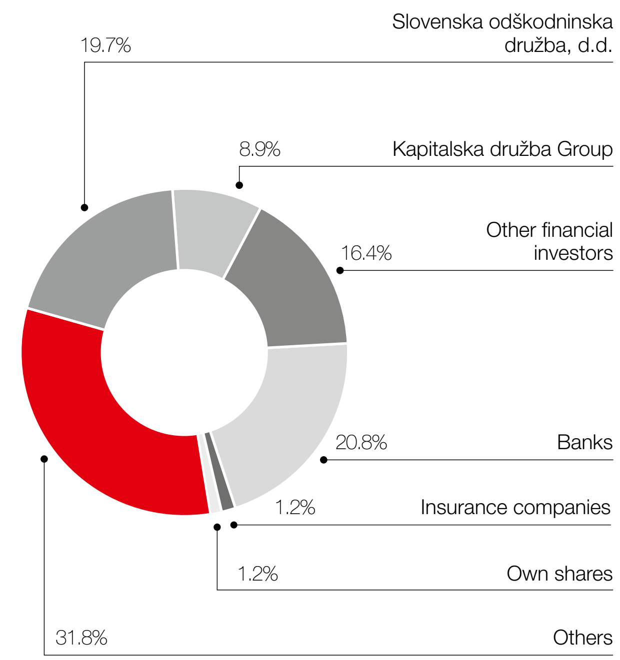
3. Information under Article 70(6) of the Companies Act

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

3.1. Structure of the Company's share capital

The Company has issued 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 Petrol d.d., Ljubljana as at 31 December 2013



3.2. Restrictions on the transfer of shares

All shares are fully transferable.

3.3. Qualifying holdings under the Takeovers Act

Pursuant to Article 77(1) of the Takeovers Act (acquiring a qualifying holding), the following information as at 31 December 2013 is provided:
- Slovenska odškodninska družba, d.d., held 412,009 shares of Petrol d.d., Ljubljana, representing 19.75 percent of the issuer's share capital,
- Kapitalska družba, d.d., held 172,639 shares of Petrol d.d., Ljubljana, representing 8.27 percent of the issuer's share capital, and
- Nova Ljubljanska banka d.d. held 126,365 shares of Petrol d.d., Ljubljana, representing 6.06 percent of the issuer's share capital.

3.4. Holders of securities carrying special control rights

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

3.5. Employee share scheme

The Company has no employee share schemes.

3.6. Restrictions on voting rights

There are no restrictions on voting rights.

3.7. Shareholder agreements potentially resulting in restrictions on the transfer of shares or voting rights

The Company is not aware of such agreements.

The largest shareholders of Petrol d.d., Ljubljana as at 31 December 2013

	Shareholder	Address	Shares owned	Holding 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	NLB d.d.	Trg republike 2, 1000 Ljubljana	126,365	6.06%
4	Istrabenz d.d.	Cesta Zore Perello-Godina 2, 6000 Koper	84,490	4.05%
5	GB d.d., Kranj	Bleiweisova cesta 1, 4000 Kranj	84,299	4.04%
6	Vizija holding, k.d.d.	Dunajska cesta 156, 1000 Ljubljana	71,676	3.44%
7	Vizija holding ena, k.d.d.	Dunajska cesta 156, 1000 Ljubljana	63,620	3.05%
8	Hypo Bank d.d.	Dunajska cesta 117, 1000 Ljubljana	43,500	2.09%
9	Nova KBM d.d.	Ulica Vita Kraigherja 4, 2000 Maribor	42,985	2.06%
10	Československa Obchodni BANK, A.S. - FID	Radlicka 333/150, 150 57 Praga 5	42,598	2.04%

3.8. The Company's rules regarding:

- **Appointment and replacement of members of management or supervisory bodies:**
  The president and other members of the Management Board are appointed and discharged by the Supervisory Board. Apart from the worker director, the Supervisory Board appoints other Management Board members on the proposal of the president of the Management Board. Management Board members are appointed for a five-year term of office and may be re-appointed. On the proposal of the Human Resources and Management Board Evaluation Committee and according to its Rules of Procedure, the Supervisory Board determines the general and special criteria for selecting candidates for the president and members of the Management Board. The Supervisory Board also determines the weight of individual criteria that comprise the competence model of the president and members of the Management Board. The Human Resources and Management Board Evaluation Committee proposes to the Supervisory Board which method to apply to find candidates for the president of the Management Board (personal invitations, job vacancy postings) or a combination of methods and determines whether it is necessary to cooperate with an external headhunting expert. The Human Resources and Management Board Evaluation Committee specifically verifies the fulfilment of conditions and the references stated in candidates' CVs. It then forms a selection of candidates for the president of the Management Board, conducts selection interviews and ranks them. The short-listed candidates for the president of the Management Board present the vision of the Company's development at a Supervisory Board meeting. Before the president of the Management Board is appointed, the Supervisory Board negotiates with the candidates on basic elements of the agreement and then selects and appoints the president of the Management Board. The Supervisory Board appoints other Management Board members on the proposal of the president of the Management Board. The Supervisory Board assesses the composition of the entire Management Board in cooperation with the Committee. If the Supervisory Board determines that the proposed candidates are inadequate, the procedure is repeated. The Supervisory Board reappoints the Management Board within one year before the expiry of its 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, convening immediately after the General Meeting, 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 as temporary Management Board members to replace the 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 immediately the Management Board that does not fully fulfil the tasks falling under its mandate of its findings and opinions and to set the shortest deadline possible to eliminate the shortcomings determined. If the Management Board fails to achieve the expected results by the set deadline, the Supervisory Board decides whether to recall 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 by the Company Workers' Council. They are elected for a term of four years and may be re-elected when their term of office expires. A resolution on an early recall of the Supervisory Board members representing shareholders shall be adopted with a three-quarters majority of votes present at the General Meeting, while the conditions for the recall of the Supervisory Board members representing 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.

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

The powers of Management Board members are specified later in this chapter. The Management Board does not have particular powers concerning the issue or purchase of own shares.

3.10. 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 is not aware of such agreements.

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

4. Information on the workings of the General Meeting

As provided by the applicable legislation, specifically the Companies Act, the General Meeting is a body through which 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 at 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 a General Meeting of the Company's shareholders one month before the meeting takes place by publishing a notice via the Ljubljana Stock Exchange information system – SEOnet – and on the Company's website. In the notice 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. At the General Meeting held on 4 April 2013, the Company's shareholders were presented with the annual report and the Supervisory Board's report on the verification of the annual report for the financial year 2012, as well as with the remuneration of the members of management and supervisory bodies. The shareholders deliberated and adopted a resolution regarding the distribution of accumulated profit and the granting of the discharge from liability to the Management Board and the Supervisory Board for the year 2012, a resolution regarding the appointment of an auditor to audit the Company's financial report and review its business report for the year 2013, as well as resolutions on the appointment of six Supervisory Board members (shareholder representatives) for a four-year term of office. The General Meeting was also informed of the names of three newly elected Supervisory Board members representing the workers, who began their four-year term of office on 22 February 2013, as laid down in a Workers' Council resolution.

5. 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 in conformity with the law, Articles of Association as the Company's fundamental legal act, internal regulations, 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, and represents and acts on behalf of the Company.

According to the Articles of Association, the Management Board is comprised of its president and other members and shall not have less than three and more than six members. The exact number of Management Board members, their sphere of duties and their powers is determined by a resolution adopted by the Supervisory Board at the proposal of the Management Board president. One of Management Board members is always 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. In 2013 the Management Board was composed of four members. In the period concerned, the Management Board discussed issues falling within its competence at 67 meetings. All decisions were adopted unanimously. In addition to holding formal meetings, the Management Board exercised the powers and responsibilities pertaining to its daily activities and to the General Meeting, as stipulated by the Companies Act. Activities concerning 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 consulted it in connection with the Company's strategy, business development and risk management. Some of the Management Board's activities were also focused on collaboration with the Workers' Council and the Petrol Group's representative trade unions. Management Board members are appointed for a five-year term of office and may be re-appointed. Except for the worker director, who does not have the power to represent the Company, Management Board president and other members represent the Company in an independent and individual capacity. Legal representatives need an approval of the Supervisory Board to acquire or dispose of their own shares, or acquire, establish or dissolve companies and business units. Approval is also required for raising or granting loans that 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 to grant a power of attorney and mortgages.

Members of the Management Board of Petrol d.d., Ljubljana in 2013:

Tomaž Berločnik, President of the Management Board
Appointed for a five-year term of office beginning on 1 February 2011.
Born in 1968, he holds a bachelor degree in engineering and a master's degree in business administration. Fields of responsibility:

- retail of petroleum products,
- procurement of petroleum products,
- logistics,
- human resources,
- investments and maintenance,
- general administration and legal affairs.

Rok Vodnik, Member of the Management Board
Appointed for a five-year term of office beginning on 30 August 2009.
Born in 1970, he holds a bachelor degree in electrical engineering and a master's degree in business administration. Fields of responsibility:

- energy,
- wholesale of petroleum products,
- procurement and sale of merchandise,
- marketing,
- technical development, quality and safety.

Janez Živko, Member of the Management Board
Appointed for a five-year term of office beginning on 30 August 2009.
Born in 1973, he holds a master's degree in business studies. Fields of responsibility:

- finance,
- accounting,
- controlling,
- IT.

Samo Gerdin, Member of the Management Board/ Worker Director
On 24 November 2010, he was appointed by the Supervisory Board as a worker director for a five-year term of office. Born in 1969, he has a bachelor degree in chemical technology. He participates in decisions relating to human resources and social policy issues, but cannot act as a legal representative.

Responsibilities and composition of the Supervisory Board

In the two-tier management system, the Supervisory Board of Petrol d.d., Ljubljana fulfils its legally mandated responsibilities, i.e. to supervise the conduct of the Company's operations (including the selection and appointment of the Management Board) and carry out tasks related to the General Meeting's powers.

Under the Articles of Association, the Supervisory Board of the company Petrol d.d., Ljubljana comprises nine members. They are elected for a term of four years and may be re-elected when their term of office expires. The Supervisory Board elects its president and deputy 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 for a specific case.

The Supervisory Board had the following committees in 2013:
1. the Audit Committee
2. the Human Resources and Management Board Evaluation Committee

In 2013 the following five new Supervisory Board members/ shareholder representatives with a term of office from 7 April 2013 onwards were elected at the Company's General Meeting of 4 April 2013: Igo Gruden, Irena Prijović, Tomaž Kuntarič, Klemen Ferjančič and Matija Blažič. The term of office of another member, Mladen Kaliterna, began on 16 July 2013. The continuity in the Supervisory Board's composition was maintained through shareholder representatives Irena Prijović and Tomaž Kuntarič, who had held the position of Supervisory Board member before 7 April 2013, with Bruno Korelič's and Dari Južna's term of office also lasting until new members took over on 7 April 2013 and 16 July 2013, respectively. During individual periods of 2013, the Supervisory Board's membership was as follows: from 1 January 2013 to 21 February 2013 Tomaž Kuntarič, Irena Prijović, Bruno Korelič, Dari Južna, Franc Premrn, Boštjan Trstenjak, Andrej Tomplak; from 22 February 2013 to 6 April 2013 Tomaž Kuntarič, Irena Prijović, Bruno Korelič, Dari Južna, Ika Krevzel Panić, Zoran Gračner, Andrej Tomplak; from 7 April 2013 to 15 July 2013 Tomaž Kuntarič, Irena Prijović, Igo Gruden, Klemen Ferjančič, Matija Blažič, Dari Južna, Ika Krevzel Panić, Zoran Gračner, Andrej Tomplak; from 16 July 2013 to 31 December 2013 Tomaž Kuntarič, Irena Prijović, Igo Gruden, Klemen Ferjančič, Matija Blažič, Mladen Kaliterna, Ika Krevzel Panić, Zoran Gračner, Andrej Tomplak.

Members of the Supervisory Board of Petrol d.d., Ljubljana at the end of the financial year 2013

Tomaž Kuntarič – shareholder representative
President of the Supervisory Board until 7 April 2013 and from 22 April 2013 onwards. In the intervening period from 7 April to the inaugural meeting of 22 April 2013, he was a member of the Supervisory Board.
President of the Management Board of Slovenska odškodninska družba, d.d.
Appointed at the 18th General Meeting of 7 April 2009 for a four-year term of office and reappointed at the 23rd General Meeting of 4 April 2013 for another term of office beginning on 7 April 2013.

Irena Prijović – shareholder representative
Member of the Supervisory Board until 22 April 2013 and Deputy President of the Supervisory Board thereafter.
Secretary General of the Slovene Directors' Association.
Appointed as a replacement Supervisory Board member for the remaining term of office of Tomaž Berločnik at the 20th General Meeting of 6 May 2010 and reappointed for another term of office beginning on 7 April 2013 at the 23rd General Meeting of 4 April 2013.

Igo Gruden – shareholder representative
Member of the Supervisory Board
Member of the Management Board of Probanka d.d.
Appointed for a four-year term of office beginning on 7 April 2013 at the 23rd General Meeting held on 4 April 2013.

Klemen Ferjančič – shareholder representative
Member of the Supervisory Board
Procurator of the company Baklus d.o.o.
Appointed for a four-year term of office beginning on 7 April 2013 at the 23rd General Meeting held on 4 April 2013.

Matija Blažič – shareholder representative
Member of the Supervisory Board
Pensioner
Appointed for a four-year term of office beginning on 7 April 2013 at the 23rd General Meeting held on 4 April 2013.

Mladen Kaliterna – shareholder representative
Member of the Supervisory Board
Chairman of the Board of the company Perspektiva d.d.
Appointed for a four-year term of office beginning on 16 July 2013 at the 23rd General Meeting held on 4 April 2013.

Andrej Tomplak – employee representative
Petrol Maloprodaja Slovenija d.o.o.
Appointed for a four-year term of office beginning on 22 February 2009 at the 4th Workers' Council meeting of 16 February 2009. Reappointed for a four-year term of office beginning on 22 February 2013 at the 3rd Workers' Council meeting of 4 February 2013.

Ika Krevzel Panić – employee representative
Petrol d.d., Ljubljana, Legal Department.
Appointed for a four-year term of office beginning on 22 February 2013 at the 3rd Workers' Council meeting of 4 February 2013.

Zoran Gračner – employee representative
Petrol d.d., Ljubljana, Gas and Heat Department.
Appointed for a four-year term of office beginning on 22 February 2013 at the 3rd Workers' Council meeting of 4 February 2013.

[Analysis of business performance in 2013]

The business environment continued to be marked by the financial crisis and the economic downturn in 2013. Particularly affected were the economic developments in construction, trade and transport, all being major buyers of petroleum products and other energy product. Illiquidity and financial indiscipline progressively deteriorated. The Petrol Group, however, took the expected effect of the difficult economic conditions into account already when drafting the 2013 operating plan. Moreover, its risk management system enables it to react quickly to events in the business environment.

The following measures were taken in 2013 to help alleviate the adverse effects of the recession and strained financial circumstances:

- receivables and credit exposure to customers were subjected to tighter control;
- the amount of current operating assets was optimised, while the stocks of petroleum products were kept at levels that were still sufficient for the performance of business activities;
- credit lines were maintained with a number of banks in Slovenia and abroad, enabling Petrol to keep ensuring uninterrupted liquidity to the Petrol Group.

The price of crude oil and exposure to foreign exchange risks have a significant impact on the Petrol Group's operations. While the petroleum product pricing model passes the greater part of price and foreign exchange exposure, or changes in the US dollar to the euro exchange rate, on to the market, the remaining exposure is controlled on a regular basis and kept at bay by entering into derivatives contracts.

Sales revenue

In 2013 the Petrol Group generated EUR 3,947.3 million in sales revenue or 5 percent more than in 2012, thanks to higher sales.

Gross profit

Gross profit from sales stood at EUR 337.6 million, up 3 percent year-on-year. Compared to the 2012 figure, the following influenced the amount of gross profit in 2013:

- an increase of 11 percent in the volume of motor fuels sold (petrol and diesel fuel),
- an increase of 1 percent in revenue from the sale of merchandise,
- an increase of 8 percent in the volume of liquefied petroleum gas sold,
- an increase of 3 percent in the volume of extra light heating oil sold,
- an increase of 7 percent in the volume of heat sold,
- a decrease of 5 percent in the volume of natural gas sold.

In 2013 the Petrol Group's finance items included a net loss on commodity swaps and foreign exchange differences, which was essentially linked to gross profit or loss generated from petroleum products. In 2012, however, commodity swaps and foreign exchange differences had a positive net effect. Gross profit adjusted for the net effect of commodity swaps and foreign exchange differences was 2 percent higher than in 2012.

Costs

The Petrol Group's operating costs stood at EUR 249.7 million in 2013. Although its business grew in 2013, it managed to cut costs by EUR 2.5 million or 1 percent year-on-year, a proof of successful and rational business operations.

The costs of material stood at EUR 29.5 million in 2013 and were down by EUR 726 thousand or 2 percent compared to 2012, chiefly due to lower energy costs incurred by Petrol d.o.o. – the sell-off of transport services in mid-2012 and the resulting increase in transport costs.

The costs of services stood at EUR 114.1 million, having decreased by 2 percent or EUR 2.2 million from 2012.

- The most significant item among the costs of services were the fees charged by service station managers, which equalled EUR 28.6 million and were 5 percent or EUR 1.6 million lower compared to the year before, predominantly on account of lower sales at service stations in Slovenia, but partly also due to the management of most service stations in Bosnia and Herzegovina being transferred to the subsidiary Petrol BH Oil Company d.o.o. in the last quarter of 2012.
- The second most significant item among the costs of services were transport costs, which amounted to EUR 26.6 million and were 1 percent or EUR 236 thousand higher than in the previous year. This was mostly the result of a new company, Petrol Geoterm d.o.o., being incorporated into the Petrol Group and higher sales in the EU markets.
- The costs of fixed-asset maintenance services stood at EUR 11.3 million and were 8 percent or EUR 836 thousand higher than in the previous year, owing to higher computer equipment maintenance costs, higher public utility services costs and the incorporation of the company Petrol Geoterm d.o.o. into the Petrol Group.
- The costs of payment transactions and bank services amounted to EUR 8.2 million, an increase of 3 percent or EUR 215 thousand. The increase was due to higher sales at service stations in SE Europe markets, whereas in Slovenia the costs rose as a result of higher interbank fees despite lower sales. The costs of brokerage fees and bank guarantees increased due to expanded operations.
- The costs of professional services totalled EUR 6.5 million and were down 5 percent or EUR 322 thousand year-on-year, mainly thanks to lower consultancy fees associated with acquisitions and decreased involvement of student workforce.
- Outsourcing costs stood at EUR 4.1 million, down 15 percent or EUR 749 thousand from the previous year. This was mainly due to the sale of the company IGIN from the IGES Group at the end of 2012.
- The costs of fairs, advertising and entertainment amounted to EUR 4.0 million, a decrease of 17 percent or EUR 822 thousand, which was achieved through cost efficiencies.
- The costs of environmental protection services stood at EUR 1.7 million, having increased by 8 percent or EUR 122 thousand from 2012. Driving the increase were higher costs incurred by Petrol d.o.o. as a result of statutory obligations (cleaning of oil and water separators, waste disposal, acquisition of environmental permits).
- Other costs of services, which stood at EUR 3.4 million, were successfully reduced by 16 percent or EUR 0.6 million, chiefly thanks to lower membership fees and property management costs, as well as lower costs borne by Petrol d.o.o., whose transport services were sold off in 2012.

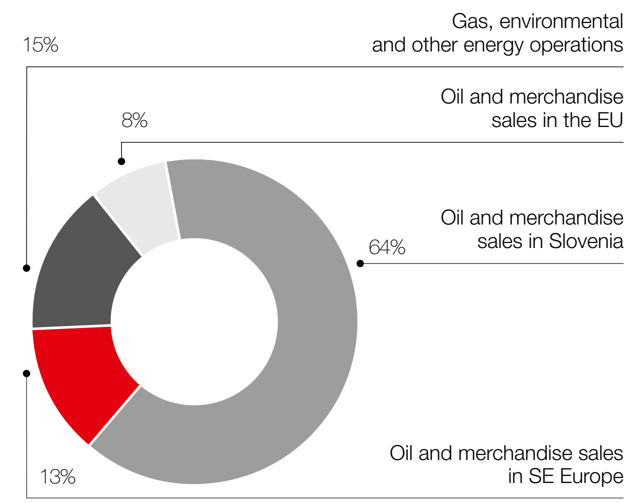
The depreciation and amortisation charge was 4 percent or EUR 1.7 million higher relative to 2012, owing predominantly to investments in information technology, environmental and energy solutions projects, new service stations and the incorporation of Petrol Geoterm d.o.o. into the Petrol Group.

Despite the latter, labour costs fell by 2 percent or EUR 1.4 million compared to the 2012 figure. Underlying the reduced labour costs were lower costs attributable to the collective performance of staff at corporate positions, the optimisation of staff numbers both at service stations and corporate positions throughout the Group, and lower termination benefits in comparison to the previous year.

Other costs totalled EUR 5.6 million and were 3 percent or EUR 179 thousand higher than in 2012. Compared to the previous year, losses on the disposal of fixed assets decreased, with the amount of accrued litigation costs increasing by EUR 1.4 million year-on-year.

Net other operating revenue fell 32 percent year-on-year, owing in particular to the outsourcing of transport activities of Petrol d.o.o. in 2012. **Operating profit** totalled EUR 94 million in 2013, which was 10 percent more than in 2012. **EBITDA**[2] stood at EUR 133.5 million, up 9 percent from 2012.

EBITDA of the Petrol Group broken down by business activity



In 2013 the share of profit from equity accounted investees increased relative to the previous year, mainly thanks to higher attributable profit from the company GEN-I.

The Petrol Group incurred EUR 40.3 million in net finance expenses in 2013, which was 56 percent more than the year before. Higher than in 2012 was net expense arising from commodity swaps and foreign exchange differences. At the end of 2013, investments were subjected to reassessment and based thereon impaired, together with goodwill, by a total of EUR 7.1 million. As a precautionary measure, the Petrol Group again

[2] EBITDA = Operating profit + Depreciation and amortisation net of depreciation of environmental fixed assets

made allowances for receivables in 2013, which were significantly higher than the year before. Revenue from the elimination and collection of allowances was lower in 2013 than in the previous year.

Pre-tax profit stood at EUR 63.4 million, down 7 percent on 2012, with **net profit for the year** totalling EUR 52.8 million or 2 percent less than in 2012.

Total assets of the Petrol Group as at the last day of 2013 equalled EUR 1,620.3 million, which was 3 percent more than at the end of 2012.

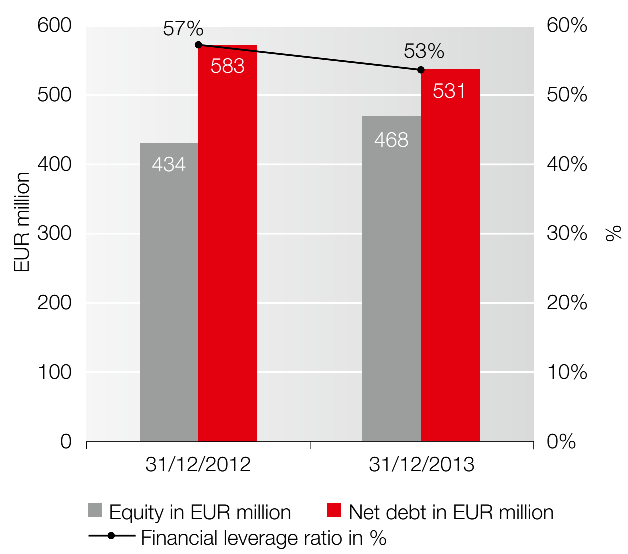
The most important items of **non-current assets** consisted of property, plant and equipment and intangible assets, totalling EUR 794.9 million, and non-current investments in jointly controlled entities and associates of EUR 148.5 million.

The management of **current assets**, which accounted for 39 percent of the Petrol Group's total assets, is given particular attention. The amount of current operating assets affects the amount of borrowing from suppliers and banking institutions. With short-term crediting ensured both at home and abroad, we are, however, able to respond quickly to changes in these assets. Compared to the end of 2012, the amount of operating receivables as at the last day of 2013 rose by 7 percent, with the value of inventories decreasing by 5 percent year-on-year. As at the last day of the period concerned, the Petrol Group had EUR 36.8 million in working capital[3] or EUR 56 million less than in 2012.

All of the above affected the amount and volume of cash flows. **Cash** from operating activities totalled EUR 162.4 million in 2013, which was EUR 60.2 million more than in 2012. Own funds generated by the Petrol Group were used for investment activities, payment of dividends and repayment of loans. Other necessary funds were obtained from banks.

The net financial liabilities[4] to equity ratio (**D/E ratio**) was 1.13 as at the last day of 2013, while at the end of 2012 it had stood at 1.34. In 2013 the Petrol Group continued to pursue its strategic orientation to drive down financial debt, improving the debt to equity ratio through good operating performance. **The financial leverage ratio**[5] stood at 53 percent at the end of 2013, down from 57 percent at the end of 2012.

Equity, net debt and financial leverage ratio



The financial position of the Petrol Group remains strong despite the considerably deteriorated operating conditions reflected in rising illiquidity and over-indebtedness of companies in Slovenia and abroad as well as in the resulting weaker position of Petrol's customers. Through active daily cash flow planning and monitoring of customers' operations, Petrol remains highly liquid and meets the criteria of the financial profession regarding short- and long-term solvency.

A 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 board advocates a stable long-term dividend policy, which fits best the Petrol Group's long-term development targets.

[3] Working capital = Operating receivables + Inventories – Current operating liabilities net of liabilities arising from the acquisition of Instalacija d.o.o. and Petrol d.o.o.
[4] Net financial liabilities = Current and non-current financial liabilities less cash and cash equivalents
[5] Financial leverage = Net debt / (Equity + Net debt)

[Events after the end of the accounting period]

There were no events after the reporting date that would significantly affect the operations in 2013 reported herein.

[Petrol's shares]

For investors at the Ljubljana Stock Exchange, the year 2013 was generally a successful one. At the end of the year, share prices were on average higher than at the end of 2012, and this was reflected in the SBI TOP index, which gained 3.2 percent relative to the end of 2012.

Petrol's shares are traded on the prime market of the Ljubljana Stock Exchange (LJSE), and have been listed there since 5 May 1997. In 2013 the volume of trading in Petrol's shares at the stock exchange amounted to EUR 24.1 million, down 5.5 percent from 2012, although the shares were again one of the most traded among those listed on the Ljubljana Stock Exchange.

In 2013 Petrol's shares were on a downward trend, while the SBI TOP index gained 3.2 percent. The shares accounted for 21.35 percent of the index as at 30 December 2013.

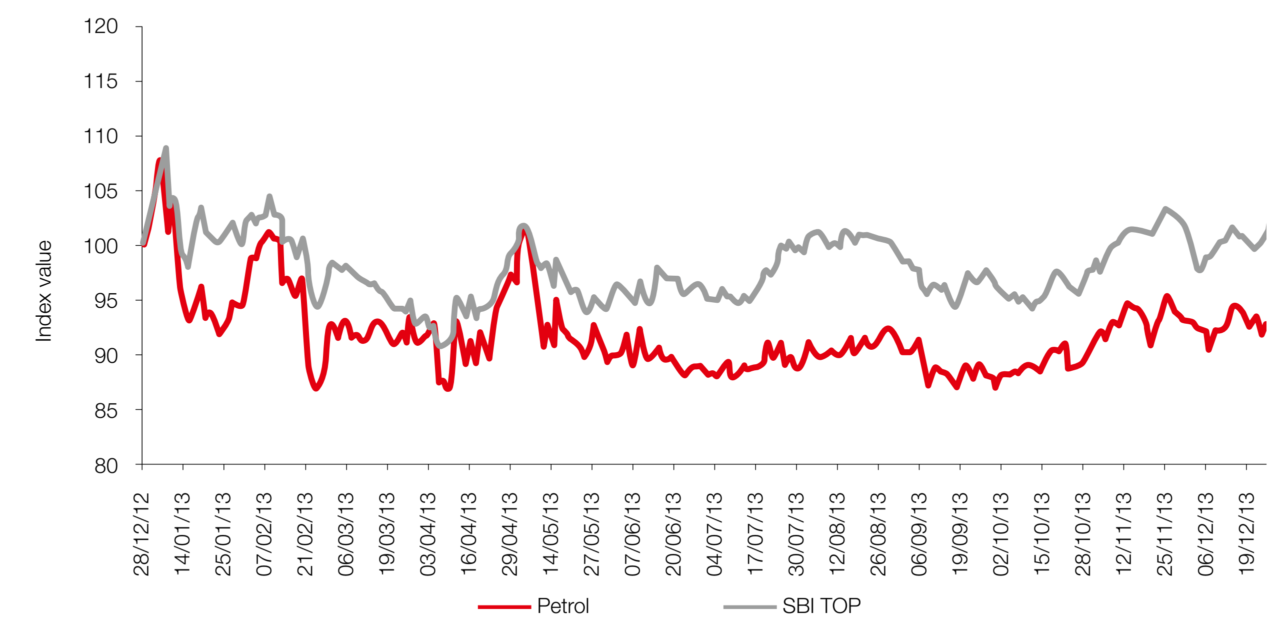
At the end of December 2013, the share price was by 7.8 percent lower year-on-year, but has doubled since the listing. The average price of Petrol's shares, which stood at EUR 217.02 in 2013, rose 18.0 percent year-on-year. The share price ranged between EUR 205.0 and EUR 255.0 during this period.

Trading volume and market capitalisation

In 2013 the volume of trading at the stock exchange amounted to EUR 24.1 million, down 5.5 percent from 2012, but the average price of Petrol's shares in 2013 was still 18 percent higher year-on-year. The trading in Petrol's shares accounted for 6.2 percent of the LJSE total trading volume, which stood at EUR 391.8 million, and for 8.0 percent of the share trading volume, falling short of the previous year's figures in both cases.

The shares of Petrol d.d., Ljubljana were ranked fourth on the Ljubljana Stock Exchange by trading volume. On average, the monthly volume of transactions involving Petrol's shares totalled EUR 2.0 million. The number of shares traded and transactions recorded in 2013 was lower than in 2012.

Changes in Petrol's closing share price base index against the SBI TOP index in 2013 compared to the end of 2012



Petrol's share prices in the period 2012–2013 in EUR

	2013	2012
Shares outstanding	2,086,301	2,086,301
High	255.00	236.40
Low	205.00	156.20
Average price for the current year	217.02	183.91
Price as at last trading day of the current year	218.00	236.40
Price increase/decrease (as at last trading day of the year)	-7.78%	52.42%

The market capitalisation of Petrol d.d., Ljubljana as at the last trading day of 2013 totalled EUR 454.8 million, which accounted for 8.8 percent of the stock market's total capitalisation. Petrol d.d., Ljubljana was ranked third in terms of market capitalisation as at the last day of 2013.

The ratio between the shares' market price and book value as at the end of 2013 – the latter amounting to EUR 222 – was 0.98 (P/BV), which was less than at the end of 2012. The ratio between the shares' market price as at the end of 2013 and earnings per share stood at 14.9 (P/E).

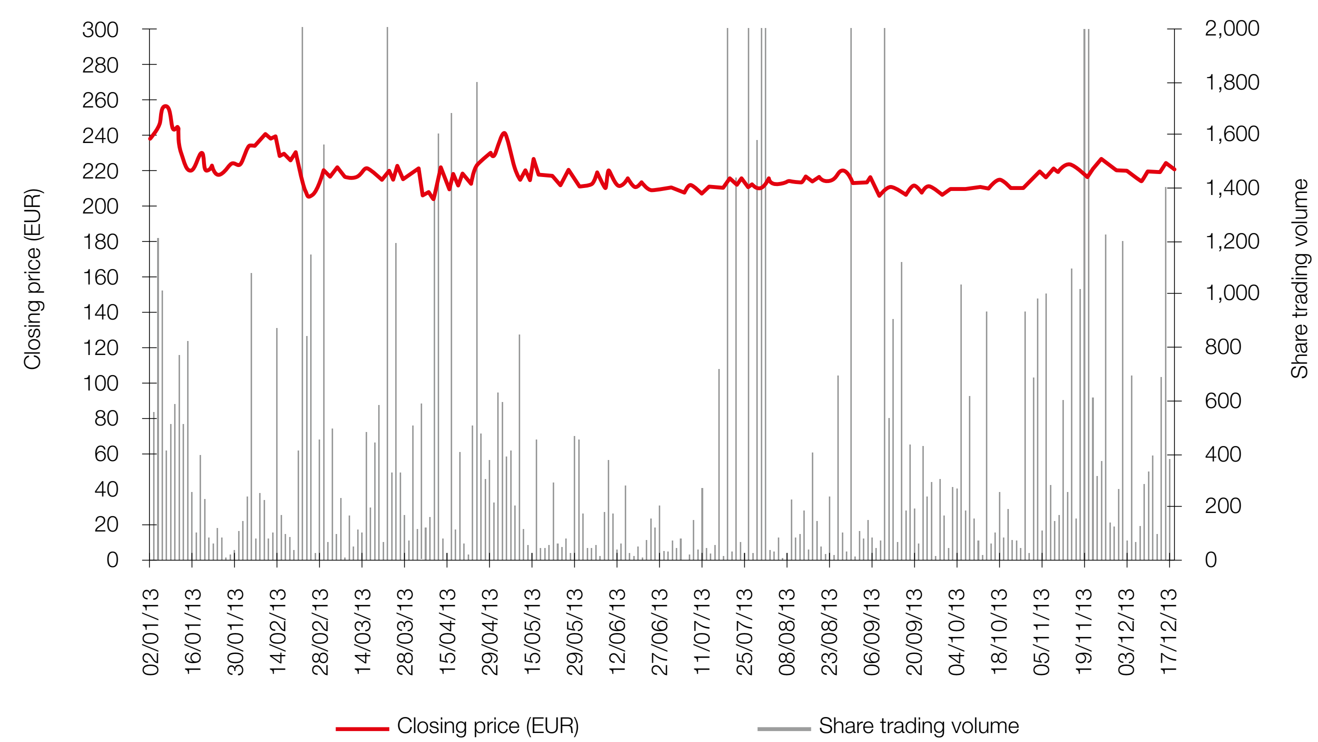
Key financial indicators for Petrol's shares

Earnings per share (EPS) for the year stood at EUR 14.65 and cash earnings per share (CEPS) at EUR 27.29. The return per share calculated using the share price as at the end of 2013 and the share price as at the end of 2012 stood at -7.8 percent. Combined with the dividend yield of 4.2 percent, the total return per share stood at -3.6 percent in 2013.

Share capital structure

The share capital structure of Petrol d.d., Ljubljana did not change significantly in 2013 compared to the end of the previous year. With 412,009 shares, Slovenska odškodninska družba, d.d., is still the largest single shareholder, followed by Kapitalska družba d.d. with 172,639 shares and NLB d.d. with 126,365 shares. Other large single shareholders include Istrabenz d.d., GB d.d., Kranj, Vizija Holding k.d.d.,

Closing price and the volume of trading in Petrol's shares in 2013



Vizija holding Ena, k.d.d., Hypo bank d.d., Nova KBM d.d. and Československa Obchodni Bank, A.S. - Fid. At year-end, 156,173 shares or 7.49 percent of all shares were held by foreign legal or natural persons. The number of foreign shareholders increased by 1.2 percentage points in 2013, while the total number of shareholders decreased from 36,148 as at the end of 2012 to 35,171.

The chart presenting the share capital structure is shown in the chapter on the corporate governance of Petrol d.d., Ljubljana.

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 its shares on the stock exchange, is published on the Company's website. All changes to the prospectus are published in the Company's strategy document, annual report of Petrol d.d., Ljubljana and its public announcements available from the Company's website www.petrol.si and the website of the Ljubljana Stock Exchange seonet.ljse.si.

Authorised capital

At the 20th General Meeting of Petrol d.d., Ljubljana of 6 May 2010 a resolution on the proposed amendment to the Articles of Association was adopted which authorises the Management Board to increase, with the approval of the Supervisory Board and without an additional resolution of the General Meeting, the share capital of the Company within five years of the entry of this amendment in the Register of Companies up to the amount of one half of the share capital as at the date of the adoption of this resolution, which totals EUR 26,120,488.52 in nominal terms, by issuing new shares as consideration (authorised capital).

Contingent increase in called-up capital

The General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions in 2013 regarding the contingent increase in called-up capital.

Reserves for own shares

Petrol d.d., Ljubljana did not repurchase its own shares in 2013. At year-end, the Company held 24,703 own shares, representing 1.2 percent of its registered share capital. Their total book value equalled EUR 2.6 million as at 31 December 2013 and was EUR 2.8 million lower than their market value on that date.

Own shares, in total 36,142, were purchased between 1997 and 1999. The Company may acquire own shares only for the purposes laid down in Article 247 of the Companies Act (ZGD-1) and as remuneration to the Management Board and the Supervisory Board. Own shares are used in accordance with the Company's Articles of Association.

Shares owned by Supervisory Board and Management Board members as at 31 December 2013

Name and Surname	Position	Shares owned	Equity share
Supervisory Board		5	0.00%
Internal members		0	0.00%
1. Ika Krevzel Panić	Supervisory Board member	0	0.0000%
2. Zoran Gračner	Supervisory Board member	0	0.0000%
3. Andrej Tomplak	Supervisory Board member	0	0.0000%
External members		5	0.00%
1. Tomaž Kuntarič	Supervisory Board president	0	0.0000%
2. Irena Prijović	Supervisory Board deputy president	0	0.0000%
3. Igo Gruden	Supervisory Board member	0	0.0000%
4. Matija Blažič	Supervisory Board member	0	0.0000%
5. Klemen Ferjančič	Supervisory Board member	0	0.0000%
6. Mladen Kaliterna	Supervisory Board member	5	0.0002%
Management Board		260	0.01%
1. Tomaž Berločnik	Management Board president	0	0.0000%
2. Janez Živko	Management Board member	40	0.0019%
3. Rok Vodnik	Management Board member	220	0.0105%
4. Samo Gerdin	Management Board member/Worker director	0	0.0000%

Overview of dividend payments 2008–2012

Period	Total dividends in accordance with General Meeting resolution	Gross dividend per share
2009	EUR 12,309,175.90	EUR 5.90
2010	EUR 15,647,257.50	EUR 7.50
2011	EUR 17,211,983.25	EUR 8.25
2012	EUR 20,863,010.00	EUR 10.00

A dividend policy maximising long-term returns

A shareholder policy that is based on a long-term maximisation of returns for shareholders is one of the cornerstones of Petrol's development strategy. Petrol's management board advocates a stable long-term dividend payout. This fits best with the Company's development needs as it delivers more predictable returns and long-term stability of Petrol's share price.

In accordance with a resolution of the 23rd General Meeting of 4 April 2013, Petrol paid out in 2013 a gross dividend for 2012 of EUR 10.00 per share.

Accumulated profit

The accumulated profit of Petrol d.d., Ljubljana, as determined in accordance with the Companies Act (ZGD-1), stood at EUR 20.86 million in 2013.

Regular participation in investors' conferences and access to information

Petrol d.d., Ljubljana continues its programme of regular cooperation with domestic and foreign investors, which consists of public announcements, individual meetings and presentations, and public roadshows.

The Company regularly attends investors' conferences that are organised each year by the Ljubljana Stock Exchange, Vienna Stock Exchange, brokerage companies and banks. In April 2013, Petrol participated in the Prime Market investment conference organised by the Ljubljana Stock Exchange in Ljubljana. In September 2013, it took part in an online roadshow of Slovene companies organised by Alta. In December 2013, the Company attended a second conference organised by the Ljubljana Stock Exchange.

In addition to the above, several individual meetings were held with domestic and foreign investors throughout the year.

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.

[Business risks]

Business risk management

All companies deal with business uncertainty, which is even more acute in the time of economic crisis. At the Petrol Group we realise this, which is why we have integrated our business risk management policy into the process of strategic business planning and of making individual operational decisions.

The Petrol Group uses a comprehensive business risk management system to continuously monitor the risks in its business environment, making sure that the Company's key risks are identified, assessed and controlled in due time. Business risk management is integrated into the entire organisational structure and all levels of the business process.

In 2013 the Petrol Group regularly monitored exposure to various types of risk and carried out activities to contain them. Through efficient responses we were able to successfully manage and reduce individual business risks.

Events in 2013 reflected in business risks and business risk management

The continuation of the economic downturn and financial crisis had a profound effect on businesses and also on the management of business risks within the Petrol Group in 2013. As a result we focused even more on the management of financial risks, most of all on the containment of credit and liquidity risks. Our customers' solvency and, by extension, the balance and quality of operating receivables were given the most attention. Liquidity and short-term solvency of Petrol Group companies was ensured through the central management and reconciliation of current cash flows and by entering into agreements with banks to increase or maintain credit lines.

The availability of long-term funding in Slovenia and on foreign financial markets dried up significantly in 2013 and its price shot up, with loan approval times also increasing. We were nevertheless successful in obtaining long-term funding, acquiring almost EUR 100 million in long-term loans. The financial position of the Petrol Group remains stable despite these difficult conditions.

Considering all the measures taken within the Petrol Group in connection with financial risk management, we can safely say that we are successfully adapting to changes in capital and financial markets.

The Petrol Group is gaining an increasingly prominent role in electricity production, sale, distribution and trading, and therefore devotes more attention to risks in this area. We estimate that considering the scale of this business, electricity-related risks were appropriately hedged in 2013, but as the business expands, we will continue to improve the management of these risks in the future.

With the adoption of the Framework Management Policy of the Petrol Group at the end of 2012, a basis for functional responsibility of the parent company's departments in subsidiaries was established. This will further contribute towards unified risk management within the Petrol Group. In 2013 cooperation protocols between the departments of the parent company and its subsidiaries were elaborated. These protocols aim to establish functional responsibility, improve the performance of business processes and thus become a business risk management tool.

Petrol's business risk model with most relevant and probable business risks

Petrol's business risk model consists, in substance, of a set of 20 business risk categories divided into two major groups: environment risks and performance risks.

The Business Risk Management Committee held four meetings in 2013 at which it discussed the preparation of the Annual Business Risk Management Report of the Petrol Group for 2012, assessed the business risks and approved the Business Risk Assessment Report of the Petrol Group for 2013 accompanied by business risk profiles.

In 2013 the Petrol Group's business risks were reassessed. This was performed the same way as in 2011, using the already existing assessment methodology, and also by individual markets in which the Petrol Group operates. Business risks were assessed according to two criteria: probability of a risk (frequency of an event occurring) and relevance of a risk (potential damage to operations), but also under the assumption that none are hedged against, as if risk hedging instruments did not exist. As in 2011, the risks were assessed in 2013 based on a 5-level scale of relevance and probability.

According to the results of the 2013 business risk assessment, the most relevant and probable business risks comprise the following financial risks: price, credit and foreign exchange risks. To control and manage these risks, the most rigorous control system possible is required. The Company uses such a system, which is described in more detail in sections dealing with individual financial risks. In addition to the main financial risks, the most relevant and probable risks include liquidity risks, financial environment risks, economic environment risks, commercial risks, legislation and regulation risks, business and financial decision-making risks and political risks. On average, most risks scored higher in 2013 in terms of probability and relevance than in 2011.

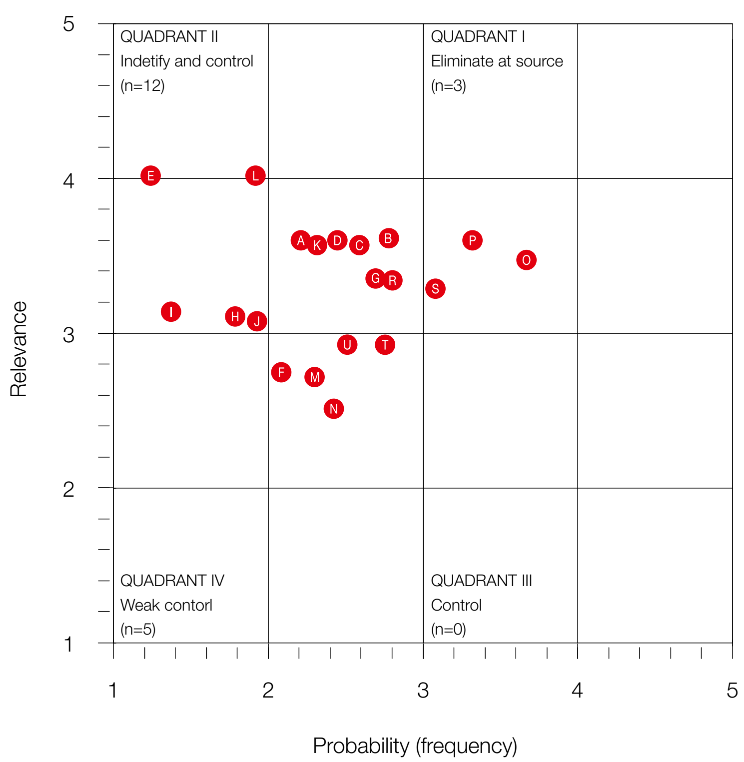
The end result of the 2013 business risk assessment was an inventory of risks, i.e. a risk category catalogue showing the most relevant and probable risks. The existing insurance system, specifically the transfer of certain business risks onto an insurance company, was also analysed. In addition, activities and recommendations for systematic risk management and control were defined.

The chart on the next page shows the distribution of individual business risks according to the latest assessment.

Business risk categories within the Petrol Group

I. Environment risks		
I.1. Political risks	I.3. Economic environment risks	I.5. Disaster risks
I.2. Financial environment risks	I.4. Legislation and regulation 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. Business and financial decision-making risks	II.5.2. Credit risks (counterparty risks)
II.1.3. Safety and protection risks	II.2.3. Strategic decision-making risks	II.5.3. Liquidity risks
II.1.4. Risks of discontinued operations	II.3. Information risks	II.5.4. Foreign exchange risks
	II.4. Risks of fraud and other illegal activities	II.5.5. Interest rate risks
		II.5.6. Financial instruments risks

Distribution of the Petrol Group's business risks according to the latest assessment



A Political risks
B Financial instruments risks
C Economic environment risks
D Legislation and regulation risks
E Disaster risks
F Human resources management risks
G Commercial risks
H Safety and protection risks
I Risks of discontinued operations
J Management risks
K Business and financial decision-making risks
L Strategic decision-making risks
M Information risks
N Risks of fraud and other illegal activities
O Price risks
P Credit risks
R Liquidity risks
S Foreign exchange risks
T Interest rate risks
U Financial environment risks

Probability (frequency) levels:
1 – Event can occur less than once every three years
2 – Event can occur at least once every three years, but no more than twice a year
3 – Event can occur more than twice a year, but no more than once a month
4 – Event can occur more than once a month, but no more than once a week
5 – Event can occur more than once a week

Relevance levels:
1 – Potential damage to operations is less than EUR 50,000
2 – Potential damage to operations is between EUR 50,000 and EUR 250,000
3 – Potential damage to operations is between EUR 250,001 and EUR 1,000,000
4 – Potential damage to operations is between EUR 1,000,001 and EUR 5,000,000
5 – Potential damage to operations is more than EUR 5,000,000

Based on the assessment obtained for individual risk categories in terms of relevance and probability, risks are classified into four quadrants giving a broad indication of what kind of control system should be in place in order to control and manage them.

In 2013 individual risk categories were managed as follows:

I. ENVIRONMENT RISKS

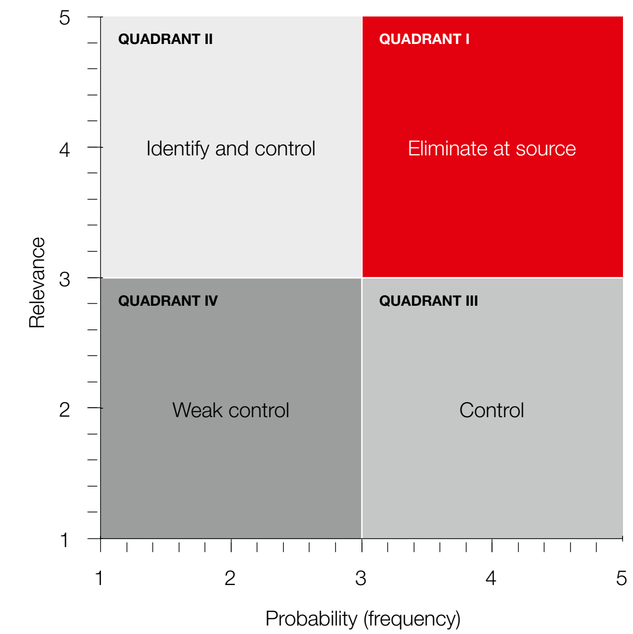
The Petrol Group hedges against external environment risks by systematically monitoring developments in the business environment and responding to them in a timely manner. The most relevant and probable business risks included in the group of external environment risks comprise financial and economic environment risks, and legislation and regulation risks. Although relevant, disaster risks, which also belong to this group, have a low probability (frequency). Political risks were assessed as medium-relevance and medium-probability risks and as such classified into the second quadrant.

We try to identify the financial environment risks also through financial planning and simulations as well as through cooperation with the financial environment (banks, financial institutions, investors). What is more, these risks are taken into account when preparing the strategic business plan.

The economic environment risks are managed by constantly monitoring competitors and analysing operations of electricity, oil and gas companies, as well as by means of market surveys, benchmark analyses, customer satisfaction measurement, etc.

The legislation and regulation risks are managed by proactively engaging with institutions that are able to amend relevant laws and by analysing the impact of relevant legislative proposals and changes on the Petrol Group's operations.

Schematic diagram of business risk management within the Petrol Group and control methods



II. PERFORMANCE RISKS

Performance risks include operating risks, management and decision-making risks, information risks, risks of fraud and other illegal activities, and financial risks.

II.1. Operating risks

Operating risks are a category of risks that includes human resources management risks, commercial risks, safety and protection risks, and risks of discontinued operations. According to the latest assessment, commercial risks are the most relevant and probable of these risks.

Commercial risks include the risks of customer dissatisfaction, risks of limited supply sources of petroleum products and other goods, risks of ineffective alliances, risks of inefficient distribution channels, risks of low service quality or sale of poor-quality products, and risks of inefficient development of new products and services. The Petrol Group hedges against these types of business risks by regularly assessing its service stations, measuring customer satisfaction, exercising comprehensive supervision over its suppliers, controlling the quality of products, using an elaborated claims and complaints handling system, and by educating sales personnel and travelling salesmen on a regular basis.

II.2. Management and decision-making risks

Management and decision-making risks are closely connected to operating risks. They include management risks, business and financial decision-making risks and strategic decision-making risks, which were, according to the latest assessment, the most relevant and probable management risks.

The management risks are controlled through the regular measurement of organisational climate across the Petrol Group, the annual interview system and the measurement of the quality of internal services. The business and financial decision-making risks are managed by implementing and improving various organisational rules and by regularly monitoring operations and reporting to various stakeholders. The strategic decision-making risks are contained by means of a clear strategy and control over its implementation, as well as by organising annual conferences.

II.3. Information risks

According to the latest assessment, information risks are one of the least probable (frequent) and least relevant risks, but are by no means negligible. The management of risks related to ICT adequacy and security is therefore vital and requires ongoing activity in this field. Timely and complete provision of information about new business processes, products and services to all departments concerned is also important.

II.4. Risks of fraud and other illegal activities

The management of the risks of fraud and other illegal activities requires constant supervision and control despite their low probability (frequency) and relevance.

II.5. Financial risks

Financial risks feature most prominently among the business risks. The most relevant and probable financial risks include price risks, credit risks and foreign exchange risks, with liquidity risks, interest rate risks and financial instruments risks having a less prominent profile. Detailed information about exposure to individual types of financial risk and disclosures about financial instruments and risks are provided in notes to the financial statements, specifically in the Financial instruments and risks chapter.

Price and foreign exchange risks

The Petrol Group purchases petroleum products under international market conditions, pays for them mostly in US dollars and sells them in local currencies. Because the global oil market and the US dollar market constitute two of the most volatile global markets, the Petrol Group is exposed to both the price risk (changes in the prices of petroleum products) and the foreign exchange risk (changes in the EUR/USD exchange rate) while pursuing its core line of business. The petroleum product-pricing model allows for changes in global petroleum product prices and exchange rates to be passed on to domestic selling prices. The exposure of the Petrol Group to price and foreign exchange risks is thus considerably reduced.

Key foreign exchange rates in 2013 and 2012

Per 1 euro	As at 31/12/2012	As at 31/12/2013	Change in % (2013/2012)	Low in 2013	High in 2013	Average for 2013
USD	1.3183	1.3783	5%	1.2768	1.3805	1.3281
HRK	7.55	7.625	1%	7.4446	7.646	7.5786
RSD	113.39	114.14	1%	110.43	114.96	112.94

As far as supplying electricity to end customers is concerned, the parent company appropriately managed price and quantity risks by matching suppliers' terms of procurement with the terms of sale applying to customers. By managing electricity-related risks, the Company aims to keep pace with the quick expansion of this business.

The controlling company supervises and offers advice on hedging against foreign exchange risks also at the level of subsidiaries. This mainly concerns risks arising from changes in the EUR/HRK exchange rate in Croatia. For this very purpose, the impact of changes in the EUR/HRK exchange rate on operations of Croatian-based companies was analysed – with the analysis being later updated on a regular basis – and suggestions for foreign exchange risk hedging prepared. As there were no significant fluctuations in the EUR/HRK exchange rate in 2013, no forward contracts were concluded to hedge the foreign exchange rate risk. In Croatia, the foreign exchange risk in procurement was reduced by substantially increasing the volume of procurement done in HRK in Croatia directly.

Foreign exchange risks are also encountered in Serbia with regard to the EUR/RSD exchange rate. Procurement in Serbia is done in RSD, which enables us to largely avoid the foreign exchange risks.

Transactions with derivatives are entered into only to hedge against price and foreign exchange risks and not for reasons of speculative nature.

Credit risks

The operating receivables management system provides us with an efficient credit risk management. In 2013 we focused on cataloguing the receivables management process and setting up additional defences to help us contain operating risks while managing credit risks. In accordance with the Instructions on the management of receivables from legal entities, we stepped up the collection of receivables, we are quicker to discontinue sales on open account to defaulting customers and we accelerated the use of legal remedies to collect receivables. Particular attention is given to individual treatment of major customers or customers in relation to which outstanding receivables balances exceed EUR 250,000. In 2013 we continued to attach stricter conditions to approving the amount of exposure (limits) to individual buyers and expand the range of first-class credit insurance instruments as a requirement to approve sales (mortgages, pledges, bank guarantees, letters of credit, insurance with SID - Prva kreditna zavarovalnica d.d. Ljubljana and other insurance companies, collaterals, corporate guarantees, securities). Already at the end of 2012, we began to introduce a new credit insurance and payment instrument – the enforcement draft. In addition, a contract was concluded with HKO d.d. Zagreb to cover credit risk to which our companies in Croatia are exposed.

A great deal of work is being put into managing receivables from large customers in Slovenia and significant attention is devoted to the collection of receivables in the SE European markets, where the solvency of businesses is even worse than in Slovenia. Receivables are systematically monitored by age, region and organisational unit as well as by quality and individual customer. To monitor receivables, we use a joint computer-based receivables management application, which provides us with automated control over the exposure to individual customers and the possibility to respond immediately. In addition to the above, control over credit insurance instruments received in connection with trade receivables is now organisationally centralised and done using a single computer system.

The credit risk was also the most significant financial risk to which the Petrol Group was exposed in connection with the sale of goods and services to natural and legal entities in 2013, but was contained using the above measures.

Despite the general weakening of the financial strength of our customers due to liquidity problems, decreased production and a drop in exports, we estimate that credit risks are adequately managed within the Petrol Group. Our estimate is based on the nature of our products, our market share, our large customer base, the vast range of credit insurance instruments and a higher volume of secured receivables. The Petrol Group too, however, is unable to avoid the consequences of a large number of bankruptcies, compulsory composition proceedings and personal bankruptcies.

Liquidity risks

The financial crisis in the Slovene and global financial market resulted in a substantially increased vigilance of the banking sector when it comes to financing individuals and companies.

Despite the above, we managed to secure for the Petrol Group sufficient short-term funds in 2013, which provided us with good-quality short-term financing. In 2013 the levels of petroleum product prices still required a high amount of short-term financing, which was ensured successfully. Although petroleum product price forecasts for the coming months indicate slightly lower price levels than those observed in 2013, the prices still remain high. Despite the current price forecasts, we are constantly actively working with banks to increase our existing credit lines as well as looking for credit lines with new banks.

As regards short-term funding, Petrol successfully carried out a third issue of its commercial papers worth EUR 60 million at the end of March 2013, followed by a fourth issue of EUR 56 million at the end of September 2013. The third and the fourth in the series of consecutive commercial paper issues received a very warm welcome from investors, who showed a great deal of interest, leading us to increase both issues' total nominal value from the initial EUR 50 million to EUR 60 million and EUR 56 million, respectively. This was the largest issue of corporate securities in Slovenia to date. The interest rate in the fourth issue was 3.4 percent p.a., while in the third issue it stood at 3.8 percent p.a. Although the interest rate in the fourth issue was reduced compared to the third one, there was still a lot of interest on the part of investors.

Recent successful issues of commercial papers show the tremendous trust and respect enjoyed by Petrol in the international and domestic financial markets.

Banks are currently less able to approve long-term funding sources and need considerably more time to approve long-term loans. We nevertheless managed to secure in 2013 enough long-term funding sources to finance our operations and investments.

Cash flow management requires considerable attention and prudence especially as regards the planning of cash inflows from lay away sales, seeing that a large number of our customers have problems financing their operations due to a general increase in the number of defaults and weaker sales.

The Petrol Group is capable of meeting all of its outstanding liabilities at any given moment. The Group's successful operations in particular are a guarantee for the Group's long-term solvency and boost its equity capital.

Interest rate risks

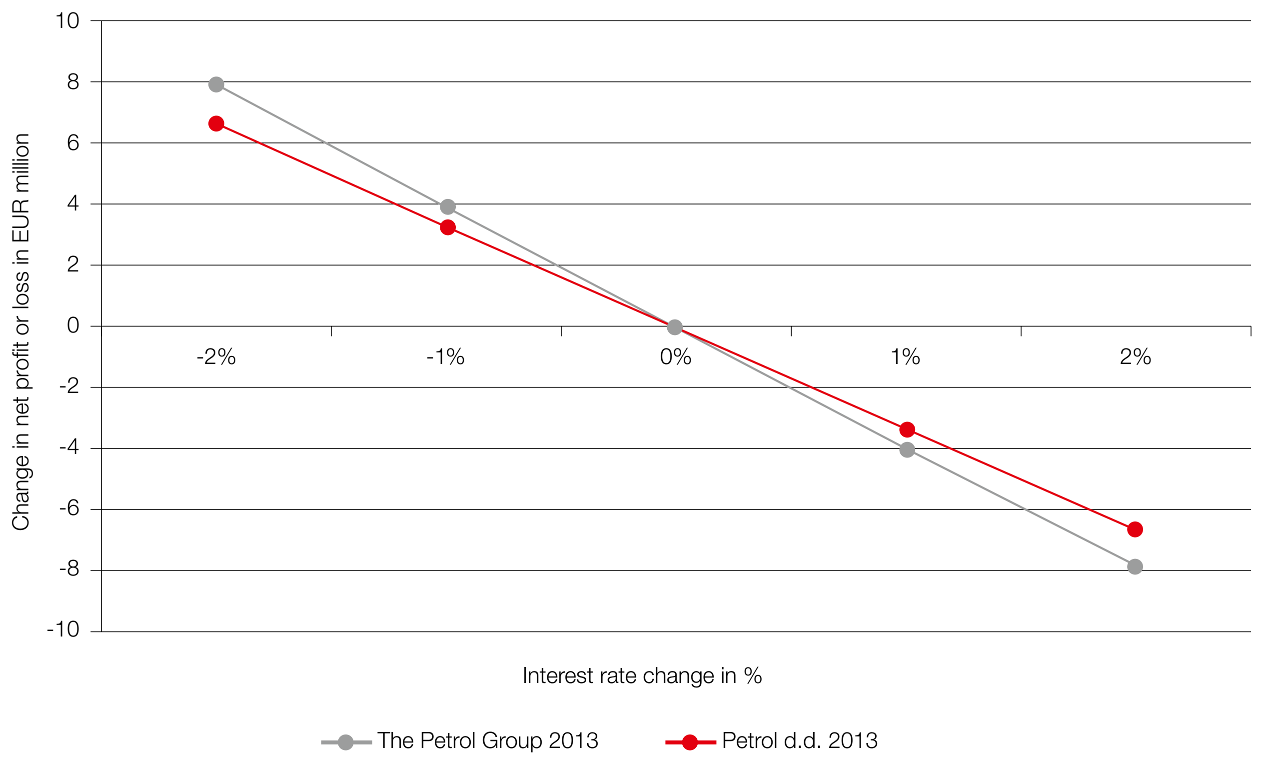
The Petrol Group regularly monitors its exposure to the interest rate risk. The controlling company's long-term loans contain a variable interest rate, which is linked to EURIBOR. In 2013 the average EURIBOR rate was lower than the 2012 average, but slightly higher than at the end of 2012. EURIBOR thus still remains very low. At the end of 2013, the Petrol Group's overall borrowing interest rate was lower than at the end of 2012. This is the result of lower EURIBOR rates, maturity of interest rate swaps with a high fixed interest rate from previous years, and Petrol's very competitive and low short-term borrowing interest rates.

To hedge against exposure to the interest rate risk, a portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments. Under internal rules, the exposure to the interest rate risk is hedged up to 75 percent of the Petrol Group's net interest position. When deciding whether to pursue additional hedging activities, forecasts regarding interest rate changes are considered. The time of hedging and the type of instruments used to this effect are determined based on market conditions. In 2013 interest rate hedging contracts were entered into in connection with raising new long-term loans, in which case the variable interest rate portion of the loans was converted to a fixed rate. In addition, fixed-rate commercial papers were issued. The total amount of interest-rate hedging contracts, including the commercial paper issue, stood at EUR 116 million in 2013. At the end of 2013, the balance of interest-rate hedging contracts, including the commercial papers, stood at EUR 376 million.

EURIBOR RATES IN 2013 AND 2012

	As at 31/12/2012	As at 31/12/2013	Change in % (2013/2012)	Low in 2013	High in 2013	Average for 2012	Average for 2013
6-month EURIBOR	0.320%	0.389%	22%	0.316%	0.393%	0.828%	0.336%
3-month EURIBOR	0.187%	0.287%	53%	0.188%	0.298%	0.574%	0.220%
1-month EURIBOR	0.110%	0.216%	96%	0.109%	0.245%	0.326%	0.129%

The effect of changing interest rates on net profit or loss



Internal audit

Organisationally, 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 operates across the Petrol Group. The purpose of Internal Audit is to give objective assurance and advice to the Management Board and to management at all levels as regards property protection, 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 operates in accordance with the Charter and 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.

Internal Audit's annual work programmes are approved by the Management Board and the Supervisory Board's Audit Committee. Internal Audit provides regular reports on its work to the Management Board and reports at least quarterly to the Supervisory Board's Audit Committee. In 2013 the Audit Committee received internal audit reports on all audits, findings and recommendations for improving supervisory controls and risk management within the Petrol Group, and quarterly reports on the work of Internal Audit and implementation of recommendations.

In 2013 Internal Audit continued to carry out certain procedures to improve the quality of work:

- due to changes in the Petrol Group's operations it updated the set of departments/processes within the Petrol Group (the audit universe);
- based on the COSO methodology, it reassessed risks according to processes and organisational units of the Petrol Group, taking into account the significance of the processes and the date of the previous internal audit;
- based on the new risk assessment, Internal Audit's work programme for 2014 was approved in November 2013;
- it carried out procedures to measure the efficiency of internal audits.

The verification of the functioning of internal controls in the Petrol Group's retail network was carried out by a dedicated team of qualified experts who mainly control the monitoring of service stations, logistics and storage facility operations from the perspective of goods and finance.

Internal Audit performed 21 audits in 2013, of which nine extraordinary audits and three reviews. All regular audits were carried out using the System Based Auditing approach to verify the integrity of financial reporting, compliance with legislation and internal rules, implementation of the Petrol Group's strategy and process effectiveness. In terms of their content, the audits were focused mainly on verifying the efficiency of financial risk management and on operations of subsidiary companies in SE Europe.

In 2013, in addition to regular and extraordinary audits, Internal Audit regularly monitored the implementation of recommendations from previous and current years and, in accordance with the Management Board's instructions, took part in five Company projects related to the risk management system of the Petrol Group.

BUSINESS ACTIVITIES

The Petrol Club comprises over

500 thousand

loyal members.

[Oil and merchandise sales]

Key impacts on operations

The pricing of petroleum products is chiefly subject to national pricing regulations, changes in petroleum prices on the global market and changes in the US dollar exchange rate.

Pricing of petroleum products

Slovenia

In Slovenia, fuel prices were set in accordance with the Regulation on the Price Methodology for Oil Derivatives ("Uredba o oblikovanju cen naftnih derivatov") in force from 9 October 2012 to 9 October 2013. In the regulation, the model-based margin for government-regulated petroleum products was set at a fixed amount (EUR 0.08530 for a litre of petrol, EUR 0.07998 for a litre of diesel fuel and EUR 0.05265 for a litre of extra light heating oil).

Slovene gross margins for petroleum products are still below European average. In the case of petrol, they amounted to 76 percent of the average gross margin in the EU countries, in the case of diesel fuel to 62 percent and in the case of extra light heating oil to no more than 51 percent.

In October 2013, the Government of the Republic of Slovenia adopted a new petroleum product pricing regulation, which will remain in force until 9 October 2014. The pricing mechanism and the model-based gross margin are the same as before.

Fuel pricing in Croatia

In 2013 the prices of petroleum products were set in accordance with the Rules for Determining Maximum Retail Prices of Petroleum Products ("Pravilnik o utvrđivanju najviših maloprodajnih cijena naftnih derivata"). The prescribed methodology for setting maximum permitted retail prices of fuel is similar to the methodology in place in Slovenia. Also, the adjustment of prices is subject to changes in prices in the oil market and changes in the exchange rate of the US dollar against the national currency. Retail prices of petroleum products changed fortnightly according to the prescribed methodology, but they could decrease by no more than 6 percent relative to the previous model period and increase by a maximum of 3 percent.

The gross margin was fixed, but it decreased on 3 September 2013 from HRK 0.76 (EUR 0.101) to HRK 0.66 (EUR 0.088) for a litre of diesel and petrol and from HRK 0.58 (EUR 0.077) to HRK 0.50 (EUR 0.067) for a litre of extra light heating oil. The retail price no longer includes the mandatory stocks duty and the premium for encouraging biofuel production. In accordance with EU law, the Government of the Republic of Croatia has instead introduced new excise duties amounting to HRK 3.46 (EUR 0.461) for a litre of petrol, HRK 2.66 (EUR 0.354) for a litre of diesel and HRK 0.423 (EUR 0.056 EUR) for a litre of extra light heating oil.

Retail prices may also be lower than the maximum price permitted. At motorway service areas and at certain service stations on the coast (marine fuelling stations), however, they may exceed the model-based prices. Oil retailers have been allowed since June 2013 to set prices for petroleum products containing additives autonomously, provided that customers can also purchase a certain petroleum product without additives.

In Croatia, a law was adopted on 31 January 2014 that fully liberalises the pricing.

Fuel pricing in Bosnia and Herzegovina

In Bosnia and Herzegovina, the 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 four days in advance, whereas in the Republic of Srpska changes in prices need not be notified in advance. Due to the free setting of prices, retail fuel prices vary according to the location of a service station: they are lower in the Republic of Srpska where lower procurement prices can be achieved thanks to its supply sources. In addition, there is increasingly more unfair competition, which, as a result of dumping and poor quality of fuel, has an appreciably detrimental impact on Petrol's market position. The problem of unfair competition has been recently observed also in the Federation of Bosnia and Herzegovina.

Fuel pricing in Serbia

Since the new legislation liberalising Serbia's oil market (unregulated imports of oil and petroleum products) entered into force on 1 January 2011, the prices of petroleum products have no longer been government-regulated and are set freely in accordance with market conditions.

Fuel pricing in 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 2011. The prices change fortnightly, provided that prices on the oil market (Platts European Marketscan) and the exchange rates of the euro and the US dollar change by more than 5 percent. In addition to market oil prices and changes in the exchange rates of the euro and the US dollar, the price calculation methodology includes taxes, the costs of transhipment, handling, bank charges, storage, transport, distribution and retail operations, as well as (excise) duties and an oil companies' margin. The gross margin is fixed at EUR 0.063 for a litre of petrol, EUR 0.064 for a litre of eurodiesel and EUR 0.076 for a litre of extra light heating oil.

Fuel pricing in Kosovo

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

Changes in oil prices in 2013

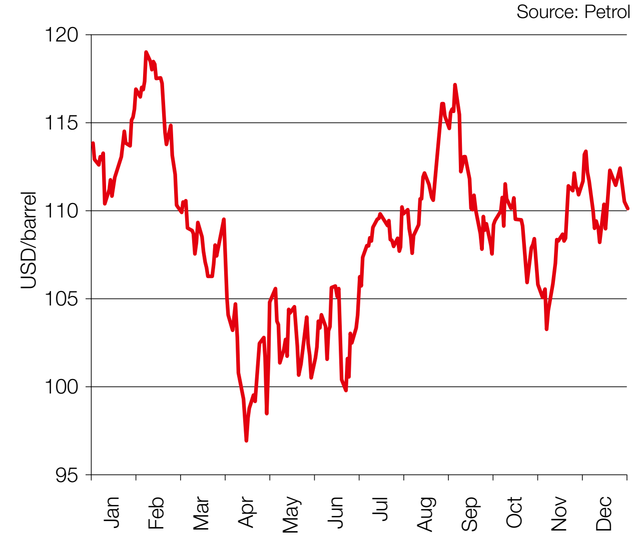
In 2013 oil prices were chiefly affected by expectations regarding the economic recovery, political tensions and economic situation in the euro area.

Oil prices per barrel ranged from USD 96.8 to USD 119.0 in the period concerned. In 2013 the average price of crude oil stood at USD 108.7 per barrel, down 3 percent year-on-year. The average price in euros was down 5 percent. The prices of petrol and middle distillates followed the same trends as crude oil prices.

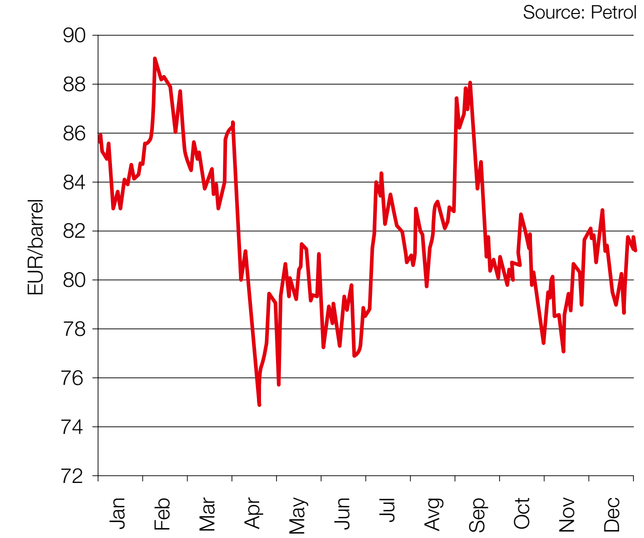
US dollar exchange rate

The average exchange rate of the US dollar according to the reference exchange rate of the European Central Bank stood at 1.33 US dollars for 1 euro in 2013.

Changes in crude oil prices in 2013 in USD/barrel



Changes in crude oil prices in 2013 in EUR/barrel



Sales performance

In Slovenia in particular, the sales of petroleum products and of other goods and services were affected by the deepening of the economic crisis. Our response to the difficult business environment was to bring novelties into our operations, expand the network of our service stations and extend our sales to EU markets, thus achieving satisfactory sales performance.

Sales of petroleum products

In 2013 we sold 2.8 million tons of petroleum products, an increase of 9 percent over 2012 and 7 percent more than planned. 57 percent of our sales were generated in Slovenia, 18 percent in EU markets, and the remaining 25 percent in the markets of SE Europe. Further, 45 percent of the sales were generated in retail and 55 percent in wholesale operations. The sales in Slovenia fell 1 percent relative to 2012, with the sales in the EU and SE European markets increasing by 44 and 13 percent year-on-year, respectively.

As far as individual categories of petroleum products are concerned, the Petrol Group's sales of motor fuels rose 11 percent relative to 2012, with the sales of extra light heating oil increasing by 3 percent, mainly in EU and SE European markets. The downward trend in motor fuel and extra light heating oil sales in Slovenia continues. Slightly lower sales mainly stem from the country's economic situation, but are also the result of high retail prices as compared to the neighbouring countries. In 2013 motor fuel prices were largely higher as compared to the neighbouring countries, which was adversely reflected especially in sales at border service stations.

Changes in the fuel sales structure have considerable influence on Petrol's business results. The share of diesel in the fuel sales structure continues to increase, which is typical of recent years. This is still chiefly the result of changes in the composition of our customers' vehicle fleets and the rather high share of lorry transit through Slovenia in the overall transport. What is more, the Regulation on the Price Methodology for Oil Derivatives in place in Slovenia stipulates a lower gross margin for diesel fuel than petrol.

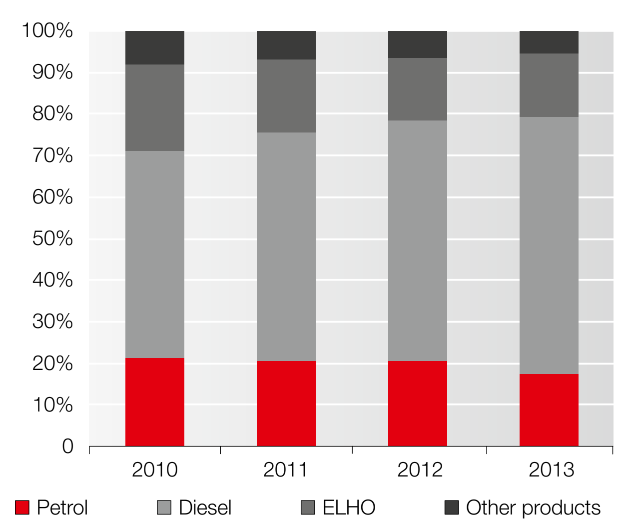
Merchandise

In 2013 the Petrol Group generated EUR 474.8 million in revenue from merchandise sales, an increase of 1 percent on 2012 and 5 percent less than planned. Out of this amount, EUR 453.7 million was associated with oil and merchandise sales and EUR 21.1 million with energy operations (sale of wood biomass and heat pumps).

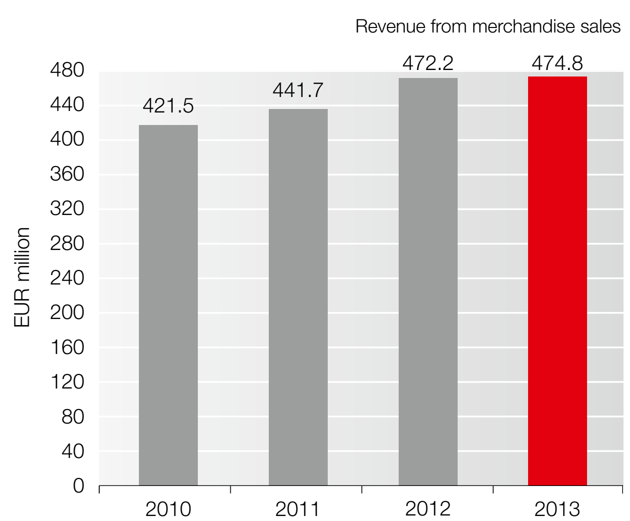
Compared to 2012, sales increased in the automotive products segment, the accessories segment and the hot beverages segments. The sale of catalogue items through the Petrol Club catalogue and loyalty schemes was continued and further developed.

Slightly poorer sales were recorded in connection with food products compared to the previous year, a reflection in particular of changes in economic and social conditions, which are in turn translated into significant changes in customers' shopping habits. When it comes to the sale of merchandise, the Petrol Group still generates the bulk of its revenue in Slovenia, but has also been intensively working on further bettering the sales performance in the markets of SE Europe.

Breakdown of the Petrol Group's sales of petroleum products 2010–2013



The Petrol Group's merchandise sales



Sales of services

The majority of the Petrol Group's revenue from services is generated by the parent company. The Group's major revenue streams coming from services related to oil and merchandise sales include revenue generated from storing and handling petroleum products, from transport services, car washes, leasing of restaurant facilities and the Petrol Club card. New services are added to this range every year.

Supplementary range

The range at Petrol's points of sale is modified and expanded to adapt it to the needs of customers visiting our service stations. New products have been introduced that open up new sales opportunities (a concept called Fresh) and the layout of shops adapted accordingly. At service stations, betting terminals were upgraded and installed at several new locations.

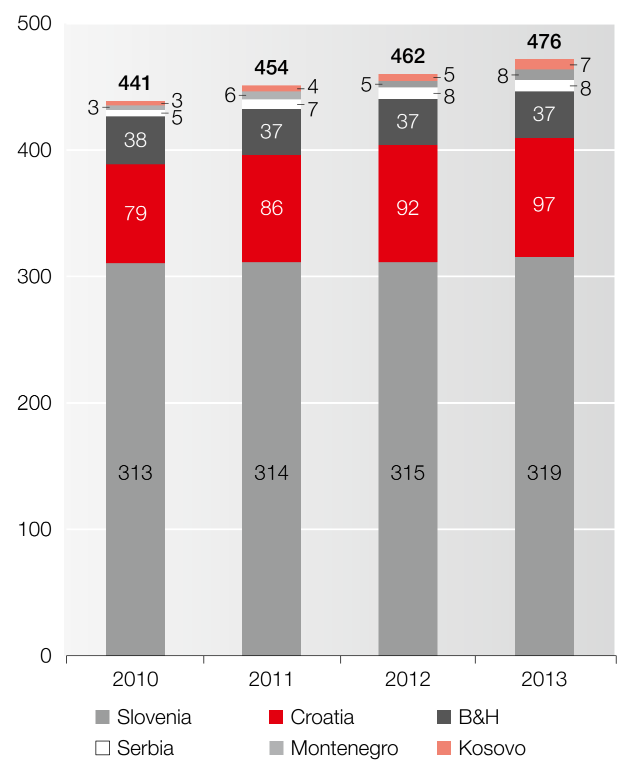
Retail network of the Petrol Group

By the end of 2013, the Petrol Group's retail network grew to 476 service stations: 319 in Slovenia, 97 in Croatia, 37 in Bosnia and Herzegovina, 8 in Serbia, 7 in Kosovo and 8 in Montenegro. Complementing the services provided at service stations are 126 car washes, 151 bars and 7 TIP STOP quick-service facilities. The latter are dedicated to the maintenance of freight and passenger vehicles.

There are 34 motor fuel retailers in Slovenia. With its 319 service stations, Petrol d.d., Ljubljana has a 58-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. Petrol's main competitor is the company OMV, which has a 20-percent share of the market (by the number of service stations). Thanks to the strategic expansion of its retail network, the Petrol Group is also becoming an increasingly important energy supplier in the markets of SE Europe. In Croatia, the Petrol Group holds an 11-percent market share in terms of the number of service stations. Its major retail competitors in this market are INA, CRODUX, Tifon and Lukoil Croatia. The companies Nestro Petrol, Energopetrol, INA and GAZPROM are Petrol's major competitors in Bosnia and Herzegovina, whereas in Serbia the companies with the largest retail network include NIS, Lukoil, OMV, EKO and AVIA.

In 2013 the autogas network grew by 19 additional service stations, making autogas available at 67 service stations in Slovenia, 59 in Croatia, 10 in Bosnia and Herzegovina, 8 in Serbia, 7 in Kosovo and 6 in Montenegro, a total of 157 service stations, at the end of 2013.

Expansion of Petrol's service station network 2010–2013



Service station opening hours are adjusted to reflect seasonal traffic flows and customer needs. To streamline our operations, we closed down a service station at a location with insufficient turnover.

Wholesale network of the Petrol Group

The Petrol Group sells half of its petroleum products on the wholesale market. Its market position enables it to provide an uninterrupted supply of motor fuels and other petroleum products, making it the leading supplier to companies in the markets in which it operates. In 2013 wholesale business processes were optimised (a reorganisation as part of which wholesale outlets were combined, sales support was centralised and the network of sales representatives was expanded). Petrol's broad network of sales representatives, appropriate technical and advisory support, and efficient logistics are key elements to secure a high level of sales services and competitive advantages. Despite the demanding economic situation we maintain close links with our business partners and remain an important supplier of energy products and raw materials to the industrial sector. Ongoing contacts with our business partners and open dialogue are a guarantee for a high level of customer satisfaction. We are well aware of the fact that we are deeply embedded in the industrial sector, which is why all of our business decisions are taken with great care. The year 2013 was again marked by intense competition, and the trend of falling domestic demand continued, particularly in construction. Although we were able to justify trust and either maintain or strengthen cooperation with our major customers through flexibility and reliability, we were still affected by the decline in production and the volume of work, which was reflected, among other things, in defaults in payment. This led us to take the necessary precautions to hedge our exposure to customers.

CRM and Petrol Club

In 2013 we continued to define the CRM strategy of the Petrol Group based on technological advancement, the assumptions of theory and the development of the entire Group. This involves the establishment of guidelines for CRM introduction and its role in successful long-term customer relationship management. The goal is to use the advantages and opportunities offered by proper interpretation and rollout of the CRM concept to improve performance results. We would like CRM to become one of the major management concepts.

In the scope of the CRM system upgrade at Petrol we prepared the proposal to redesign the Petrol Club loyalty scheme. Customers collect Golden Points whenever they make a purchase at Petrol. They can redeem these points for purchases at attractive prices of products and services from the Petrol Club catalogue, which is issued four times a year. The catalogue includes external partners' products as well as Petrol's brand products. Especially appealing to the customers are discounts on Petrol energy products. The functioning of the Petrol Club can be assessed as successful, since the number of Petrol Club cardholders increased also in 2013, reaching over 515,000 at the end of the year. Of these, more than 86,000 were holders

of the Petrol Club Loyalty Card. The proposal for the redesign is based on the analysis of the current situation and takes into account the recommendations from a project assignment as well as the response of the consumers who participated in six discussion groups organised in cooperation with a survey agency. The goal is to formulate a loyalty scheme and a bonus system that is even more satisfying to the wishes of our customers. The planned changes will be presented to customers in 2014.

Procurement and logistics

Efficient procurement and logistics of petroleum products and merchandise are key factors of the Petrol Group's successful operating performance. In 2013 the main goals in this area consisted of the Petrol Group improving the procurement terms achieved in 2012 and, as far as subsidiaries are concerned, continuing the optimisation of logistics processes. By becoming the full owner of the petroleum products storage facility in Sermin, Petrol considerably improved the security and reliability of its fuel supply chain in Slovenia and in the wider region. This also enabled it to increase greatly the volume of petroleum products sold to the neighbouring markets.

Procurement of petroleum products

The procurement strategy for motor fuels and middle distillates focuses on supply by sea, although inland refineries located in SE Europe, which complement the procurement network and increase the reliability of supply, mainly of derivatives for which there is local demand, are also important. Other petroleum products, such as fuel oil, bitumen and gas, are delivered only by land. Petrol buys most of its petroleum products from the largest multinational oil companies and some from major global oil and petroleum products traders. Many years of continuous cooperation with reliable and competitive suppliers give Petrol the status of a partner. As in the previous year, the purchased petroleum products were mostly delivered by sea. The demand for motor fuels at our subsidiaries in Croatia and Bosnia and Herzegovina was largely met from local refineries: in Croatia from refineries in Rijeka and Sisak, in Bosnia and Herzegovina from a refinery in Bosanski Brod. In the last quarter of 2013, Petrol entered into intense negotiations with local producers to secure a price of petroleum products that was as competitive as possible and ensure optimal logistics for supplying service stations and wholesale customers. In line with Petrol's long-term financial goals, sustainable orientation and key policies, the selection of suppliers is subject to the following factors:

- strict compliance of all products procured with applicable European standards and regulations;
- purchase price and other terms of procurement allow for the lowest procurement and logistics costs;
- reliability of supply, which allows for lower operational stocks and thus reduced costs of stock financing.

Procurement of merchandise

Key activities in the process of merchandise management are procurement activities. In 2013 Petrol carried out all procurement activities in the markets where it operates through its service stations with the aim of maximally streamlined and efficient management of all process elements so they would lead to the planned procurement and sales results. The main targets of merchandise procurement are the optimisation of procurement conditions and the provision of goods for the sale along with appropriate service provision at service stations in Slovenia and in the markets of SE Europe. We have consolidated many years of cooperation with individual suppliers, whereas with some we established new cooperation in the hope of it developing into a partnership. Together with the suppliers we made a selection of topical and interesting products for the regular product range for every individual market. We were also constantly on the lookout for interesting campaign products, which are appealing to both price-sensitive and trend-following customers. Special attention was paid to seasonal goods which are suitable for a certain period of a year or specific holiday.

In procurement, a well-organised document flow is important. In this respect, we aim to streamline our operations through electronically supported transactions with suppliers and distributors.

Delivery of goods to the points of sale is done either directly by suppliers (newspapers, ice cream, sandwiches) or via storage facilities, while in the case of virtual goods it is done through IT applications. Regular activities in the merchandise procurement process include stock optimisation at service stations and storage facilities and the optimisation of other logistics costs.

Petroleum products and merchandise logistics

In 2013 petroleum product logistics was managed with the aim of ensuring streamlined and optimal supply chains for fuel in all markets. We centralised the organisation of extra light heating oil transport in Slovenia and the supply of fuel to service stations and customers in Croatia, Bosnia and Herzegovina, Montenegro and Kosovo, as a result of which the entire process is now conducted from Slovenia. In Croatia, we terminated the lease contract in Zadar and additionally optimised the procurement and logistics of petroleum products. In Bosnia and Herzegovina, we carried out a call for tenders to replace fuel carriers and secured more favourable conditions to Petrol. In Slovenia, we optimised the fleet of tank cars. In May 2013, Petrol successfully acquired Instalacija d.o.o., integrating it into its logistics department, and extended the agreement with the current lessor under terms that are more favourable for Petrol. In the second half of the year, a new contractual user, an oil company, signed an agreement to use this facility.

Throughout the year, the volume of sales of delegated stocks to customers outside Slovenia and to the Agency of the Republic of Slovenia for Commodity Reserves was increasing significantly.

In bulk goods logistics, we successfully outsourced this process to an external provider, signing the agreement in the beginning of 2014.

[Gas and heat]

Natural gas and liquefied petroleum gas are considered top quality and cleanest fossil fuels, offering vast possibilities for use – from heating and industrial use to electricity production and vehicle propulsion. Both energy products are characterised by efficient use, low costs and mitigation of negative environmental impacts. The sale and distribution of gas have been gaining importance within the Petrol Group. Business activities involving liquefied petroleum gas are divided into several segments, i.e. gas sales through networks and gas storage tanks, autogas sales and bottled gas sales. Through district heating and cogeneration systems, we are also expanding the production and sale of heat.

Sale and distribution of gas

The Petrol Group is engaged in the supply of natural and liquefied petroleum gas as well as in the construction and management of gas distribution networks. The selling prices of liquefied petroleum gas in Slovenia are determined freely. Also freely determined are the selling prices of natural gas as an energy source (supply), whereas distribution prices (network fees) are approved by the Energy Agency of the Republic of Slovenia. In Croatia, the selling prices of liquefied petroleum gas are determined using a formula based on Platts Mediterranean LPG prices. Natural gas selling prices in Serbia are determined subject to the Serbia's Energy Agency approval. LPG prices are set freely in Serbia (based on quoted prices for Romania Bulgaria Serbia - RBS).

In 2013 the Petrol Group operated 28 gas supply concessions in Slovenia (22 for the supply of natural gas and 6 for the supply of liquefied petroleum gas) and, in Serbia, supplied natural gas to the municipalities of Bačka Topola and Pećinci as well as three Belgrade municipalities, which was made possible by acquiring the company Beogas Invest d.o.o. In addition, the company Petrol Plin d.o.o. has gas supply contracts in the towns of Šibenik and Rijeka. Liquefied petroleum gas is supplied to customers also through LPG storage tanks, service stations (autogas) and gas bottles.

At the end of 2013, we signed a long-term agreement in Slovenia for the supply of gas in gas bottles to Petrol's service stations, where customers can buy yellow Plindom gas bottles distributed by Istrabenz Plini and Plinarna Maribor. We thus established a stable bottled gas supply.

In 2013 Petrol Plin d.o.o. bought a storage and a filling station for liquefied petroleum gas in Ozalj. That way, Petrol Plin d.o.o. can supply not only Croatian customers, but potentially also a large part of the Slovene market. In March 2013, a joint venture was established, i.e. Petrol LPG d.o.o. based in Belgrade, through which we entered the LPG market in Serbia. The company is building an LPG terminal next to the Danube River in Smederevo to gain access to LPG sources in Russia, Belarus, Ukraine and Romania. The company plans to set up a trading platform and become one of the major market players in SE Europe.

The volume of natural gas sold by the Petrol Group in 2013 amounted to 121.8 million Sm^3, a decrease of 5 percent from 2012 and 2 percent less than planned. The lower sales of natural gas are mostly due to the economic crisis in Slovenia. The sales of liquefied petroleum gas totalled 68.5 thousand tons, which was 8 percent more than in 2012 and 2 percent more than planned. Out of this quantity, autogas, which is sold at 157 service stations, accounted for 25.9 thousand tons, up 10 percent from 2012. Petrol also sold 3.5 thousand tons of industrial gases or 8 percent more than in 2012.

Production, sale and distribution of heat

Supplying heat for heating purposes is turning into an important segment of Petrol's comprehensive energy product supply, which is done through district heating systems and heat and electricity cogeneration systems.

In 2013 Petrol expanded the wood biomass district heating system in Ribnica and Metlika, built a new wood biomass district heating system in Ivančna Gorica and obtained a district heating concession in Oplotnica. District heating is ensured by Petrol also in the municipalities of Piran, Ravne na Koroškem and Hrastnik. In 2013 the worn-out sections of the district heating system in Hrastnik and Ravne were repaired. At the end of 2013, the Petrol Group managed 7 district heating concessions. Heat and electricity are also produced in cogeneration plants enabling simultaneous generation of electricity and heat from primary fuel energy. All cogeneration plants use natural gas as their primary fuel. As it provides substantial natural gas savings, cogeneration is one of the most important ways of reducing greenhouse gas emissions. As a result, the year 2013 saw the launch of six new micro-cogeneration units installed as part of boiler-room refurbishment projects in schools and other public buildings.

In 2013 the Petrol Group sold 67.9 thousand MWh of heat or 7 percent more than in 2012 and 6 percent less than planned. The reasons behind the lower-than-planned sales were as follows: in 2012 all households installed heat cost allocators as required by law, customers are implementing energy efficiency and saving measures, the temperature in the last months of 2013 was above-average.

[Electricity]

Offering electricity to businesses and households consolidated Petrol's position as a major supplier of the full range of energy products across Slovenia and in the wider region.

The deregulation and liberalisation of the energy market made electricity more interesting for the Petrol Group as it plays an important role in all segments of the economy as well as for households. Besides its primary function of lighting, it is increasingly being used for heating and cooling buildings. In the future, it will play a particularly significant role as a new and environmentally acceptable motor fuel for various means of transport.

In 2013 Petrol sold 4.9 TWh of electricity, an increase of 101 percent relative to 2012. The production, sale and distribution of electricity were initially performed by Petrol Energetika d.o.o. Since 2010, however, supplying electricity to end customers and electricity trading in the international market has also been the domain of the parent company Petrol d.d., Ljubljana. In 2013 Petrol's companies based in Croatia, Bosnia and Herzegovina, Serbia and Montenegro were also engaged in electricity supply and trading.

The Petrol Group became even more actively involved in the international wholesale electricity market in 2013. As trading infrastructure developed and new markets emerged, it traded in all of the most important markets of Central and SE Europe. Through electricity trading in the international markets we aim to optimise procurement channels for Petrol's end customers and look for business opportunities in wholesale trading. Petrol's partners are the most renowned energy companies in Europe and around the globe.

In electricity supply to end customers, Petrol won in Slovenia 4,500 new household customers in 2013, up 17 percent over the year before. The Petrol Group is thus servicing 31,700 household customers. Sales were increased also in the segment of business customers.

In 2013 a considerable amount of development work was carried out. With the electricity market constantly changing, rapid adjustment to new conditions is the key to success. To help large customers manage the risks arising from long-term electricity supply contracts, we began offering them additional advanced services. The system of electricity sales to small business customers via wholesale representatives was further improved. In this way, Petrol made good use of its main advantage since the broad distribution network is a very powerful tool for establishing contacts with end customers all over Slovenia. To service our customers more efficiently, we improved the selling processes for all end customers, capitalising on the expertise and experience of our staff.

In 2013 we selected a provider of the ETRM platform, which includes all the tools necessary for the management of risks in electricity trading. All systems will be implemented in 2014, while the whole system is expected to become fully operational in the last quarter of 2014.

[Environmental and energy solutions]

Environmental solutions

In 2013 the Petrol Group operated four concessions for the public utility service of municipal wastewater treatment. The capacity of the treatment plant in Murska Sobota is 42,000 population equivalents (PE), in Sežana 6,000 PE, in Ig 6,000 PE and in Mežica 4,000 PE. Petrol also managed the industrial waste treatment plant at Vevče Paper Mill. All treatment plants operated well in 2013. As an important member of the company Aquasystems d.o.o., Petrol d.d., Ljubljana is also involved in the treatment of municipal wastewater in the Municipality of Maribor, the capacity of which is 190,000 PE. In 2013 we launched the reconstruction of the treatment plant in Ig and the construction of the accompanying pressure pipeline. The investment will be completed in 2014.

At the end of 2010, Petrol became involved in energy production from waste by acquiring Ihan Biogas Plant. In the second year of operating the plant, Petrol optimised its processes and stabilised its supply sources in terms of organic waste delivery. In 2013 we acquired a second biogas plant in Črnomelj, which also processes organic waste and produces green electricity. Thanks to this acquisition, we became Slovenia's biggest producer of green electricity from organic waste. In addition, we obtained grants, which will be used to add to Ihan Biogas Plant a dehydration plant for sludge obtained from treatment plants. Dehydrated sludge will then be transformed into secondary fuel for cement plants.

Energy solutions

As a strategic partner, the Petrol Group invests and offers a hand to its customers to help them improve their energy efficiency and the use of alternative resources. Every day more than 250 engineers and other energy experts from the Petrol Group help create success stories in Slovenia and abroad in the reconstruction of boiler rooms, electricity and heat cogeneration, improved functioning of district energy systems and water supply systems, efficient lighting, efficient energy management in buildings, construction of solar power plants and use of geothermal energy.

These activities relate to buildings and the optimisation of district energy and water supply systems, energy in industrial plants, comprehensive solutions for households, performance of the statutory programme for large energy suppliers, production of gas and oil and use of geothermal energy.

Contract-based energy supply and guaranteed savings – creating long-term partnerships

The most common model of executing projects for efficient energy consumption without the client having to make a start-up investment, in both the public and commercial sectors and in industry, is supply based on a long-term energy supply and guaranteed energy savings contract. A significant advantage offered by such a model to customers is that Petrol assumes all technical and economic risks of project implementation, provides all the funds required to carry out measures and supplies the client with all the necessary energy of suitable quality, also guaranteeing savings in the use of energy products compared to the existing situation.

In the field of energy solutions, the following projects and activities were carried out in 2013:

- district energy systems: contracts were signed for several projects,
- water supply systems: projects in Velenje and Trbovlje were being completed, several projects to be carried out in 2014 were developed, activities to guarantee savings in the water-supply system in Kranj, which became operational in 2012, were underway,
- efficient lighting: concession activities were performed in several municipalities and the lighting project was executed in Mercator and Nama,
- energy management in buildings: several projects were completed (tourist facilities, schools, industrial buildings),
- performance of the programme for large energy suppliers (statutory obligation): the implementation of the 2012 programme Energy Savings at End Customers continued, new calls for tenders for 2013 were launched and the 2014 programme was prepared,
- production of hydrocarbons, geothermal energy and mining services: Nafta Geoterm d.o.o. was acquired (and renamed Petrol Geoterm d.o.o.), through which we have been expanding our energy operations to geothermal energy and mining services; we successfully completed the construction of two mining boreholes in Bosnia and Herzegovina for salt production.

The Energy Solutions Centre (CER) was opened in 2013 in BTC Ljubljana, launched by Petrol and its partners in 2012. In the first year since its foundation, the CER provided advice to more than 2,500 visitors about the efficient renovation of windows, insulation materials, heating and ventilation systems, use of energy products and comprehensive building renovation. The CER's business role was enhanced by a range of various events related to energy efficiency. At 7 independent conferences, 500 participants discussed the common energy goal of Slovenia until 2020 regarding private and public buildings. Thanks to the workshops and seminars, our partners were able to generate energy savings of 720 MWh and decrease CO_2 emissions by 180 tons.

In September 2013, Petrol d.d., Ljubljana, Jelovica d.d. and Knauf Insulation d.o.o. established the GIZ CER, a commercial association of interest, enabling these companies to jointly act in other markets and integrate into international connections in the field of energy efficiency. A member of GIZ CER can become any company, which in addition to the promotion of its activity also focuses on social responsibility, care for the environment in terms of quality and sustainable construction, and efficient use of energy. One of the main objectives of GIZ CER is membership in the EUASE (European Alliance to Save Energy).

The CER expanded its mission of energy-efficient construction and efficient energy consumption also to Croatia. The Centre in Zagreb will bring together more than 10 Slovene and Croatian companies, which will find new business opportunities in sustainable construction, energy renovation and efficient use of energy. It will also help the new EU member to achieve the goals of the Energy Directive.

SUSTAINABLE DEVELOPMENT

In three years since the launch of the humanitarian campaign "Donate Energy for Life!", we attracted more than

25,000 new blood donors

in Slovenia.

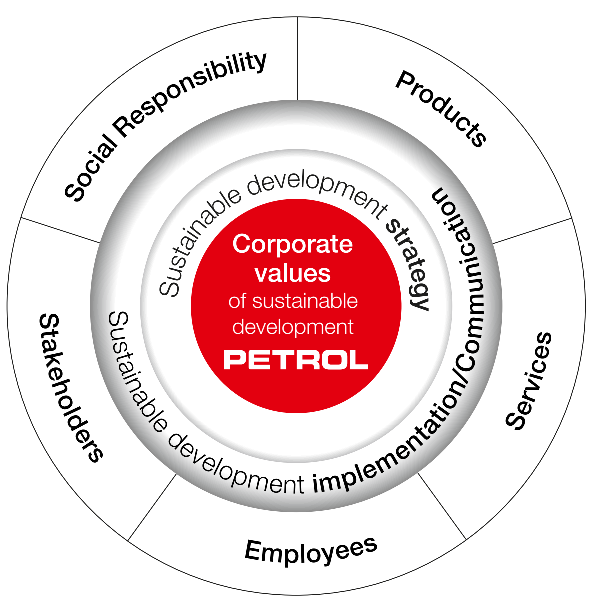
[Sustainable development]

Petrol is the first company trading in petroleum products, gas and other energy products in Slovenia that is positioned as a sustainable, socially responsible company. This gives Petrol a competitive edge. The Company enjoys great reputation owing to its environment-friendly operations. Sustainable focus is Petrol's strategic commitment, paving new ways to more successful marketing of products and services.

Through the established and adopted strategic model of sustainable development, Petrol is exercising its sustainable commitment according to the strategic priorities of its development. The model testifies to the transparency of its activities and reflects the active role of the Company in a wider social environment.

The key areas of impact of the model are products, services, employees, stakeholders and social responsibility. Through them, Petrol is managing the economic, social and environmental resources as they are presented in the figure below. The holistic approach allows for synergetic links and builds on of Petrol's commitment to sustainable corporate values of the Petrol Group: respect, trust, excellence, creativity and courage.

A chart of the Petrol Group's strategic sustainable development model



The dimensions of the strategic model of sustainable development have been logically connected, upgraded by synergetic effects and communicated as an integral unit in the Sustainable Report of the Petrol Group, which won the award of the Finance newspaper for the best sustainable report.

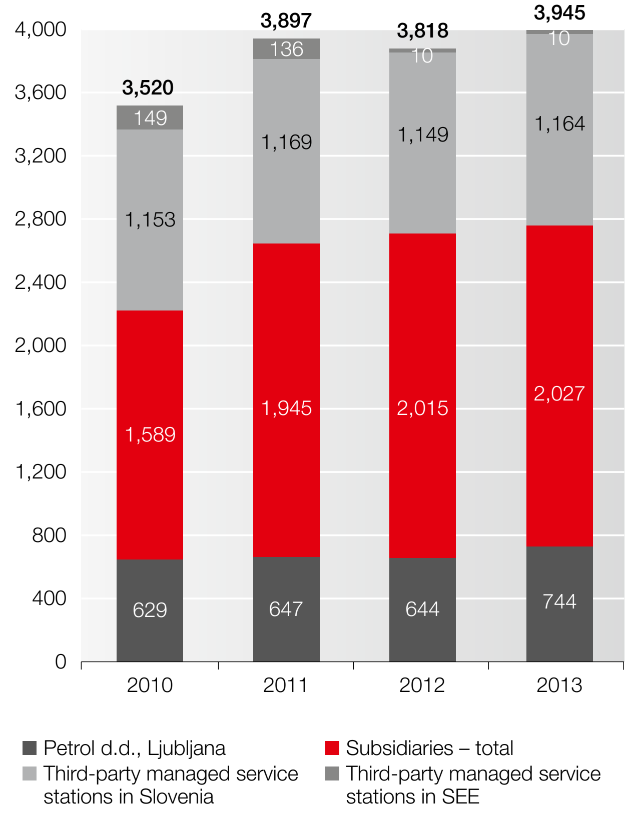
[Employees]

In the Petrol Group, human resources management consists of a well thought-out recruitment policy, an effective remuneration and promotion system, care for the training and development of staff, and the monitoring of their satisfaction.

Staff numbers

At the end of 2013, there were 3,945 people employed within the Petrol Group and at third-party managed service stations, of which 30 percent worked for subsidiary companies and at third-party managed service stations abroad. Compared with the end of 2012, the number of employees increased by 127 or 3 percent. This was mainly due to the integration of the new subsidiary Nafta Geoterm d.o.o. into the Petrol Group and the expansion of the retail network in Slovenia and abroad.

Changes in the number of employees of the Petrol Group and at third-party managed service stations in the period 2010–2013



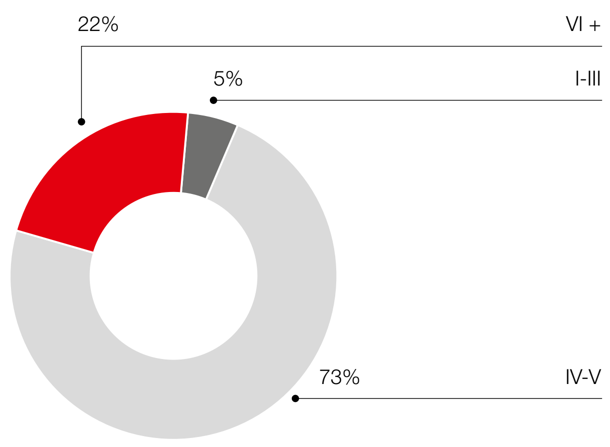
At the end of 2013, the average age of employees was 39 years. 67 percent of the employees were male and 33 percent were female.

The right experts at the right place

Recruiting the right experts to the right posts is the key for achieving our business goals. During the selection and recruitment process, all candidates are given equal treatment irrespective of sex or other circumstances. Through continuous training and education we provide for employees' development, while at the same time create an internal pool of human resources. The high level of qualification enables our staff to take advantage of internal vacancies and find opportunities and challenges in new areas of work within the Group.

In 2013 the Petrol Group recruited 462 workers, the employment contracts of 335 employees were terminated and 192 people were transferred to new positions within the Group. The Group's staff turnover rate stood at 8.6 percent and was down 4.7 percentage points compared to the previous year.

The Petrol Group's education structure as at 31 December 2013



Education and training

In 2013 the number of employees taking part in various forms of education and training stood at 11,932, of which 38 were engaged in the formal education process. 84,345 teaching hours of training were carried out, which on average amounted to more than 22 teaching hours of training per employee and was 1 hour more than in 2012.

Organised as part of the Petrol Group is Petrol Academy. Its main goal is planned systematic and comprehensive training of all employees. The Academy makes sure that every employee participates in some form of education and training at least once a year. With programmes being organised internally, they can be adapted to the working processes and needs of employees, enabling us to have fewer absences and lower education costs as compared to external education.

Employee training in the Petrol Group

In 2013 we focused on introducing new employee training methods (gamification learning), the transfer of knowledge among employees (e.g. by presentations organised after training abroad), and have also been introducing an internal coaching system in retail and wholesale. Moreover, we standardised the retail sales procedure and have been introducing the latest wholesale standards. By regularly monitoring training effects through the internal coach network, we add value to training events and see to a high quality of services in sales.

For young promising staff we prepared the Petrol Business Academy, where the lecturers from the Faculty of Economics in Ljubljana and department directors from Petrol participated. The result of the Academy is a qualified pool of young staff boasting interdisciplinary knowledge and ready to take on more responsible tasks. The Academy has also led to project assignments prepared by participants as instructed by the Management Board, which have a specific useful value for the Petrol Group.

Managers were trained to use the new 360° tool to assess competencies. This tool was introduced in 2013. On the basis of the management competencies results measured by the 360° method we designed a programme to train managers primarily in the competencies of Management by Objectives and Colleague Development.

Training of outworkers and customers

At Petrol Group, particular attention is given to the training of outworkers (students, hauliers, cleaning personnel at service stations, etc.) and customers. In 2013 various technical programmes were organised for them, which were attended by 2,157 active participants.

Occupational safety

Petrol Group realises that in addition to their main purpose, occupational safety and health also guarantee the satisfaction of employees. That is why we constantly strive to reduce the risk level arising from the performance of working processes. Although the working environment is changing owing to the development and introduction of new technologies and procedures, Petrol successfully keeps up with the changes. We look for solutions that are friendlier to the health and safety of our employees.

All companies of the Petrol Group have adopted safety declarations with risk assessment. The latest findings in occupational safety and health are integrated into new processes and projects. In addition, we monitor the risks related to the occurrence of accidents and injuries. The risks are assessed periodically and, through safety measures, maintained at an acceptable level.

A priority in the advancement of occupational safety and health is the reduction of risks at highly exposed workplaces and finding connections with other areas of safety, in particular fire safety, environmental protection and chemical safety.

The programme of preventive medical check-ups includes all staff. Particular attention is devoted to co-workers with reduced working capacity.

Considerable attention was paid also to the theoretical and practical training of employees in occupational safety and health, workplace ergonomics, fire safety, environmental protection, safe handling of chemicals and first aid.

The setting up of the occupational health and safety system – OHSAS 18001 – allowed the occupational safety and health to become part of the Group's integrated quality management system in 2003.

Remuneration

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. They concern all members of top, middle and junior management, and employees at highly technical positions.

In 2013 Petrol's annual interviews were upgraded with the 360° competency assessment model, which helped us to assess our human resources potential. The model consisting of nine key competencies and different complexity levels has been prepared for managers, employees working at highly technical positions and sales representatives.

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 third-party managed service stations in Slovenia.

Organisational climate

Petrol has been measuring organisational climate and employee satisfaction on a regular basis since 2001 and has participated in the SiOK project – Slovene Organisational Climate Survey – since its inception in 2001.

Based on the results of the organisational climate survey, measures are prepared and implemented each year at all levels – the Group, individual companies and smaller organisational units.

In lower performing units, these measures lead to improvement, whereas in units having an improved score or regularly high score, they help maintain good climate. The survey covers employees working for the parent company, subsidiaries and at third-party managed service stations in Slovenia and abroad.

At Petrol, the survey has the usual high response rate, with 75 percent of employees taking part in it in 2013. All elements that were measured received a high score and were on a par with the previous year's figures: organisational climate scored 3.8, whereas management and development systems and employee work satisfaction stood at 3.7.

Employee and family friendly enterprise

Petrol received the basic "Family Friendly Enterprise" certificate already in 2010, and has adopted a series of measures that help employees reconcile their professional and family lives more easily. These measures were updated and upgraded on a yearly basis. In 2013 we received the full "Family Friendly Enterprise" certificate, meaning we reached all the targets laid down in the implementation plan for introducing measures for better reconciliation of professional and family lives.

In 2013 we continued implementing the measures that were already in place (a free day for parents of first-time school goers, gift packages upon the birth of a child, congratulations from the Management Board on personal anniversaries, prize quizzes for employees). We organised activities for the children of employees, who took part in winter and summer games, and week-long summer holidays with a lively programme for elementary school going children of our employees. In addition, in exceptional situations parents can bring their children to work if that is allowed by the work process.

Petrol enables its employees to spend their free time in a quality manner. To this end, it owns a number of holiday homes in Slovenia and Croatia where its employees and their families can go spend their holidays. Each year, the Company organises the Petrol trip, which is always attended by a number of employees. Ahead of the New Year, we get together at the New Year's party, and "Petrol's toddlers" are visited by Santa Claus. For more than 30 years, Petrol has been promoting sports, recreation and socialising through various events.

In 2013 Petrol Winter Games took place in Kranjska Gora and Summer Games in Mengeš. These were also open to the children of Petrol's employees. All Company events are increasingly popular with employees from Petrol's companies abroad. Socialising in an informal setting helps to affirm the values and build company loyalty among the entire staff.

Slovenia's most reputable employers

According to a survey conducted by the employment portal MojeDelo.com, Petrol was once again among the most reputable employers in Slovenia in 2013. The survey, which measures companies' reputation on the job market, involved several thousand participants. Petrol was selected as the most respected company in the trade sector.

[Measurement of customer satisfaction]

A satisfied customer is the best customer. Customer satisfaction is one of the main factors of the Company's performance and it has been regularly measured in various areas for over 15 years. For quite some time, the Customer Satisfaction Survey, which we have been conducting at all our service stations, has been aimed at increasing the customer response rate, i.e. increasing the number of customers who received a purchase receipt with a code and answered the online survey. That is why the invitation to participate in the survey was in 2013 designed as a marketing campaign with a prize draw. We additionally emphasised the excellent prizes, which the contestants could win. The central message of the campaign was: "See the receipt for action!" That way, customer's attention was directed to the receipt, which contained a coupon with a personal code for participation in the prize draw. The goal of the invitation was to get as many customers as possible to take part in the online satisfaction survey.

We are very pleased with the survey results:

- Greater response rate: Customers noticed our survey more quickly and we received more than 30,000 filled out questionnaires.
- More feedback: We managed to achieve that three quarters of all service stations had over 50 filled out questionnaires.

This success has led to a greater commitment: All customers who express their opinion duly expect that we listen to them and take them into account.

The results of the customer satisfaction survey at Petrol's service stations show that satisfaction with a specific experience is the highest since the measurements started (index 90). All indicators of loyalty to Petrol's service stations have reached the peak as well. The three key indicators, i.e. willingness to revisit (94), willingness to recommend Petrol's service stations (85) and recognising the advantages of Petrol's service stations over others (81), have been on the rise since October 2012.

Brand loyalty

Customer behaviour in the market of motor fuels has been changing. In 2013 the survey called The Power of Fuel Brands and Fuel Providers in Slovenia for the first time indicated a decrease in the average fill-up amount, which had been growing in previous years. This can be mainly attributed to the economic crisis. Petrol nevertheless remains the leading fuel provider in the Slovene market. According to the respondents, it is the most known and the most frequently used refuelling point. In terms of loyalty, it is particularly important that Petrol is the most commonly selected by respondents even if all providers in the Slovene market are nearby. We succeeded in strengthening the brand among loyal customers compared to 2012.

Mobile applications have proved to be an efficient tool of companies that wish to set up a closer relationship with their customers. Petrol is aware of that and as a result completely redesigned its mobile application in 2013.

Claims and complaints handling

Expectations being closely related to the quality of products and services, they are an important factor in customer satisfaction. High-quality products and services are one of our principal business commitments, and we therefore handle each case of customer dissatisfaction with great care. We are aware that an efficient claims and complaints handling system is an important factor that has a positive long-term impact on the satisfaction and loyalty of our customers and, consequently, on the Company's image and reputation.

In 2013 we continued to overhaul our claims handling system, as part of which both the information and documentary support were redesigned already in 2012. The system was expanded to include all processes of the parent company, the Claims and Complaints Handling Rules were updated and implemented by subsidiaries both in Slovenia (Petrol Energetika d.o.o., Petrol Tehnologija, d.o.o.) and abroad (Petrol d.o.o., Beograd, Petrol d.o.o., Petrol Crna Gora MNE d.o.o., Petrol BH Oil Company, d.o.o.), and information support was developed to keep track of claims statistics.

The single claims recording and handling system comprises all communication channels so that claims are handled in one place and in a faster, more efficient and customer-friendly manner. In the Petrol Group, claims and complaints are a valuable source of information about customer satisfaction, and their efficient resolution is part of a comprehensive service that does not end with the purchase of a product or service. Claims and complaints are being reviewed systematically. Based on findings, we introduce improvements, which, when put into practice, improve the quality of our processes and increase the satisfaction of our customers.

[Quality control]

Although quality management systems used to focus mainly on improving efficiency and excellence, they now progressively incorporate an increasing number of sustainable development elements. These need to contain safeguards that are meant to provide an overall protection not only of the people's environment but also of the people themselves.

Continued development of the quality management system

The Petrol Group's operations are based on the implementation of strict quality standards. Since 1997, we have been constantly upgrading and expanding the Group's quality management system, which is certified to the SIST ISO 9001 Standard. In addition to the certified quality and environment management systems, the integrated quality management 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 SIST ISO 27001 information security system.

Overview of certificates and laboratory accreditations

Company	Quality management system	Environmental management system	Laboratory accreditations	Other certificates
Petrol d.d., Ljubljana	ISO 9001: 2008	ISO 14001: 2004	SIST EN ISO/IEC 17025:2005	Responsible Care Program FSC Certificate Full "Family Friendly Enterprise" Certificate
Petrol Tehnologija, d.o.o.	ISO 9001: 2008	ISO 14001: 2004	SIST EN ISO/IEC 17020:2004	
Petrol Energetika d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/	
Petrol d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/	
Eltec Petrol d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/	
Petrol Geoterm d.o.o.	ISO 9001: 2008	/	/	
Beogas d.o.o.	ISO 9001: 2008	/	/	

In 2013 quality management and environmental management systems were integrated also for Petrol d.o.o., a company based in Croatia. After a successful integration, the company has held, as of May 2013, the ISO 14001 environmental management system certificate relating to wholesale.

Based on the Report on the Implementation of the Responsible Care Global Charter Commitments, Petrol d.d., Ljubljana was awarded a Responsible Care Certificate for its activities relating to storage, logistics and retail network of service stations in Slovenia and granted the right to use the initiative's logo. Responsible Care is the chemical industry's global initiative that drives continuous improvement in health, safety and environmental performance.

In May 2013, Petrol d.d., Ljubljana was awarded an FSC Certificate for the production of wood chips used for heat generation. The FSC Certificate, which is issued by an international NGO called the Forest Stewardship Council, promotes environmentally appropriate, socially beneficial and economically viable management of forests.

Quality of services at service stations

The system of internal evaluation and assessment of service stations' operating quality is being continuously developed as we realise that sales are subject to numerous factors that need to be considered in the assessment of the operating quality. The quality of services at Petrol's retail points of sale is monitored by means of internal control and the "random shopping" method. Survey results confirm a high level of service quality at our service stations, which now remains our competitive advantage. This system is also used for subsidiaries involved in retail sales in SE Europe.

Petrol's accredited bodies

Operating within the Petrol Group are Slovenia's leading oil laboratory, which conducts tests and analyses of fuel, lubricants and chemical products, and the body for the inspection of liquid flow and tyre pressure measuring devices and the inspection of pressure equipment (as part of Petrol Tehnologija, d.o.o.).

Petrol Laboratory is accredited to and has in place a quality management system that is certified to the SIST EN ISO/IEC 17025 Standard (General requirements for the competence of testing and calibration laboratories). Although it is part of the parent company, Petrol Laboratory operates as an independent and neutral institution, also providing services to external clients. In September 2013, Petrol Laboratory successfully passed another monitoring visit aimed at establishing compliance with the requirements of the SIST EN ISO/IEC 17025 Standard, which was performed by an accreditation body.

The subsidiary company Petrol Tehnologija, d.o.o. has in place a quality management system that is certified to the SIST EN ISO/IEC 17020 Standard "General criteria for the operation of various types of bodies performing inspection". In January 2013, the company extended its range of accredited methods to 18 and now has accredited testing methods for the following areas: inspection of flow and tyre pressure measuring devices, inspection of pressure equipment, measures for the prevention of leakage of hazardous liquids from fixed reservoirs, tightness of fixed steel reservoirs, inspection of wall thickness of liquid fuel reservoirs, measurement of dielectric strength of liquid fuel reservoir insulation and measurement of noise in the natural and living environment.

Development projects

In 2013 two major multiannual development projects related to European Structural Funds financing were completed. These were the project in the scope of the Centre of Excellence for Low-Carbon Technologies (CoE LCT) and the Competence Center CC SURE (Advanced Systems for Efficient Use of Electrical Energy). As a partner in these projects, Petrol cooperated with renowned Slovene companies and R&D institutions. Both projects focused on the search for new and more efficient solutions in alternative fuels (the use of hydrogen and electric mobility) and more efficient use of energy, respectively.

CoE LCT: Low-carbon technologies

One of the major goals of the Center of Excellence LCT was to establish the first filling facilities for hydrogen-powered vehicles in Slovenia. The project was successfully completed in this respect. The joint research work of several partners in Slovenia and the respective equipment manufacturer from France resulted in the construction of two hydrogen-filling facilities, which will serve as "demonstrational" facilities at this stage. Their main goal will be:

- to promote the use of hydrogen as a zero-carbon energy product also for vehicle propulsion,
- to prepare the legislation enabling the establishment of additional facilities of this type for public use, and
- to put Slovenia on the European map of hydrogen filling facilities.

In 2013 one of the filling facilities was set up at the Lesce service station and the other is planned to be finalised in 2014 at the Barje service station.

CC SURE: E-mobility and efficient energy consumption systems

In the scope of CC SURE, we produced new solutions in electric mobility and electricity control within an integrated economic area. As part of Petrol's assignment, the following two key products were developed:

- the demonstration set of filling stations for electric vehicles at public places (at Petrol's locations) and
- a control centre, which allows for monitoring of all key activities, energy flow (intake and offtake) and supervision over the systems included in integrated economic areas. The data and the options offered by such a centre enable process optimisation and ensure the functioning of energy plants even if resources are dispersed (including energy resources of smaller capacity – water, wind, solar power plants, etc.).

Promotion of sales of fuels with additives in SE European markets

After the successful introduction of the Q Max brand to the Slovene market in 2012, the year 2013 saw the continuation of the project of expanding the Q Max fuel brand to other markets where Petrol operates through its service stations. Modern fuels with additives have since 2013 been a regular part of the product range at all points of sale in Croatia, Bosnia and Herzegovina, Montenegro and Serbia.

Since in these regions own brands do not have an extensive presence as yet, the introduction of these fuels was accompanied by a strong promotional campaign and all employees were provided appropriate professional support (presentations, seminars, paper materials, etc.). By increasing fuel quality, Petrol wishes to enhance the reputation of its product range in these markets and become one of the leading fuel providers in terms of product quality.

Introduction of biofuels

For several years, all fuel distributors in the EU market have been obliged to introduce biofuels to the market according to the requirements of EU directives. The main regulations in this field are the Fuel Quality Directive and the Biofuels Directive, which has now been replaced by the new Renewable Energy Directive (RED). In 2013 Petrol again intensively engaged its experts in the provision of adequate biofuel quality and the search for potential new suppliers to comply with these regulations.

The experience gained by Petrol in biofuels over all these years since they were first included in its product range today represents an extremely important source of knowledge that Petrol employs in its domestic and demanding foreign markets. Such knowledge and experience is crucial for selecting and evaluating the adequacy of such products available in the wider European market. In line with the obligation to reduce greenhouse gas emissions in transport, in 2012 Petrol started verifying compliance with the sustainability criteria for biofuels and the issuing of accompanying certificates. We established a system for managing the biofuel mass balance based on various sustainability criteria, and introduced a methodology for calculating the amount of greenhouse gas emission savings in the biofuel lifecycle.

Intellectual capital – the "Great Idea" Project

The goal of the "Great Idea" Project is to make use of our creative potential, thus helping to overcome the Group's challenges. All employees are invited to contribute proposals for solutions that would lead to improvements, promote quality and cooperation and raise organisational culture. In 2013 we again invited employees, for the fourth consecutive year, to submit proposals for improvements and take part in the annual Great Awards competition. We collected 350 proposals for improvements, of which 20 were awarded the title of Great Idea. We are happy to find that we put the awarded ideas into practice more efficiently every year. In the previous assessment period we managed to implement no less than 88 percent of Great Ideas. The good result indicates that we have accepted Great Idea as our own and we are using it as a way to put forward proposals, advice, solutions and thus, as individuals, contribute to greater success of Petrol.

Measuring the quality of internal services as a key contribution to business excellence

The quality of internal services is extremely important for the Petrol Group as it affects the satisfaction and loyalty of employees and, by extension, of customers, therefore bearing on the success of the entire Group. Improving our internal service quality is thus of the utmost importance. At Petrol, the quality of internal services has been measured since 2005, but has been conducted according to a new, SERVQUAL-based methodology since 2011.

The implementation level of supporting processes affects both the product quality and the service quality. The sales staff and everyone in direct contact with customers have to be provided with good working conditions, appropriate training, efficient IT and technical support and last but not least help in solving their problems. In these cases, the implementers of supporting processes realise that these are our internal customers whose satisfaction with our internal services and us is equally important for an excellent service. Improving our internal service quality is thus of the utmost importance. It is provided at individual level, enabling employees to express through an anonymous online questionnaire the general satisfaction with the quality of the services offered by individual supporting processes and with 14 aspects of services (selected and adjusted based on the SERVQUAL model), combined into four dimensions of internal service quality: reliability, trust/knowledge, responsiveness and empathy. The survey also encompasses the employees of subsidiary companies. The survey results show a constant improvement of the internal service quality, considering that the relevant index has been increasing since the survey started.

[Investments]

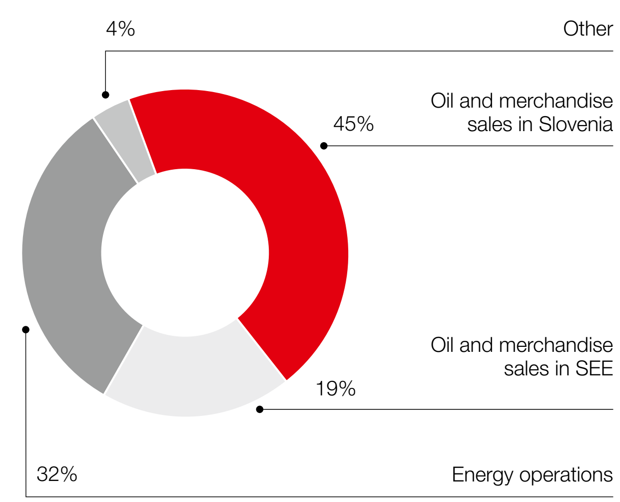
In keeping with its strategic orientations, the Petrol Group focused its investments in 2013 on the expansion and consolidation of its oil and merchandise sales operations in Slovenia, expansion of its oil and merchandise sales operations in SE Europe, and expansion of other energy-related operations both in Slovenia and in SE Europe (gas, heat, electricity, energy solutions and environmental projects).

The Petrol Group invested EUR 86.1 million in fixed assets in 2013.

Oil and merchandise sales in Slovenia

In 2013 we constructed 3 service stations in Slovenia, namely the Dul motorway service station and the service stations in Koper and Kozina, and purchased a service station in Vučja vas. At the Lesce service station, we set up the first liquid hydrogen filling facility in Slovenia. We were preparing the documentation and obtaining building permits for the construction, which will start in 2014. At service stations and in storage facilities we carried out repairs and renewals, invested in fire safety, environmental protection and facility security. A large portion of the 2013 investment budget was used to acquire the remaining interest in the company Instalacija d.o.o.

Breakdown of the Petrol Group's investments in 2013



Oil and merchandise sales in SE Europe

In SE Europe, Petrol invested in the development of its retail network. At service stations, it carried out repairs and renewals, reconstructions and refurbishment of shops. In Kosovo, the construction of a petroleum product storage facility is being completed.

Energy operations

The development of energy operations is one of the Petrol Group's most important tasks. In 2013 we acquired a biogas plant in Črnomelj. We invested in the construction of the gas network in Slovenia and Serbia, in gas storage tanks and gas stations, as well as purchased an LPG storage facility in Croatia. Moreover, we invested in projects promoting efficient energy consumption, the establishment of the wood biomass district heating system in Ivančna Gorica, the lighting projects in some towns and business facilities. We set up solar power plants on several buildings and constructed a centre for biomass operations in Brežice. We completed the reconstruction of electricity and heat cogeneration in the heating plant at Ravne and Hrastnik, invested in the renovation of the boiler room and introduction of heat and electricity cogeneration. In 2013 we allocated some investment funds to the acquisition of Nafta Geoterm d.o.o. and the establishment of Petrol LPG d.o.o. in Serbia.

Information and other infrastructure

The Petrol Group is aware of the importance of modern technologies, which is why in 2013 it again earmarked part of investment funds for IT development.

[Information technology]

In 2013 we introduced new modern information system components to increase significantly the automation level of individual elements of business processes. As new IT system components are introduced, the business processes are also optimised. On the other hand, we provided IT support to all major business initiatives and plans. The systems that are above-average in our sector give us an important competitive advantage.

A uniform IT system for the entire Group allows us to transfer good practices and business models to all companies in the Group. It also enables centralised execution of individual business functions for several Group members.

An important task of the information function is to provide for transparent operations of the Company as a whole and of individual parts of business processes, activities and profit centres. Transparency is provided by high-capacity business analytics systems.

A high level of the technological infrastructure consolidation provides Petrol with a cost-effective information function. In the past two years, the information and communication infrastructure has been greatly upgraded by the introduction of high-performance business analytics technologies, CRM and e-document systems.

The ever more important dimension of IT remains information security. In this respect, we made a huge step forward over the past two years standard-wise and in information security organisation, and we also introduced some new technical security systems.

Development activities in individual information system segments:

- **Retail** – In 2013 we started introducing the integrated video surveillance system with advanced video analysis capacity. The video surveillance system has been integrated into the existing information and communication infrastructure and IT applications. We supported the electronic toll collection in Hungary and enabled the sale of anonymous online purchase vouchers (Paysafe). In Croatia, we enabled the sale of the Hrvatska Lutrija lottery services and payments via money-order forms. In Croatian, Bosnian, Serbian and Montenegrin market, we enabled the sale of tickets for cultural and sports events (Eventim). We set up information support for another foreign truck card (E100). In Montenegro, we introduced integrated bankcard operations. Furthermore, we launched the development and introduction of comprehensive information support for energy and environmental management – the system will be fully operational in 2014.
- **Supply chain** – In the Sermin petroleum product storage facility we introduced a new IT system connected with Petrol's business information system. The new system is based on the same architecture that is used for the Zalog and Rače storage facilities.
- **Energy operations** – We continued intensive development in various areas. In Slovenia, we completed the construction of a fully automated interface for the exchange of data with electricity distributors (SODO). In Croatia, we enabled a new automated method for monitoring LPG stock. Beogas Invest d.o.o. introduced a comprehensive integrated IT system supporting the maintenance activity.
- **CRM – B2C** – In 2013 we launched the marketing campaign management system. This is an important component of Petrol's CRM strategy. The central application for accessing data about customers (access for internal users and online access ("Moj Petrol")) was upgraded with new functionalities. We provided IT support to Petrol's campaigns in the current year and developed a high-capacity online shop system for customers (B2C). This system is completely integrated with the other parts of Petrol's IT system (retail systems, supply chain, business analytics). The online shop represents a new sales and advertising channel complementing service stations.
- **Integration of new Group companies, consolidation of operations** – We provided the necessary IT support to transfer wood biomass sales from IGES d.o.o. to Petrol d.d., Ljubljana. In mid-2013, Croatia joined the EU, and we provided appropriate information support to both companies in Croatia. In the last quarter, we started preparations for Petrol Geoterm d.o.o. to adopt the Group's IT system. The transition will be completed by the end of the first quarter of 2014.
- **Business analytics** – In 2013 a new system of consolidated financial statements was introduced for the entire Group on the basis of a high-performance technological platform. The newly introduced system enables a highly automated preparation of consolidated financial statements as well as greater transparency of the Group's performance. We gradually introduced new business intelligence systems in various areas throughout the year, e.g. the new cost monitoring application.
- **Electronic document systems** – E-archive – We continued digitalising a large portion of our hard-copy archive. By introducing the Property Register, application we covered a part of the archive related to property (the investment, technology and business part). We continue to digitalise the energy operations archive. In the middle of the year, we enabled e-mail archiving. We drafted and adopted the regulation on internal rules regarding business documents. The regulation allows us to gradually discontinue the paper archive and carry out a transition to an exclusively electronic archive. At the end of 2013, we discontinued the paper archiving of incoming invoices. In 2014 we plan to make a full transition to the e-archive in other areas as well.

[Environmental protection]

Petrol being a socially responsible group, concern for the environment is integrated into all aspects of its business. When developing business processes and new products and services we always comply with all environmental regulations, introduce environmentally friendlier products and services and pay attention to efficient energy consumption.

The environmental management system is defined by organisational acts on environmental management. The Petrol Group implements its processes with minimum environmental impact. We identify the environmental aspects of our activities by taking into account the usual operating requirements and exceptional circumstances, if such exist.

Emissions into air

At the Petrol Group, caring for the quality of air is chiefly related to the efforts to reduce volatile hydrocarbons. The emissions of volatile hydrocarbons result from evaporation during decanting and storage of fuel. At Petrol, the process of decreasing the volatile hydrocarbon emissions is carried out in all three key elements of the petroleum products distribution chain: storage, transport and sales. Petrol has installed systems at service stations and fuel storage facilities for closed loading of storage tanks. The efficiency of emission management is verified by prescribed regular monitoring of air emissions.

Wastewater

As in previous years, continued systematic and methodical installation of state-of-the-art waste treatment plants and oil and water separators, accompanied by reduced use of inadequate cleaning agents, intensified maintenance of treatment plants and improved awareness of employees, contributed the most to a successful improvement of wastewaters in 2013.

Waste management

The concept of comprehensive waste management and handling at Petrol aims to prevent waste generation, decrease waste quantity and re-use waste, which is related to the separate collection of waste at source. We thus decrease the quantity of deposited waste, reduce the costs of disposal and lessen the burden on the environment. A particular focus is on waste that might pose a threat to the environment.

Environmental protection training

To be able to carry out environmental protection tasks in an efficient manner, a high level of staff competency and awareness is of vital importance. That is why Petrol's employees are systematically kept up-to-date every year with novelties in the area of environmental protection and other environment-related topics.

Petrol's partners and outworkers are actively involved in its environmental management system. Contractual relations with petroleum product hauliers, capital investment contractors, providers of environmental indicator measurements, suppliers of hazardous goods and waste collection and disposal contractors are arranged so that they include requirements for consistent application of environmental legislation and Petrol's environmental protection standards.

In 2013 all necessary regular and one-off trainings in the area of environmental protection, safe chemicals handling and major accident prevention were carried out as part of internal training.

Major accident prevention

In the area of major accident prevention and mitigation of their consequences within the scope of the safety management system, we continued activities in 2013 to implement prescribed systemic measures at higher-risk and minor-risk facilities as part of the tasks specified in safety reports, accident prevention schemes, and protection and rescue plans.

Fire safety is a very important aspect of safety at Petrol. It is provided through legally prescribed measures and preventive safety measures to ensure business continuity and the safety of persons and property. In accordance with the protection and rescue plan, fire and evacuation drills were organised in October, the month of fire safety, at Petrol's office buildings belonging to fuel storage facilities Celje, Rače, Zalog, Lendava, Instalacija Sermin and the LPG storage facility Štore.

[Social responsibility]

The Petrol Group perceives social responsibility as a lasting commitment to cooperate with the environment in which it operates. Supporting and helping our environment is interwoven with our long-term growth strategy. Caring for social and environmental issues and helping to solve social problems is part of the Petrol Group's operations and its wider social activities. We demonstrate our social responsibility by supporting numerous sports, cultural, humanitarian and environmental protection projects. We have thus been helping wider social and local communities achieve a dynamic and healthier lifestyle and, consequently, better quality of life.

Sponsorship

Petrol cooperates with Slovene athletes from various collective and individual sports disciplines. We sponsor clubs, associations and events all over Slovenia and, by tradition, Petrol is among the major sponsors of certain events and sports disciplines. By supporting sports events that attract wide public attention we boost our visibility and strengthen our brand.

Petrol has traditionally had a strong presence in winter sports. It is the golden sponsor of the Ski Association of Slovenia, providing support to the Alpine Skiing National Team for a number of years and, since 2012, also the biathlon team. By tradition, we have been present in both World Cup Alpine skiing competitions (Golden Fox and Vitranc Cup), we sponsor snowboarding and individually support the best and most promising athletes.

We are also a traditional sponsor of hockey clubs and some major hockey events. In ball games, Petrol is most visible in handball. It is the platinum sponsor of the Handball Association of Slovenia and one of the main sponsors of all more successful clubs in Slovenia.

In 2013 Slovenia hosted the European Basketball Championship. Petrol sponsored the event and invited to it business partners from the entire region. It also carried out promotional activities in the entire region.

As the sponsor of the Olympic Committee of Slovenia and the grand sponsor of the Slovene National Olympic Team, Petrol at the end of 2013 started promotional activities in the scope of the Sochi 2014 Winter Olympics. In cooperation with the Olympic Committee of Slovenia and the Sport Institute of the Republic of Slovenia we became the general sponsor of all school sports competitions and the Youth Sport event, thus promoting recreational sport among youth under the slogan “Sport Gives Me Energy for Life”.

Petrol also devotes ever-greater attention to sponsoring individual top and promising athletes who pursue Petrol’s values and are united in the Team Petrol.

Particular attention is given to automotive sport, through which we approach professionals, and we also participate in car racing events. In addition, we take part in technical projects relating to various energy and environmental activities. Sponsorship funding is also used to support technical projects (conferences, symposia, events) organised by institutions from various fields related to Petrol’ areas of work.

In the area of culture, we have been cooperating for years – chiefly in summer – with the Ljubljana Festival and the Lent Festival, and we support other cultural events throughout the year.

Humanitarian projects

In cooperation with the Red Cross and the Blood Transfusion Centre we carried out another humanitarian campaign Donate Energy for Life, which was launched in 2011. The campaign was used to encourage existing blood donors and to contribute to winning new blood donors as well as to raise the awareness of Slovenes of the importance of blood donation. To mobilise the target group of young blood donors, the campaign mostly focused on digital communication.

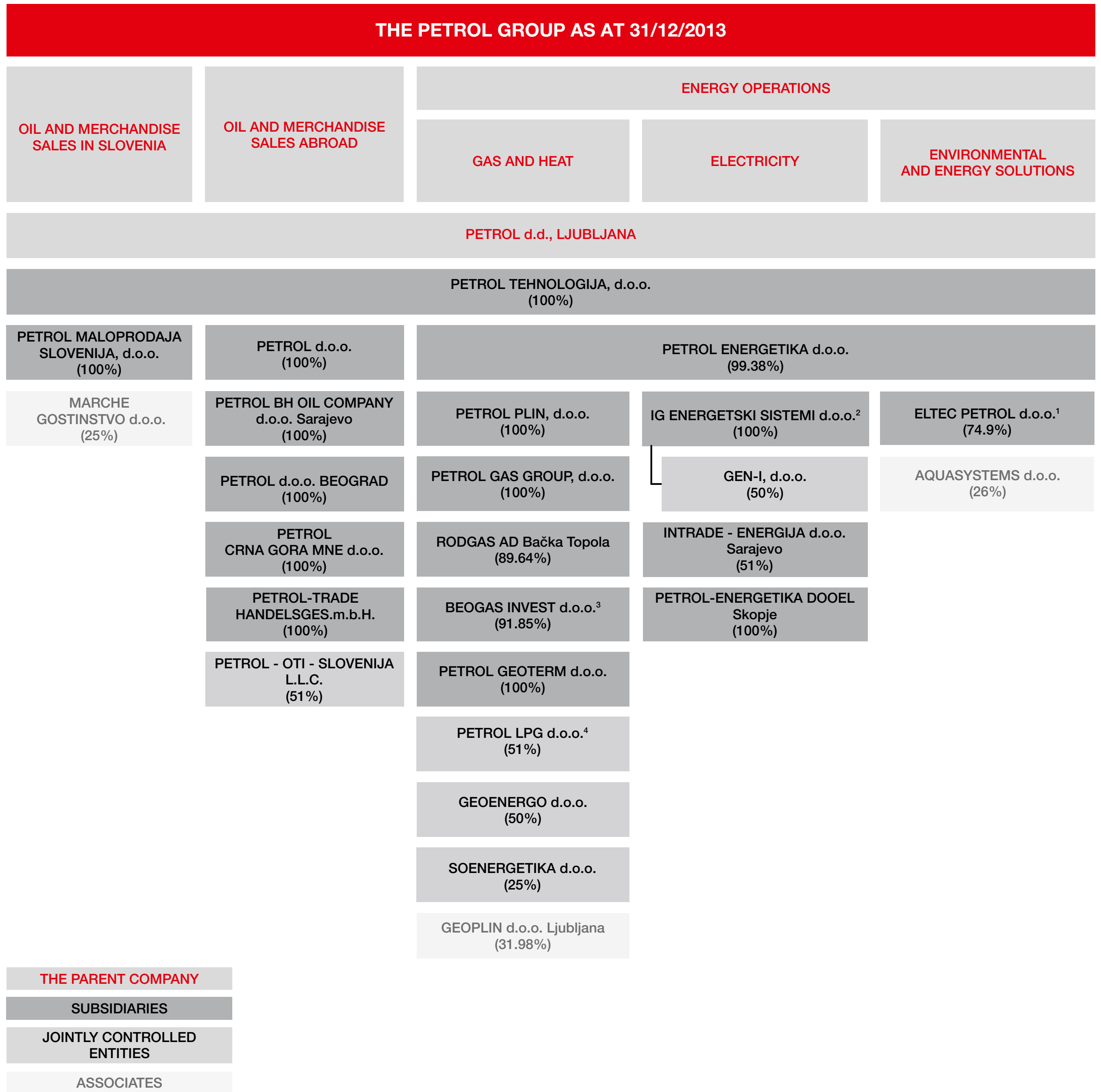
Humanitarian projects operated by non-profit organisations were supported through donations. At the end of the year, we again organised the Our Energy Connects campaign as part of which the funds earmarked for business gifts were given to charity instead. The staff of all service stations across Slovenia

were asked to find and propose a humanitarian project in their vicinity, for each of which EUR 200 was allocated (more than EUR 60,000 altogether). In addition to service stations, donations were also raised by staff working in office buildings.

A series of national, but most importantly international awards is a testament to the quality and success of our socially responsible activities and other communication projects. In 2013 Petrol received the highest award of the International Association of Business Communicators, Gold Quill, the regional communication award EMErald and an award of the Federation of European Business Communicators Associations (FEIEA). Major national awards include the European CSR Award in Slovenia and a social responsibility award of the British-Slovenian Chamber of Commerce.

THE PETROL GROUP

[The Petrol Group companies]



[1] Eltec Petrol d.o.o. has the subsidiaries Eltec Petrol Hrvatska d.o.o. and Eltec Petrol d.o.o. Beograd.
[2] IG energetski sistemi d.o.o. has, in addition to GEN-I, d.o.o., the subsidiariy Vitales energie biomasse Italia s.r.l. (in liquidation); the subsidiary IG AP d.o.o. was merged into Petrol Energetika d.o.o. at the end of July 2013.
[3] Beogas Invest d.o.o. has the subsidiaries Beogas d.o.o. and Domingas d.o.o.
[4] Petrol LPG d.o.o. has the subsidiary Tigar Petrol d.o.o.
IG investicijski inženiring, d.o.o. was merged into the parent company Petrol d.d., Ljubljana.
Instalacija d.o.o. was merged into the parent company Petrol d.d., Ljubljana.

[The parent company]

PETROL, SLOVENSKA ENERGETSKA DRUŽBA, D.D., LJUBLJANA

Management Board: Tomaž Berločnik – president, Rok Vodnik – member, Janez Živko – member, Samo Gerdin – member/worker director
E-mail: petrol.pr@petrol.si

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.

The parent company's principal activity is trading in petroleum products and selling other merchandise and services. With its 319 service stations, it has a 59-percent share of the Slovene retail market in petroleum products. It generates the greater part of the Group's profits and revenue.

In 2013 Petrol d.d., Ljubljana sold 2.4 million tons of petroleum products, up 2 percent from 2012. The Company also generated EUR 429.4 million in revenue from merchandise sales, up 1 percent from 2012.

The Company ended the year 2013 with net sales revenue of EUR 3.2 billion, operating profit of EUR 77.9 million and net profit of EUR 30.2 million.

Its equity totalled EUR 462.8 million as at 31 December 2013.

[Subsidiaries]

PETROL-TRADE HANDELSGES.M.B.H.

General Manager: Marko Malgaj
E-mail: malgaj@petrol-trade.at
Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol-Trade Handelsges.m.b.H. sells petroleum products in Austria and in the neighbouring countries. In 2013 Petrol-Trade Handelsges.m.b.H. purchased and sold 220 thousand tons of petroleum and chemical products, up 144 percent on the previous year, generating EUR 183.9 million in net sales revenue. The 2013 net profit of Petrol-Trade Handelsges.m.b.H. totalled EUR 122 thousand.

Its equity totalled EUR 1.7 million as at 31 December 2013.

CYPET OILS LTD.

General Manager: Marko Malgaj
E-mail: malgaj@petrol-trade.at
Ownership interest of Petrol d.d., Ljubljana: 100%

The company is in the process of liquidation.

PETROL BH OIL COMPANY D.O.O. SARAJEVO

General Manager: Aleksander Malahovsky until 31 March 2013, Uroš Bider since 1 April 2013
E-mail: uros.bider@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activities comprise wholesale and retail trade in liquid and gaseous fuels and similar products. In 2013 it sold 166.6 thousand tons of petroleum products, up 3 percent on 2012. In the past year, the company generated EUR 185 million in revenue from the sale of oil and petroleum products, EUR 9.2 million in revenue from the sale of electricity, EUR 5.7 million in revenue from the sale of merchandise and EUR 0.7 million in revenue from the sale of services. Its total net sales revenue thus stood at EUR 199.2 million, up 6 percent on the previous year. The company's operating profit stood at EUR 2.5 million in 2013, up 116 percent year-on-year. Its 2013 net profit totalled EUR 363 thousand, a considerable improvement on the previous year, when the company posted a loss of EUR 1.5 million. Petrol BH Oil Company d.o.o. Sarajevo operated 37 service stations at the end of 2013.

Its equity totalled EUR 40.9 million as at 31 December 2013.

PETROL D.O.O.

General Managers: Janez Živko until 30 August 2013, Boris Antolovič since 1 September 2013, Jozo Kalem, David Korošec
E-mail: boris.antolovic@petrol.si, jozo.kalem@petrol.si, david.korosec@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company is engaged in the sale of oil derivatives, petroleum products and other merchandise in Croatia. On 1 October 2012 it absorbed the company Petrol Hrvatska d.o.o. In 2013 Petrol d.o.o. sold 467.3 thousand tons of oil derivatives. Revenue from the sale of oil and petroleum products totalled EUR 524.6 million, with revenue from the sale of merchandise amounting to EUR 32 million, revenue from the sale of electricity to EUR 13.1 million and revenue from the sale of services to EUR 2.4 million. In 2013 Petrol d.o.o. generated a total of EUR 572 million in net sales revenue. The company's operating profit stood at EUR 4.7 million in 2013. Its 2013 net profit stood at EUR 1.9 million. Petrol d.o.o. operated 97 service stations at the end of 2013.

Its equity totalled EUR 82.6 million as at 31 December 2013.

PETROL D.O.O. BEOGRAD

General Manager: Aljoša Višnar
E-mail: aljosa.visnar@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is the sale of petroleum products and other merchandise in Serbia. The volume of oil and petroleum products sold in 2013 totalled 16.2 thousand tons, an increase of 19 percent on the previous year. Revenue from the sale of oil and petroleum products totalled EUR 20.6 million, with revenue from the sale of merchandise amounting to EUR 1.1 million, revenue from the sale of services to EUR 243 thousand and revenue from the sale of electricity to EUR 20.3 million. In 2013 Petrol d.o.o. Beograd generated a total of EUR 42.3 million in net sales revenue. The company posted a loss of EUR 1.1 million in the period concerned. Petrol d.o.o. Beograd operated 8 service stations at the end of 2013.

Its equity totalled EUR 17.7 million as at 31 December 2013.

PETROL CRNA GORA MNE D.O.O.

Executive Director: Dean Krivec
E-mail: dean.krivec@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is the sale of gas and petroleum products in the territory of Montenegro. In July 2012 Petrol Crna gora d.o.o. Cetinje was legally and formally merged into the company Petrol Bonus d.o.o. The joint company was renamed Petrol Crna gora MNE d.o.o. In 2013 the company sold 21.1 thousand tons of oil and petroleum products, which was 11 percent more than in 2012. Revenue from the sale of oil and petroleum products totalled EUR 27.5 million, with revenue from the sale of merchandise amounting to EUR 1.1 million, revenue from the sale of services to EUR 87 thousand and revenue from the sale of electricity to EUR 1.9 million. In 2013 the company generated EUR 30.5 million in net sales revenue, up 14 percent on the previous year. Its 2013 net profit totalled EUR 162 thousand. Petrol Crna Gora MNE d.o.o. operated 8 service stations at the end of 2013.

Its equity totalled EUR 16.8 million as at 31 December 2013.

PETROL MALOPRODAJA SLOVENIJA, D.O.O.

General Manager: Roman Dobnikar
E-mail: roman.dobnikar@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol Maloprodaja Slovenija, d.o.o. is organisationally responsible for the retail sale of petroleum products, merchandise and services at service stations in Slovenia. The service stations and the merchandise are the property of Petrol d.d., Ljubljana. In 2013 the company generated a total of EUR 13.8 million in net sales revenue. This revenue consists of fees charged to Petrol d.d., Ljubljana in connection with sales performed at the service stations managed by Petrol Maloprodaja Slovenija d.o.o. The company ended the year with a net profit of EUR 30.

Its equity totalled EUR 12.8 million as at 31 December 2013.

PETROL TEHNOLOGIJA, D.O.O.

General Manager: Miran Jug until 30 June 2013, Andraž Lipolt since 1 July 2013
E-mail: andraz.lipolt@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's activities comprise maintenance of property, technological equipment and storage tanks, maintenance and construction of technological installations, maintenance and testing of gas storage tank tightness, inspection of measuring devices, and environmental and equipment measurements. The company has its own agencies for the purchasing of spare parts, installations and equipment. Petrol Tehnologija, d.o.o. provides its services to both the Petrol Group and external customers. In 2013 it generated EUR 6 million in net sales revenue, up 3 percent on the previous year. The company's net profit totalled EUR 470 thousand, up 37 percent on the previous year.

Its equity totalled EUR 1.8 million as at 31 December 2013.

PETROL ENERGETIKA D.O.O.

General Manager: Mojca Kert
E-mail: mojca.kert@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 99.3844%

Petrol Energetika d.o.o. developed and put into practice a competitive multi-energy and utility business model, which combines, in a technological, economic and environmental sense, the provision of comprehensive energy services to industry customers and consumers. The four pillars of its operations are electricity, natural gas and heat, renewable energy sources and comprehensive water management. For the purpose of trading in natural gas, the company has 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. Despite the deteriorated economic situation, the company invested in the renovation of energy infrastructure, which remains a precondition for the functioning of the energy market and energy security. In a quest for effective cost management and measures aimed at quickly adapting to the market, adjusting the number of work places and maintaining profitability also in the changed circumstances, Petrol Energetika d.o.o. continued to maintain and develop its role of a leading Slovene provider of comprehensive energy and environmental solutions in 2013. The company's HR policy is founded on equality in recruitment and promotion, on systematic and methodical staff motivation, on encouragement of innovation, and also on regular employee satisfaction measurement. Encouraging knowledge and competency is at the forefront of the company's career development efforts. Measures implemented by the company as a family friendly enterprise help facilitate a balance between professional and family life. At the end of 2013, the company held five natural gas supply concessions, two heat distribution concessions and one chimney sweeping concession. In 2013 Petrol Energetika d.o.o. sold 739.8 thousand MWh of electricity, of which 42.7 thousand MWh were generated by the company itself, and distributed 305.9 thousand MWh of electricity. The company sold and distributed 95.3 million Sm^3 and 51.7 million Sm^3 of natural gas, respectively. As regards heat operations, the company sold 48.8 thousand MWh of heat. In the period concerned, the company generated EUR 103.9 million in net sales revenue or 90.3 percent of the 2012 figure. The company's 2013 net profit stood at EUR 3.5 million or at 157 percent of the previous year's figure. The net profit attributable to the company Petrol d.d., Ljubljana totalled EUR 3.5 million.

The company's equity totalled EUR 31.3 million as at 31 December 2013.

PETROL GAS GROUP, D.O.O.

Board of Directors: Matjaž Burger, Janez Grošelj, Milan Dragosavac
E-mail: matjaz.burger@petrol.si, janez.groselj@petrol.si, milan.dragosavac@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol Gas Group, d.o.o. manages the Pećinci concession obtained by Petrol d.d., Ljubljana via a public call for tenders, which was then transferred to the company Rodgas AD. The construction of the gas distribution network in Pećinci and in the new Šimanovci business zone was completed in the first half of 2011. In May 2011, the pipeline became operational and the companies Petrol d.d., Ljubljana and Srbijagas signed a letter regarding the possibility of future cooperation between the companies. In 2013 the company generated EUR 111.5 thousand in net sales revenue, ending the year with a net profit of EUR 51 thousand, up 55 percent on the previous year.

Its equity totalled EUR 4.1 million as at 31 December 2013.

RODGAS AD BAČKA TOPOLA

Supervisory Board: Matjaž Burger (president), Primož Kramer, Željko Bjelan
Executive Director: Milan Dragosavac
E-mail: matjaz.burger@petrol.si, primoz.kramer@petrol.si, zeljko.bjelan@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 89.64%

The company's activities consist of gas distribution via a gas network in Serbia. Petrol d.d., Ljubljana entered the natural gas distribution market in the Republic of Serbia by acquiring the local distributor. Thanks to the country's favourable position in the region, its big development potential and economic growth, this market represents an interesting opportunity for the expansion of Petrol's gas operations. Rodgas AD Bačka Topola distributes natural gas via a gas network measuring 148.48 km. In 2013 the company sold 8.8 million Sm^3 of natural gas to household and industry customers. 1,131 households and 119 businesses were connected to the network at the end of the year. The company generated EUR 3.4 million in net sales revenue in 2013, up 5 percent on the previous year. Its 2013 net profit totalled EUR 216 thousand, of which EUR 193 thousand was attributable to Petrol d.d., Ljubljana.

The company's equity totalled EUR 1.6 million as at 31 December 2013.

BEOGAS INVEST D.O.O.

Supervisory Board: Janez Grošelj, Primož Kramer, Ratko Stanivukovič
General Manager: Primož Kramer until 31 March 2013, Željko Bjelan since 1 April 2013
E-mail: zeljko.bjelan@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 91.85%

In April 2012, Petrol d.d., Ljubljana acquired an 85-percent interest in the company Beogas Invest d.o.o., which is the sole owner of the companies Beogas d.o.o. and Domingas d.o.o. Together with its two subsidiaries, Beogas Invest d.o.o. is engaged in financing, planning and constructing distribution pipelines, and also distributes natural gas in three Belgrade municipalities, i.e. Čukarica, Palilula and Voždovac. Beogas d.o.o. is the owner of 211 km of the gas distribution network and 8,393 active gas connections. In 2013 the group generated EUR 5.8 million in net sales revenue. Its net profit for 2013 totalled EUR 146.6 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 134.7 thousand.

The company's equity totalled EUR 8.9 million as at 31 December 2013.

PETROL PLIN D.O.O.

General Manager: Matjaž Burger
E-mail: matjaz.burger@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company is engaged in the storage, distribution and sale of liquefied petroleum gas. In 2013 it sold 29.9 thousand tons of liquefied petroleum gas, which was 7 percent more than in 2012. Its net sales revenue thus stood at EUR 25 million, up 1 percent on the previous year. The company's net profit totalled EUR 1.1 million in 2013, an increase of 41 percent year-on-year.

Its equity totalled EUR 4.9 million as at 31 December 2013.

PETROL-ENERGETIKA DOOEL SKOPJE

General Manager: Gorazd Skubin
E-mail: gorazd.skubin@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In October 2010, Petrol d.d., Ljubljana established the company Petrol-Energetika DOOEL Skopje, which is engaged in electricity trading. The company has a valid electricity trading licence.

Its equity totalled EUR 25 thousand as at 31 December 2013.

ELTEC PETROL D.O.O.

General Manager: Jože Torkar
E-mail: marketing@eltec-petrol.si
Ownership interest of Petrol d.d., Ljubljana: 74.9%

By acquiring a 74.9-percent interest in the company El-Tec Mulej d.o.o., Bled on 18 August 2011, the Petrol Group expanded its operations in the field of energy and environmental solutions delivery. The company Eltec Petrol d.o.o. and its subsidiaries[6] market top-quality products and comprehensive system solutions in the areas of district energy, lighting efficiency, water distribution systems and energy management in buildings. The company operates in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Kosovo, Montenegro, Macedonia, Austria and Italy. In 2013 the Eltec Petrol Group generated EUR 18.7 million in net sales revenue, up 57 percent on the previous year. Its net profit for 2013 totalled EUR 738 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 553 thousand.

The Eltec Petrol Group's equity totalled EUR 4.4 million as at 31 December 2013.

IG ENERGETSKI SISTEMI D.O.O.

General Manager: Tomaž Berločnik
E-mail: tomaz.berlocnik@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The single most important investment of IG energetski sistemi d.o.o. (IGES) is a 50-percent interest in GEN-I. The GEN-I Group trades in electricity in Slovenia and in the EU and SE European markets, selling it also to end customers in Slovenia and supplying households with natural gas. In 2013 the GEN-I Group generated EUR 1.3 billion in net sales revenue, its net profit for 2013 totalling EUR 9.7 million. The net profit attributable to IGES d.o.o. amounted to EUR 4.9 million.

In July 2013, the company IG AP d.o.o., a subsidiary of IGES, was merged into Petrol Energetika d.o.o., while the subsidiary Vitales energie biomasse Italia s.r.l. is in the process of liquidation. In 2013 the IGES Group generated EUR 95.2 thousand in net sales revenue. Its net profit for 2013 totalled EUR 6.2 million.

The IGES Group's equity totalled EUR 26.9 million as at 31 December 2013.

INTRADE - ENERGIJA D.O.O. SARAJEVO

General Manager: Emir Avdić
E-mail: emir.avdic@intrade.co.ba
Ownership interest of Petrol d.d., Ljubljana: 51%

Intrade - energija d.o.o. Sarajevo became a subsidiary of Petrol d.d., Ljubljana when the company IG Investicijski inženiring, d.o.o., was merged into Petrol d.d., Ljubljana. The company is engaged in electricity production and distribution. In 2013 it generated EUR 1 million in net sales revenue, its net loss for 2013 totalling EUR 530 thousand. The net loss attributable to Petrol d.d., Ljubljana amounted to EUR 270 thousand.

The company's equity totalled EUR -5.7 million as at 31 December 2013.

PETROL GEOTERM D.O.O.

General Manager: Dušan Stopar until 10 May 2013, Miran Jug since 1 July 2013
E-mail: miran.jug@petrol.si, petrol-geoterm@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

On 10 May 2013, Petrol d.d., Ljubljana became the full owner of the Lendava-based company Nafta Geoterm d.o.o. The company changed its name from Nafta Geoterm d.o.o. to Petrol Geoterm d.o.o. on 16 October 2013. The company is engaged in mining, processing and transport of natural gas as well as in the management and development of geothermal district heating systems. In 2013 it generated EUR 2.4 million in net sales revenue, its net profit for the year amounting to EUR 165 thousand.

The company's equity totalled EUR 3.1 million as at 31 December 2013.

[6] Subisidiaries are: Eltec Petrol Hrvatska d.o.o. and Eltec Petrol d.o.o. Beograd.

[Jointly controlled entities]

GEOENERGO D.O.O.

General Managers: Evgen Torhač until 14 May 2013, Dušan Stopar since 22 May 2013, Miha Valentinčič
E-mail: miha.valentincic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 50%

The company holds concession rights for the extraction of mineral resources, crude oil, natural gas and gas condensate in the area of the Mura depression. In 2013 the company produced 412 tons of oil and gas condensate, 35,933 m^3 of petroleum gas and 2,997,559 m^3 of natural gas. It has a long-term contract with the company Ascent Slovenia Limited on joint operations aimed at developing oil and gas fields Dolina and Petišovci near Lendava. Two new boreholes that were successfully developed in 2011 will begin trial operation as soon as suitable processing and transport infrastructure is in place to carry natural gas to the transmission network or there is a new customer at the site who will be able to accept the available gas produced. The company's net profit for 2013 stood at EUR 11 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 5.5 thousand.

The company's equity totalled EUR 143 thousand as at 31 December 2013.

SOENERGETIKA D.O.O.

General Manager: Aleš Ažman
E-mail: ales.azman@elektro-gorenjska.si
Ownership interest of Petrol d.d., Ljubljana: 25%

The company's main activity is electricity, gas and steam supply. Its net profit for 2013 totalled EUR 679 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 170 thousand.

The company's equity totalled EUR 1.7 million as at 31 December 2013.

PETROL - OTI - SLOVENIJA L.L.C.

General Manager: Roman Pirš until 31 December 2013, Jože Smolič since 1 January 2014
E-mail: joze.smolic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 51%

The company's principal activity is the sale of petroleum products in the territory of Kosovo. In 2013 it sold 12.3 thousand tons of oil and petroleum products, which was 58 percent more than in 2012. Its net sales revenue stood at EUR 16.1 million, up 50 percent on the previous year. The company's net loss for 2013 totalled EUR 378 thousand. The net loss attributable to Petrol d.d., Ljubljana amounted to EUR 193 thousand. At the end of 2013, the company operated 7 service stations.

Its equity totalled EUR 15.1 million as at 31 December 2013.

PETROL LPG D.O.O. BEOGRAD

Supervisory Board: Janez Grošelj (president), Zoran Maksimovič, Matjaž Burger
General Manager: Čedomir Kocić
E-mail: matjaz.burger@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 51%

Petrol LPG d.o.o. was established on 20 February 2013. Through its Serbian subsidiary[7], it is engaged in the sale of liquefied petroleum gas. In 2013 it sold 12.2 thousand tons of LPG, generating EUR 10.6 million in net sales revenue. The company's net profit for 2013 totalled EUR 198 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 101 thousand.

Its equity totalled EUR 4.1 million as at 31 December 2013.

[6] A subsidiary of the Petrol LPG d.o.o. Beograd is Tigar Petrol d.o.o.

[Associates]

AQUASYSTEMS D.O.O.

Activities: Construction and operation of industrial and municipal water treatment plants – the central waste treatment plant in Maribor
Ownership interest of Petrol d.d., Ljubljana: 26%

GEOPLIN D.O.O. LJUBLJANA

Activities: Trading, wholesale and transport of natural gas
Ownership interest of Petrol d.d., Ljubljana: 31.9779%

MARCHE GOSTINSTVO D.O.O.

Activities: Preparation of food and beverages, sale of merchandise and other services
Ownership interest of Petrol d.d., Ljubljana: 25%

REPORT OF THE SUPERVISORY BOARD

[Successful operations and efficient supervision]

In the first half of 2013, the composition of the Supervisory Board changed several times. The term of office of all three employee representatives expired in February 2013, the term of office of the three shareholder representatives in April 2013 and the term of office of the fourth shareholder representative in July 2014. At the start of the 2013 financial year, the Supervisory Board comprised only seven members (three employee representatives and four shareholder representatives). The Workers' Council and the General Meeting appointed new members in time, preserving the continuity by re-appointing one of the former employee representatives (Andrej Tomplak) and two of the former shareholder representatives (Irena Prijović and Tomaž Kuntarič). In spite of the replacements and induction of new Supervisory Board members, the work of the Supervisory Board was continuous and efficient. The members of the Supervisory Board carried out their work expertly, focusing on the effective performance of function, including within the committees. At the inaugural meeting held on 22 April 2013, the Supervisory Board elected from among its members Tomaž Kuntarič the President of the Supervisory Board and Irena Prijović Deputy President of the Supervisory Board. Until 7 April 2013, these functions were held by Tomaž Kuntarič and Bruno Korelič, respectively. All members of the Supervisory Board regularly attended the meetings and the fact that all substantive resolutions, except some of the resolutions adopted at the inaugural meeting regarding the delimitation of functions and the appointment of the external member of the Audit Committee, were passed unanimously testifies to their accord.

The members of the Supervisory Board thoroughly prepared themselves for the topics discussed, gave constructive proposals based on expert and comprehensive verbal and written information obtained from the Management Board, and adopted decisions competently in line with the Rules of Procedure, internal regulations and legal powers. The Supervisory Board informed the stakeholders on a regular basis. If events occurred that were relevant, I, as the President of the Supervisory Board, issued public statements for the investors and the media immediately after the meetings, always ready to provide additional information.

In 2013 the Supervisory Board convened ten meetings. The most important topics discussed at the Supervisory Board's meetings in 2013 were associated with the monitoring of the Company's operations. The Supervisory Board and the Management Board focused their efforts on identifying strategies and business risks that were important for the successful future operations of the Company and the Petrol Group.

The most important topics discussed at the Supervisory Board's meetings in 2013

At the **45th meeting** held on 22 February 2013, the Supervisory Board agreed with the proposals of the Management Board and the set framework for securing short- and long-term sources of funds in 2013, discussed the draft Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2012 and acknowledged the proposal for the distribution of accumulated profit as well as approved the draft convocation of the 23rd General Meeting scheduled for 4 April 2013. Since the bases for making decisions about the above mentioned three issues have not changed, the Supervisory Board, at its **correspondence 46th meeting** held on 26 February 2013, formally approved the audited Annual Report as well as the proposal for the allocation of accumulated profit and the convocation of the General Meeting, which comprised the proposal for the appointment of auditors for the 2013 Annual Report and the electoral proposals for the Supervisory Board members.

At its **47th meeting** held on 12 March 2013, the Supervisory Board for the last time convened in the previous composition that had existed before the appointment of new members – shareholder representatives at the General Meeting, and made substantive decisions about the Report of the Supervisory Board on the review of the acquisition of Instalacija d.o.o. by Petrol d.d., Ljubljana.

On 22 April 2014, the members of the Supervisory Board, at the **inaugural meeting**, elected from among themselves the President and Deputy President of the Supervisory Board and appointed the members of both committees of the Supervisory Board, however, the composition of the Audit Committee was supplemented at the next meeting (regular meeting of 15 May 2013), when an external member and the Committee's chair were appointed with the term of office starting on 16 July 2013.

The **first** regular meeting (new numbering of meetings) after the inaugural meeting took place on 15 May 2013. It primarily focused on the quarterly results of the Petrol Group and Petrol d.d., Ljubljana. The **second** meeting held on 28 August 2013 focused on semi-annual results and the **fourth** meeting held on 21 November 2013 on the results for the first nine months of the year).

The **third** meeting of the Supervisory Board, held on 10 October 2013, was not envisaged in the financial calendar of the Company. It was dedicated to the induction of new members into the work of the Supervisory Board as well as professional training and the report of the Supervisory Board's Audit Committee about the implementation of its tasks specified at the previous meeting.

At the **fourth** meeting on 21 November 2013, the Supervisory Board, in addition to discussing the nine-month's results, adopted the 2014 financial calendar.

At the **fifth** meeting on 12 December 2013, the Supervisory Board approved the Business Plan and the Key Targets of the Petrol Group for 2014; together with the Management Board it updated the Corporate Governance Policy of Petrol d.d., Ljubljana (the updated version of 12 December 2013 is published on the website of Petrol d.d., Ljubljana and the website of the Ljubljana Stock Exchange – SEOnet), and agreed with the proposals of the Management Board and the set framework for securing short- and long-term sources of funds in 2014.

In addition to the above topics, the Supervisory Board also dealt with the reports of the Human Resources and Management Board Evaluation Committee, the reports of the Audit Committee and, in this context, the reports of the Internal Audit and the Business Risk Committee as well as other relevant issues within their competence.

Work of the Supervisory Board's committees

In 2013 the Audit Committee met seven times. The first two meetings in the financial year were devoted to preparing the basis for the Supervisory Board's approval of the Annual Report (the Audit Committee discussed the draft Annual Report and had a discussion with the KPMG auditors (including the issue of the management letter) and dealt with the audited Annual Report as well as submitted a proposal to the Supervisory Board for approval) and the topics related to the Supervisory Board and the General Meeting of Shareholders (proposing the auditing company for auditing the 2013 Annual Report). At the remaining five meetings, the Audit Committee discussed the quarterly reports on the operations of the Petrol Group and Petrol d.d., Ljubljana (in May, August and November) and dealt with the standard issues, such as:

- acknowledgement of the progress of the preliminary audit of the 2013 Annual Report;
- the Audit Committee's Action Plan for 2014;
- the annual revision of the competencies and tasks of the Audit Committee and its effectiveness in 2013, with the Committee's having undertaken to thoroughly assess its work after it has completed the annual work cycle in the current composition, namely at the end of the second half of 2014;
- the management of credit, foreign exchange and price risks;
- risk management in the Petrol Group by quarter;
- work activities of the Business Risk Committee;
- reports of the Internal Audit and the 2014 Internal Audit Action Plan;
- contracts with external auditors and other topics falling within the competence of the Audit Committee.

The Human Resources and Management Board Evaluation Committee met three times in the 2013 financial year. It met at the end of January 2013 and in mid-February 2013 to formulate a proposal for the Supervisory Board regarding the candidates for shareholder representatives on the Supervisory Board and the drafting of the proposal on the payment of the variable pay to the legal representatives of the Company. At the meeting in May 2013, the Committee prepared a proposal for the Supervisory Board to appoint the external member of the Audit Committee. The Human Resources and Management Board Evaluation Committee did not evaluate its own performance in 2013.

Assessment of the Petrol Group's operations in 2013

In spite of the stringent economic situation, the Petrol Group's economic position is still strong and Petrol ranks among the leading Slovene companies. Petrol's operations are focused on achieving long-term growth and thus stable return for shareholders. Despite the demanding business situation, it achieved good business results in 2013.

The Petrol Group's sales revenue totalled EUR 3.9 billion or 5 percent more than in 2012. Its gross profit was EUR 337.6 million, up 3 percent over 2012. Operating profit stood at EUR 93.8 million, having grown by 10 percent from 2012. Net profit amounted to EUR 52.8 million or 2 percent less than in 2012. In 2013 the volume of petroleum products sold by the Petrol Group totalled EUR 2.8 million tons, up 9 percent from 2012. Revenue from the sale of merchandise equalled EUR 474.8 million, exceeding the 2012 figure by 1 percent. The Group sold 121.8 million m^3 of natural gas, a decrease of 5 percent from 2012. It also sold 4.9 TWh of electricity or 101 percent more than in 2012.

Approval of the 2013 Annual Report

At its 6th meeting held on 13 March 2014, the Supervisory Board discussed the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2013. On the basis of the verification of the 2013 Annual Report of the Petrol Group and Petrol d.d., Ljubljana, the financial statements and notes thereto, the verification of the Management Board's proposal on the allocation of accumulated profit, and the certified auditor's report, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2013.

Ljubljana, 13 March 2014

Tomaž Kuntarič
President of the Supervisory Board

FINANCIAL REPORT 2013

Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2013 – Financial Report

[Contents]

[Statement of management's responsibility]

The Company's management is responsible for the preparation of the financial statements, together with the accounting policies and notes, of the Petrol Group and the company Petrol d.d., Ljubljana for the year 2013, which give, to the best of its knowledge and belief, a fair view of the development and results of the Company's operations and its financial position, including the description of material risks that the Company and any other companies included in the consolidated financial statements are exposed to as a whole.

The management confirms that appropriate accounting policies have been applied consistently in the preparation of the financial statements, that accounting estimates were prepared based on the principles of fair value, prudence and sound management and that the financial statements give a true and fair view of the Company's financial position and the results of its operations in the year 2013.

The management is also responsible for appropriate accounting and for taking adequate measures to protect the Company's property and other assets, and confirms that the financial statements, together with the notes thereto, have been prepared on the going concern assumption and in accordance with applicable legislation and International Financial Reporting Standards as adopted by the European Union.

The Company's management accepts and approves the financial statements, together with the accounting policies and notes, of the Petrol Group and the company Petrol d.d., Ljubljana for the year 2013.

Tomaž Berločnik
President of the
Management Board

Rok Vodnik
Member of the
Management Board

Janez Živko
Member of the
Management Board

Samo Gerdin
Worker Director

Petrol d.d., Ljubljana, Dunajska c. 50, 1527 Ljubljana, Slovenia
Ljubljana, 17 February 2014

Independent Auditor's Report

To the Shareholders of Petrol d.d., Ljubljana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Petrol d.d., Ljubljana and its subsidiaries (Petrol Group), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement and the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 about 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Petrol Group as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Katja Dolinšek

Katja Dolinšek, B.Sc.Ec.
Certified Auditor

Jason Stachurski
Partner

Ljubljana, 17 February 2014

KPMG Slovenija, d.o.o.
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Independent Auditor's Report

To the Shareholders of Petrol d.d., Ljubljana

Report on the Financial Statements

We have audited the accompanying financial statements of Petrol d.d., Ljubljana, which comprise the statement of financial position as at 31 December 2013, the income statement and the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Petrol d.d., Ljubljana as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Katja Dolinšek

Katja Dolinšek
Certified Auditor

Jason Stachurski
Partner

Ljubljana, 17 February 2014

KPMG Slovenija, d.o.o.
1

[Financial statements of the Petrol Group and the company Petrol d.d., Ljubljana]

Income statement of profit or loss of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Note	The Petrol Group 2013	2012	13/12 index	Petrol d.d. 2013	2012	13/12 index
Sales revenue		3,947,322,954	3,753,992,682	105	3,236,550,674	3,193,964,569	101
Cost of goods sold		(3,609,758,155)	(3,425,660,194)	105	(2,986,689,010)	(2,956,059,812)	101
Gross profit		**337,564,799**	**328,332,488**	**103**	**249,861,664**	**237,904,757**	**105**
Costs of materials	6.4	(29,480,337)	(30,206,689)	98	(10,055,952)	(9,822,638)	102
Costs of services	6.5	(114,082,008)	(116,261,439)	98	(107,371,476)	(114,669,012)	94
Labour costs	6.6	(59,276,191)	(60,719,895)	98	(26,901,192)	(24,709,555)	109
Depreciation and amortisation	6.7	(41,359,433)	(39,659,294)	104	(27,685,043)	(23,787,926)	116
Other costs	6.8	(5,550,568)	(5,371,395)	103	(4,100,380)	(2,713,950)	151
Operating costs		**(249,748,537)**	**(252,218,712)**	**99**	**(176,114,043)**	**(175,703,081)**	**100**
Other revenue	6.3	6,117,194	9,305,537	66	4,172,543	5,044,090	83
Other expenses	6.9	(140,790)	(471,175)	30	(44,808)	(43,686)	103
Operating profit		**93,792,666**	**84,948,138**	**110**	**77,875,356**	**67,202,080**	**116**
Share of profit of equity accounted investees	6.10	9,904,245	8,956,182	111	-	-	-
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities	6.10	-	-	-	4,350,808	12,123,262	36
Other finance income	6.11	45,839,081	66,834,658	69	35,569,148	51,957,924	68
Other finance expenses	6.11	(86,185,074)	(92,773,719)	93	(78,638,508)	(81,292,431)	97
Net finance expense		**(40,345,993)**	**(25,939,061)**	**156**	**(43,069,360)**	**(29,334,507)**	**147**
Profit before income tax		**63,350,918**	**67,965,259**	**93**	**39,156,804**	**49,990,835**	**78**
Income tax expense	6.12	(7,504,247)	(2,815,443)	267	(6,524,244)	0	-
Deferred income tax	6.12	(3,082,901)	(11,224,753)	27	(2,437,101)	(15,504,158)	16
Income tax		**(10,587,148)**	**(14,040,196)**	**75**	**(8,961,345)**	**(15,504,158)**	**58**
Net profit for the year		**52,763,770**	**53,925,063**	**98**	**30,195,459**	**34,486,677**	**88**
Net profit for the year attributable to:							
Owners of the controlling company		52,760,594	53,306,051	99	30,195,459	34,486,677	88
Non-controlling interest		3,176	619,012	1	-	-	-
Basic and diluted earnings per share	6.13	25.59	26.16	98	14.65	16.73	88

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

Other comprehensive income of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Note	The Petrol Group 2013	2012	Petrol d.d. 2013	2012
Net profit for the year		**52,763,770**	**53,925,063**	**30,195,459**	**34,486,677**
Change in the value of investments in associates and jointly controlled entities	6.14	-	-	(9,319,144)	(3,634,331)
Attribution of changes in the equity of associates	6.14	103,994	(312,296)	-	-
Change due to merger by absorption	6.14	-	-	53,452,160	-
Effective portion of changes in the fair value of cash flow variability hedging	6.14	3,878,790	(944,373)	3,261,361	485,430
Change in deferred taxes	6.14	(630,114)	109,072	(447,455)	10,302,567
Foreign exchange differences		(1,458,790)	(2,916,321)	-	-
Other comprehensive income		**1,893,880**	**(4,063,918)**	**46,946,923**	**7,153,666**
Total comprehensive income for the year		**54,657,650**	**49,861,145**	**77,142,382**	**41,640,343**
Total comprehensive income attributable to:					
Owners of the controlling company		54,674,310	49,376,520	77,142,382	41,640,343
Non-controlling interest		(16,660)	484,625	-	-

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

Statement of financial position of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Note	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	The Petrol Group 13/12 index	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012	Petrol d.d. 13/12 index
ASSETS							
Non-current (long-term) assets							
Intangible assets	6.15	176,258,529	180,692,889	98	141,120,875	55,206,057	256
Property, plant and equipment	6.16	618,597,466	613,838,344	101	327,985,005	279,932,420	117
Investment property	6.17	12,349,949	12,813,859	96	12,157,881	12,650,319	96
Investments in subsidiaries	6.18	-	-	-	293,746,174	364,715,239	81
Investments in jointly controlled entities	6.19	47,660,111	41,931,824	114	5,820,277	4,740,464	123
Investments in associates	6.20	100,847,540	98,807,655	102	121,596,000	131,235,000	93
Available-for-sale financial assets	6.21	1,666,159	6,488,024	26	1,536,212	6,358,078	24
Financial receivables	6.22	7,049,936	4,072,743	173	23,433,149	17,163,277	137
Operating receivables	6.23	1,399,606	660,243	212	1,399,606	520,264	269
Deferred tax assets	6.12	28,090,265	31,764,581	88	25,106,275	27,929,718	90
		993,919,561	**991,070,162**	**100**	**953,901,454**	**900,450,836**	**106**
Current assets							
Inventories	6.24	152,374,390	159,691,274	95	131,176,426	138,925,514	94
Assets held for disposal	6.38	0	3,207,487	-	0	0	-
Financial receivables	6.25	15,745,516	9,158,834	172	14,234,319	9,161,730	155
Operating receivables	6.26	376,545,501	352,116,072	107	289,939,480	266,206,461	109
Corporate income tax assets	6.12	117,679	7,973,965	-	0	6,948,127	-
Financial assets at fair value through profit or loss	6.27	1,588,030	1,602,079	99	1,588,030	1,602,079	99
Prepayments and other assets	6.28	10,301,458	9,082,326	113	6,733,681	5,233,564	129
Cash and cash equivalents	6.29	69,742,729	37,625,459	185	56,407,034	28,813,254	196
		626,415,303	**580,457,496**	**108**	**500,078,970**	**456,890,729**	**109**
Total assets		**1,620,334,864**	**1,571,527,658**	**103**	**1,453,980,424**	**1,357,341,565**	**107**

(in EUR)	Note	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	The Petrol Group 13/12 index	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012	Petrol d.d. 13/12 index
EQUITY AND LIABILITIES							
Equity attributable to owners of the Petrol Group							
Called-up capital		52,240,977	52,240,977	100	52,240,977	52,240,977	100
Capital surplus		80,991,385	80,991,385	100	80,991,385	80,991,385	100
Legal reserves		61,987,886	62,001,962	100	61,749,884	61,749,884	100
Reserves for own shares		2,604,670	2,604,670	100	2,604,670	2,604,670	100
Own shares		(2,604,670)	(2,604,670)	100	(2,604,670)	(2,604,670)	100
Other revenue reserves		155,748,074	131,103,142	119	149,809,212	125,145,815	120
Fair value reserve		-	-	-	104,820,040	73,629,197	142
Hedging reserve		(2,542,902)	(5,854,616)	43	(1,893,003)	(4,710,774)	40
Revaluation reserves		89,128	(6,093)	-	0	0	-
Foreign exchange differences		(8,393,935)	(6,954,981)	121	0	0	-
Retained earnings		129,458,567	122,017,539	106	15,097,730	17,243,338	88
		469,579,180	**435,539,315**	**108**	**462,816,224**	**406,289,823**	**114**
Non-controlling interest		**(1,911,003)**	**(1,877,984)**	**102**			
Total equity	6.30	**467,668,177**	**433,661,331**	**108**	**462,816,224**	**406,289,823**	**114**
Non-current liabilities							
Provisions for employee benefits	6.31	4,757,559	4,630,422	103	2,572,256	2,356,428	109
Other provisions	6.32	3,596,712	2,610,670	138	2,524,862	2,524,862	100
Long-term deferred revenue	6.33	9,227,333	10,859,899	85	8,793,553	10,266,047	86
Financial liabilities	6.34	357,174,203	429,692,404	83	254,496,730	335,108,925	76
Operating liabilities	6.35	14,638,547	15,696,073	93	14,638,547	15,607,535	94
Deferred tax liabilities	6.12	6,008,299	6,000,260	100	5,973,799	5,969,935	100
		395,402,653	**469,489,728**	**84**	**288,999,747**	**371,833,732**	**78**
Current liabilities							
Financial liabilities	6.34	243,167,684	203,893,056	119	280,385,392	200,204,647	140
Operating liabilities	6.36	495,155,432	450,252,049	110	406,005,643	372,759,060	109
Corporate income tax liabilities	6.12	5,010,189	66,963	-	5,072,648	0	-
Liabilities held for disposal	6.38	0	4,217,919	-	0	0	-
Other liabilities	6.37	13,930,729	9,946,612	140	10,700,770	6,254,303	171
		757,264,034	**668,376,599**	**113**	**702,164,453**	**579,218,010**	**121**
Total liabilities		**1,152,666,687**	**1,137,866,327**	**101**	**991,164,200**	**951,051,742**	**104**
Total equity and liabilities		**1,620,334,864**	**1,571,527,658**	**103**	**1,453,980,424**	**1,357,341,565**	**107**

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

Statement of changes in equity of the Petrol Group

(in EUR)	Called-up capital	Capital surplus	Revenue reserves: Legal reserves	Revenue reserves: Reserves for own shares	Revenue reserves: Own shares	Revenue reserves: Other revenue reserves	Hedging reserve	Revaluation reserve	Foreign exchange differences	Retained earnings	Equity attributable to owners of the Petrol Group	Non-controlling interest	Total
As at 1 January 2012	52,240,977	80,991,385	62,007,289	2,604,670	(2,604,670)	132,714,209	(4,822,014)	244,566	(4,173,047)	91,617,392	410,820,757	30,815,344	441,636,101
Dividend payments for 2011						(11,204,627)				(5,803,557)	(17,008,184)		(17,008,184)
Transfer of a portion of 2012 net profit						17,243,338				(17,243,338)	0		0
Decrease in non-controlling interest						(7,649,778)					(7,649,778)	(33,177,953)	(40,827,731)
Elimination of legal reserves			(5,420)							5,420	0		0
Creation of legal reserves			93							(93)	0		0
Transactions with owners	**0**	**0**	**(5,327)**	**0**	**0**	**(1,611,067)**	**0**	**0**	**0**	**(23,041,568)**	**(24,657,962)**	**(33,177,953)**	**(57,835,915)**
Net profit for the current year										53,306,051	53,306,051	619,012	53,925,063
Other changes in comprehensive income							(1,032,602)	(250,659)	(2,781,934)	135,664	(3,929,531)	(134,387)	(4,063,918)
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**(1,032,602)**	**(250,659)**	**(2,781,934)**	**53,441,715**	**49,376,520**	**484,625**	**49,861,145**
As at 31 December 2012	**52,240,977**	**80,991,385**	**62,001,962**	**2,604,670**	**(2,604,670)**	**131,103,142**	**(5,854,616)**	**(6,093)**	**(6,954,981)**	**122,017,539**	**435,539,315**	**(1,877,984)**	**433,661,331**
As at 1 January 2013	52,240,977	80,991,385	62,001,962	2,604,670	(2,604,670)	131,103,142	(5,854,616)	(6,093)	(6,954,981)	122,017,539	435,539,315	(1,877,984)	433,661,331
Dividend payments for 2012						(3,372,642)				(17,243,338)	(20,615,980)		(20,615,980)
Transfer of a portion of 2013 net profit						15,097,730				(15,097,730)	0		0
Transfer of retained earnings to other reserves						12,938,309				(12,938,309)	0		0
Decrease in non-controlling interest						(18,465)					(18,465)	(16,359)	(34,824)
Elimination of legal reserves			(14,096)							14,096	0		0
Creation of legal reserves			20							(20)	0		0
Transactions with owners	**0**	**0**	**(14,076)**	**0**	**0**	**24,644,932**	**0**	**0**	**0**	**(45,265,301)**	**(20,634,445)**	**(16,359)**	**(20,650,804)**
Net profit for the current year										52,760,594	52,760,594	3,176	52,763,770
Other changes in comprehensive income							3,311,714	95,221	(1,438,954)	(54,265)	1,913,716	(19,836)	1,893,880
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**3,311,714**	**95,221**	**(1,438,954)**	**52,706,329**	**54,674,310**	**(16,660)**	**54,657,650**
As at 31 December 2013	**52,240,977**	**80,991,385**	**61,987,886**	**2,604,670**	**(2,604,670)**	**155,748,074**	**(2,542,902)**	**89,128**	**(8,393,935)**	**129,458,567**	**469,579,180**	**(1,911,003)**	**467,668,177**

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

Statement of changes in equity of Petrol d.d., Ljubljana

			Revenue reserves							
(in EUR)	Called-up capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares	Other revenue reserves	Fair value reserve	Hedging reserve	Retained earnings	Total
As at 1 January 2012	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	119,107,103	66,586,771	(4,822,014)	5,803,557	381,657,663
Dividend payments for 2011						(11,204,627)			(5,803,557)	(17,008,184)
Transactions with owners	**0**	**0**	**0**	**0**	**0**	**(11,204,627)**	**0**	**0**	**(5,803,557)**	**(17,008,184)**
Net profit for the current year									34,486,677	34,486,677
Transfer of a portion of 2012 net profit						17,243,338			(17,243,338)	0
Other changes in comprehensive income							7,042,426	111,240		7,153,666
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**17,243,338**	**7,042,426**	**111,240**	**17,243,338**	**41,640,343**
As at 31 December 2012	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**125,145,815**	**73,629,197**	**(4,710,774)**	**17,243,338**	**406,289,822**
As at 1 January 2013	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	125,145,815	73,629,197	(4,710,774)	17,243,338	406,289,822
Dividend payments for 2012						(3,372,642)			(17,243,338)	(20,615,980)
Transactions with owners	**0**	**0**	**0**	**0**	**0**	**(3,372,642)**	**0**	**0**	**(17,243,338)**	**(20,615,980)**
Net profit for the current year									30,195,459	30,195,459
Transfer of a portion of 2013 net profit						15,097,730			(15,097,730)	0
Other changes in comprehensive income						12,938,309	31,190,843	2,817,771	0	46,946,923
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**28,036,039**	**31,190,843**	**2,817,771**	**15,097,730**	**77,142,382**
As at 31 December 2013	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**149,809,212**	**104,820,040**	**(1,893,003)**	**15,097,730**	**462,816,224**
Accumulated profit for 2013						**5,765,281**			**15,097,730**	**20,863,011**

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

Statement of cash flows of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Note	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Cash flows from operating activities					
Net profit		**52,763,770**	**53,925,063**	**30,195,459**	**34,486,677**
Adjustment for:					
Taxes	6.12	10,587,148	14,040,196	8,961,345	15,504,158
Depreciation of property, plant and equipment	6.7	36,774,019	35,502,810	23,843,279	20,333,367
Amortisation of intangible assets	6.7	4,585,414	4,156,484	3,841,764	3,454,559
(Gain)/loss on disposal of property, plant and equipment	6.2, 6.8	(1,538,816)	(1,713,932)	(1,003,255)	(88,292)
Impairment, write-down/(reversed impairment) of assets	6.8	103,268	(122,798)	70,075	(157,666)
Revenue from assets under management	6.35	(65,400)	(65,400)	(65,400)	(65,400)
Net (decrease in)/creation of provisions for employee benefits	6.31, 6.33	(1,339)	452,226	0	289,885
Net (decrease in)/creation of other provisions and long-term deferred revenue	6.32	(1,402,105)	(2,492,802)	(1,472,494)	(2,431,985)
Net goods shortages	6.8	1,553,077	4,197,934	1,615,137	4,018,067
Net (decrease in)/creation of allowance for receivables	6.11	6,962,110	319,764	3,440,328	4,255,054
Net finance (income)/expense	6.11	21,851,143	25,077,454	21,550,139	23,688,124
Impairment of investments	6.11	7,108,951	1,311,303	14,689,943	2,039,437
Share of profit of jointly controlled entities	6.10	(4,920,681)	(3,700,926)	0	0
Share of profit of associates	6.10	(4,983,564)	(5,255,256)	0	0
Finance income from dividends received from subsidiaries	6.10	0	0	(43,355)	(6,581,244)
Finance income from dividends received from jointly controlled entities	6.10	0	0	(1,259,781)	0
Finance income from dividends received from associates	6.10	0	0	(3,047,672)	(5,542,018)
Cash flow from operating activities before changes in working capital		**129,376,995**	**125,632,120**	**101,315,512**	**93,202,723**
Net (decrease in)/creation of other liabilities	6.37	3,679,480	1,380,612	3,662,191	(192,069)
Net decrease in/(creation of) other assets	6.28	134,825	(894,386)	341,836	(799,498)
Change in inventories	6.24	5,806,580	(62,847,381)	6,500,637	(62,924,471)
Change in operating and other receivables	6.26	(29,496,073)	10,766,965	(6,959,175)	53,666,659
Change in operating and other liabilities	6.36	52,932,429	28,165,478	26,426,177	36,554,038
Cash generated from operating activities		**162,434,236**	**102,203,408**	**131,287,178**	**119,507,382**
Interest paid	6.11	(32,026,015)	(36,289,548)	(27,679,574)	(30,351,938)
Taxes paid	6.12	5,424,080	(12,194,926)	5,175,432	(7,839,475)
Net cash from (used in) operating activities		**135,832,301**	**53,718,934**	**108,783,035**	**81,315,968**

(in EUR)	Note	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Cash flows from investing activities					
Payments for investments in subsidiaries	6.18	(1,419,833)	(41,500,833)	(2,533,927)	(67,404,846)
Receipts from investments in subsidiaries		11,209	897,424	1,597,273	535,000
Payments for investments in jointly controlled entities	6.20	(2,332,644)	(1,282,990)	(2,332,644)	(1,282,990)
Receipts from investments in jointly controlled entities	6.19	0	50,000	0	0
Receipts from investments in associates		0	999,984	0	999,984
Receipts from intangible assets	6.15	49,780	146,480	0	0
Payments for intangible assets	6.15	(5,041,694)	(5,769,340)	(4,470,953)	(3,154,763)
Receipts from property, plant and equipment	6.16	9,404,322	8,720,688	3,488,455	2,766,086
Payments for property, plant and equipment	6.16	(59,213,841)	(53,875,998)	(26,664,477)	(24,547,958)
Receipts from available-for-sale financial assets		3,550,595	0	3,550,595	0
Payments for available-for-sale financial assets	6.21	0	(2,500)	0	(2,500)
Receipts from financial assets held for trading		8,297	0	8,297	0
Receipts from loans granted	6.22, 6.25	35,792,337	17,428,410	36,812,938	25,750,455
Payments for loans granted	6.22, 6.25	(45,165,993)	(12,730,797)	(40,427,227)	(30,385,790)
Interest received	6.11	6,247,550	8,213,578	5,712,632	5,545,036
Dividends received from subsidiaries	6.10	0	0	1,259,784	6,581,244
Dividends received from jointly controlled entities	6.10	1,443,355	1,000,000	43,355	0
Dividends received from associates	6.10	3,047,672	5,542,018	3,047,672	5,542,018
Dividends received from others	6.10	57,669	56,152	57,669	56,152
Net cash from (used in) investing activities		**(53,561,219)**	**(72,107,724)**	**(20,850,561)**	**(79,002,872)**
Cash flows from financing activities					
Payments for bonds issued	6.34	15,363	30,053,526	15,363	30,053,526
Proceeds from borrowings	6.34	869,129,021	1,244,136,240	907,529,984	1,189,539,076
Repayment of borrowings	6.34	(898,684,546)	(1,259,825,523)	(947,350,602)	(1,209,060,867)
Dividends paid to shareholders	6.30	(20,533,439)	(18,644,185)	(20,533,439)	(16,981,465)
Net cash from (used in) financing activities		**(50,073,601)**	**(4,279,942)**	**(60,338,694)**	**(6,449,730)**
Increase/(decrease) in cash and cash equivalents		32,197,481	(22,668,732)	27,593,780	(4,136,634)
Changes in cash and cash equivalents					
At the beginning of the year		**37,625,459**	**60,701,551**	**28,813,254**	**32,949,888**
Translation differences		(80,211)	(407,360)	0	0
Increase/(decrease)		32,197,481	(22,668,732)	27,593,780	(4,136,634)
At the end of the year		**69,742,729**	**37,625,459**	**56,407,034**	**28,813,254**

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.

[Notes to the financial statements]

1. Reporting entity

Petrol d.d., Ljubljana (hereinafter the "Company") is a company domiciled in Slovenia. Its registered office is at Dunajska cesta 50, 1527 Ljubljana. Below we present consolidated financial statements of the Group for the year ended 31 December 2013 and separate financial statements of the company Petrol d.d., Ljubljana for the year ended 31 December 2013. The consolidated financial statements comprise the Company and its subsidiaries as well as the Group's interests in associates and jointly controlled entities (together referred to as the "Group"). A more detailed overview of the Group's structure is presented in chapter Group companies of the business report.

2. Basis of preparation

a. Statement of compliance

The Company's management approved the Company's financial statements and the Group's consolidated financial statements on 17 February 2014.

The financial statements of Petrol d.d., Ljubljana and consolidated financial statements of the Petrol Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements as at 31 December 2013:

IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements. Effective for annual periods beginning on 1 January 2014. Earlier application is permitted if IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early. This standard is to be applied retrospectively when there is a change in control conclusion.

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008).

Under the new single control model, an investor controls an investee when:

- it is exposed or has rights to variable returns from its involvements with the investee;
- it has the ability to affect those returns through its power over that investee; and
- there is a link between power and returns.

The amended standard also includes the disclosure requirements and the requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).

The impact of the initial application of the amendment depends on the specific facts and circumstances of the investees of the Group held at the date of initial application. The Company/Group is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

IFRS 11 Joint Arrangements. Effective for annual periods beginning on 1 January 2014; to be applied retrospectively subject to transitional provisions. Earlier application is permitted if IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.

IFRS 11, Joint Arrangements, supersedes and replaces IAS 31, Interest in Joint Ventures. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10.

Under the new standard, arrangements are divided into two types, each having its own accounting model defined as follows:

- a joint operation is one whereby the jointly controlling parties have rights to the assets, and obligations for the liabilities, relating to the arrangement;
- a joint venture is one whereby the jointly controlling parties have rights to the net assets of the arrangement.

IFRS 11 effectively carves out from IAS 31 jointly controlled entities those cases in which, although there is a separate vehicle for the joint arrangement, separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31, and are now called joint operations. The remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of equity accounting or proportionate consolidation. They must now always use the equity method in their consolidated financial statements.

The impact of the initial application of the amendment depends on the specific facts and circumstances of the joint arrangements to which the Company/Group is a party at the date of initial application. The Company/Group is therefore not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

IFRS 12 Disclosure of Interests in Other Entities. Effective for annual periods beginning on 1 January 2014; to be applied retrospectively subject to transitional provisions. Earlier application is permitted.

IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

The Company/Group does not expect the new standard to have a material impact on the financial statements.

IAS 27 (2011) Separate Financial Statements. Effective for annual periods beginning on 1 January 2014. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011) are also applied early.

IAS 27 (2011) carries forward the existing disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have also been incorporated into the amended IAS 27 (2011). The standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been incorporated into IFRS 10, Consolidated Financial Statements.

The Company does not expect IAS 27 (2011) to have a material impact on the financial statements since it does not result in a change in its accounting policies.

IAS 28 (2011) Investments in Associates and Joint Ventures. Amendments are effective for annual periods beginning on 1 January 2014 and are to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied early.

Amendments to IAS 28 (2008) apply to:

- Associates and joint ventures held for sale. IFRS 5, Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
- Changes in interests held in associates and joint ventures. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained interest in all cases, even if significant influence was succeeded by a joint venture. The amended IAS 28 (2011) stipulates that in such scenarios the retained interest in the investment does not have to be remeasured.

The Company/Group does not expect the amendments to the standard to have a material impact on the financial statements since it does not have any investments in associates or joint ventures.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities. Effective for annual periods beginning on 1 January 2014; to be applied retrospectively. Earlier application is permitted, however the additional disclosures required by Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities must also be made.

The amendments do not introduce new requirements for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.

The amendments clarify that an entity has a legally enforceable right to set-off if that right is:
- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of one or all counterparties.

The Company/Group does not expect the amendments to have a material impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities. Effective for annual periods beginning on 1 January 2014; early adoption is permitted subject to transitional provisions.

The amendments provide an exception to the consolidation requirements in IFRS 10. It requires investment entities to measure their investments in controlled entities – as well as investments in associates and jointly controlled entities – at fair value through profit or loss, rather than consolidating them.

The consolidation exemption is mandatory (i.e. not optional), with the only exception being that subsidiaries that are considered as an extension of the investment entity's investing activities must still be consolidated.

An entity qualifies as an investment entity if it meets all of the essential elements. According to these essential elements an investment entity:
- obtains funds from investors to provide those investors with investment management services;
- commits to its investors that its business purpose is to invest for returns solely from the appreciation of non-current investments and/or investment income; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The amendments also set out disclosure requirements for investment entities.

The Company/Group does not expect the amendments to have a material impact on the financial statements, since the Company does not qualify as an investment entity.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets. Effective for annual periods beginning on 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13.

The amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generating units for which an impairment loss was recognised or reversed during the period.

An entity is required to make the following disclosures when an impairment for individual assets (including goodwill) or cash-generating units has been recognised or reversed in the period and recoverable amount is based on fair value less costs to disposal:
- the level of IFRS 13 'Fair value hierarchy' within which the fair value measurement of the asset or cash-generating unit is fully categorised;
- for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique together with the reason for making it;
- for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of each key assumption (i.e. assumptions to which recoverable amount is most sensitive) used in determining fair value less costs of disposal. If fair value less costs of disposal is measured using a present value technique, discount rate(s) used both in current and previous measurement should also be disclosed.

The Group does not expect the amendments to have a material impact on the financial statements.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting Effective for annual periods beginning on 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13.

The amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations, when the following criteria are met:
- the novation is made as a consequence of laws or regulations;
- a clearing counterparty replaces the initial counterparty, becoming a new counterparty to the derivative instrument;
- changes to the terms of the derivative are limited to those necessary to replace the counterparty.

The Company/Group does not expect the amendments to have a material impact on the financial statements.

b. Basis of measurement

The Group's and the Company's financial statements have been prepared on the historical cost basis except for the following assets and liabilities that are carried at fair value:
- derivative financial instruments,
- financial assets at fair value through profit or loss,
- available-for-sale financial assets,
- investments in associates and jointly controlled entities (applies to the Company).

c. Functional and presentation currency

These financial statements are presented in euros (EUR) without cents, the euro also being the Company's functional currency. Due to rounding, some immaterial differences may arise as concerns the sums presented in tables.

d. Use of estimates and judgements

When preparing the financial statements the management is required to provide estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. How the estimates are produced and the related assumptions and uncertainties is disclosed in the notes to individual items.

The estimates, judgements and assumptions are reviewed on a regular basis. Because estimates are subject to subjective judgement and a degree of uncertainty, actual results might differ from the estimates. Changes in accounting estimates, judgements and assumptions are recognised in the period in which the estimates are 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 any future periods.

Estimates and assumptions are mainly used in the following judgements:
- estimating the lives of depreciable assets,
- asset impairment testing,
- estimating the fair value of investments in associates and jointly controlled entities (applies to the Company only),
- estimating the fair value of available-for-sale financial assets,
- estimating the fair value of financial assets at fair value through profit or loss,
- estimating the fair value of derivative financial instruments,
- assessing the amount of provisions created;
- assessing the possibility of using deferred tax assets.

e. Changes in accounting policies

The Group/Company did not change its accounting policies in 2013.

3. Significant accounting policies of the Group

In these financial statements, the Group and Group companies have applied the accounting policies set out below consistently to all periods presented herein.

a. Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the controlling company and of its subsidiaries.

Business combinations

Business combinations are accounted for using the acquisition method as at the date of the combination, which is the same as the acquisition date or the date on which control is transferred to the Group. Control is the power to govern financial and operating policies of a company so as to obtain benefits from its activities.

The Group measures goodwill at the fair value of the consideration transferred plus the recognised amount of any non-controlling interest in the acquiree, plus the fair value of any pre-existing equity interest in the acquiree (if the business combination is achieved in stages), less the net recognised amount of the assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, the effect is recognised immediately in profit or loss.

Acquisition costs, other than those associated with the issue of equity or debt securities, incurred in connection with a business combination are expensed as incurred.

Any contingent liabilities arising from business combinations are recognised at fair value as at the acquisition date. If a contingent liability is classified as equity, then it is not remeasured and settlement is accounted for within equity. Subsequent changes in the fair value of the contingent liability are recognised in profit or loss.

Accounting for acquisitions of non-controlling interests

The Group accounts for acquisitions of non-controlling interests that do not involve the change in control of a company as transactions with owners and therefore no goodwill is recognised. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any surpluses or the difference between the costs of additional investments and the carrying amount of assets are recognised in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the Group's policies.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, such interest is measured at fair value at the date the control is lost. Subsequently, the interest is accounted for in equity as an investment in an associate (using the equity method) or as an available-for-sale financial asset, depending on the level of influence retained.

Investments in associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for financial and operating decisions. Investments in associates and jointly controlled entities are initially recognised at cost, but are subsequently accounted for using the equity method. The Group's consolidated financial statements include the Group's share of the profit and loss of equity accounted jointly controlled entities, after adjustments to align the accounting policies, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses of an associate or a jointly controlled entity exceeds its interest in such an entity, the carrying amount of the Group's interest is reduced to zero and the recognition of further losses is discontinued.

Transactions eliminated from consolidated financial statements

Intra-group balances and any gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates (accounted for using the equity method) are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated using the same method, provided there is no evidence of impairment.

b. Foreign currency translation

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains or losses are the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in a foreign currency and measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences are recognised in profit or loss.

Financial statements of Group companies

The Group's consolidated financial statements are presented in euros. Line items of each Group company that are included in the financial statements are translated, for the purpose of preparing consolidated financial statements, to the reporting currency as follows:

- assets and liabilities from each statement of financial position presented are translated at the ECB exchange rate at the reporting date;
- revenue and expenses of foreign operations are converted to euros at exchange rates applicable at the conversion date.

Foreign exchange differences are recognised in other comprehensive income and presented under foreign exchange differences in equity. In the case of non-wholly-owned subsidiaries abroad, the relevant proportion of the foreign exchange difference is allocated to non-controlling interests. When a foreign operation is disposed of in such a way that control, significant influence or joint control is lost, the relevant cumulative amount in the translation reserve is reclassified to profit or loss or as gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c. Financial instruments

Financial instruments consist of the following items:

- non-derivative financial assets,
- non-derivative financial liabilities,
- derivative financial instruments,

Impairment of financial assets is detailed in note k1.

c1. Non-derivative financial assets

The Group has the following non-derivative financial assets: cash and cash equivalents, receivables and loans, and investments. The accounting policies for investments in jointly controlled entities and associates are presented in point a.

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Upon initial recognition, non-derivative financial instruments of the Group are classified into one the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for sale financial assets. Their classification depends on the purpose for which an instrument was acquired.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group is able to manage such financial assets and make purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The Group's financial assets measured at fair value through profit or loss mainly consist of unrealised derivative financial instruments assessed on the reporting date.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables or as financial assets at fair value through profit or loss.

They are measured at fair value, except for impairment losses and foreign exchange differences, provided that the fair value can be determined and that the resulting gains or losses are recognised directly in comprehensive income and presented in the fair value reserve until such assets are derecognised. When an available-for-sale financial asset is derecognised, the cumulative gain or loss in other comprehensive income for the period is transferred to profit or loss.

If their fair value cannot be measured reliably because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the financial asset at cost. If the financial asset is carried at cost, that fact is disclosed.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position). Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits with maturities of three months or less, and other current and highly liquid investments with original maturities of three months or less.

c2. Non-derivative financial liabilities
The Group's non-derivative financial liabilities consist of debt securities issued and loans received. The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, or when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Depending on their maturity, they are classified as current financial liabilities (maturity of up to 12 months from the date of the statement of financial position) or non-current financial liabilities (maturity of more than 12 months from the date of the statement of financial position).

c3. Derivative financial instruments
Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- When a derivative is designated as a hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in comprehensive income for the period and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated or exercised, then the Group is expected to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve as long as the forecast transaction does not affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period in which the hedged item affects profit or loss.
- The effects of other derivatives not designated as a hedging instrument in the hedge of the variability in cash flows or not attributable to a particular risk associated with a recognised asset or liability are recognised in profit or loss.

The Group has the following derivative financial instruments:

Forward contracts
The Group purchases petroleum products in US dollars, but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur between purchase and selling prices that are hedged against using forward contracts.

The fair value of outstanding forward contracts at the date of the statement of financial position is determined by means of publicly available information about the value of forward contracts in a regulated market on the reporting date for all outstanding contracts. Gains and losses are recognised in profit or loss.

Commodity swaps
When petroleum products and electricity are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity swaps.

The fair value of outstanding commodity swaps at the date of the statement of financial position is determined using publicly available information about the market value of commodity swaps at the date of the statement of financial position as issued by relevant institutions. Gains and losses are recognised in profit or loss.

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 outstanding interest rate swaps and collars at the date of the statement of financial position 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 the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised directly in comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss.

d. Equity
Called-up capital
The called-up capital of the controlling company Petrol d.d. takes the form of share capital, the amount of which is defined in the Company's articles of association. It is registered with the Court and paid up by owners. Dividends on ordinary shares are recognised as a liability in the period in

which they were approved by the General Meeting.

Legal reserves
Legal 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 the preparation of the annual report or by means of a resolution of this body.

The revaluation reserve represents the attribution of changes in the equity of associates and jointly controlled entities accounted for using the equity method.

The fair value reserve comprises the effects of valuing available-for-sale financial assets at fair value.

The hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows.

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 total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in capital surplus net of transaction costs and related tax effects.

e. Intangible assets
Goodwill
The Group's goodwill is the result of business combinations. For the measurement of goodwill upon initial recognition, see point a.

Goodwill is measured at cost less any accumulated impairment losses. In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment, but the impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investment.

Right to use concession infrastructure
The Group recognises an intangible non-current asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible non-current asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible non-current asset is measured at cost less accumulated amortisation and any accumulated impairment losses. The life of the right is linked to the duration of the concession agreement.

Development of software solutions
Development of software solutions involves the design and production of new or substantially improved software applications. The Group capitalises the costs of developing software solutions to the extent that the following conditions are met: the costs can be measured reliably, the development of a software solution is technically and commercially feasible, future economic benefits are probable, the Group has sufficient resources to complete development and intends to use the software solution. The capitalised costs of developing software solutions include direct labour costs and other costs that are directly attributable to preparing the asset for its intended use.

Other intangible assets
Other intangible fixed assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Intangible fixed assets are subsequently measured using the cost model. In addition to goodwill and rights arising from concessions for the construction of gas networks and distribution of natural gas, which are described below, the Group's intangible fixed assets comprise mostly software. Other than goodwill, the Group does not have intangible assets with unidentifiable useful lives.

Subsequent expenditure
Subsequent expenditure relating to intangible assets is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Group and the cost can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Amortisation begins when the asset is available for use.

Estimated useful lives for the current and comparative years are as follows:

(in %)	2013	2012
Right to use concession infrastructure	3.45 - 20.00%	3.45 - 20.00%
Computer software	10.00 - 33.00%	10.00 - 25.00%

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of assets is explained in more detailed in point k2.

f. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land, which is measured at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. Items of property, plant and equipment are subsequently measured using the cost model.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Group and the cost can be measured reliably. All other expenditure (e.g. day-to-day servicing) is recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis, taking into account the useful life of each part (component) of an item of property, plant and equipment. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when the asset is available for use. Construction work in progress is not depreciated.

Estimated useful lives for the current and comparative periods are as follows:

(in %)	2013	2012
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 paths 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%
Gas station equipment	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	6.70–12.5%	6.70–12.5%
Small tools:	33.33%	33.33%
Environmental fixed assets:	5.00–25.00%	5.00–25.00%

Residual values and useful lives of an asset are reviewed annually and adjusted if appropriate.

Gains and losses on disposal or elimination are determined by comparing the proceeds from disposal with the carrying amount. Gains and losses on disposal are recognised in profit or loss. Available-for-sale items of property, plant and equipment are presented separately from other assets and are not depreciated in the year of the disposal.

Impairment of assets is explained in more detailed in point k2.

Environmental fixed assets

Environmental tangible fixed assets acquired under the scheme for the creation and use of revenue deferred for the purpose of environmental rehabilitation are carried and presented separately. More information about deferred revenue relating to environmental fixed assets is available in point l.

g. Investment property

Investment property is property held by the Group either to earn rental income or for capital appreciation or for both. It is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is measured using the cost model. The depreciation method and rates are the same as for other tangible assets. Impairment of assets is explained in more detailed in point k2.

h. Leased assets

A lease is classified as a finance lease when under the terms of the lease substantially all the risks and rewards of ownership are transferred to the lessee. Other leases are treated as operating leases, in which case the leased assets (acting as a lessee) or non-current financial receivables (acting as a lessor) are not recognised in the Group's statement of financial position.

Finance lease

- The Group as a lessor
  Amounts due from lessees in a finance lease are treated as receivables and amount to the value of the investment leased out. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the leased out asset.

- 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 using the effective interest rate method.

Operating lease

In the statement of profit or loss, rental income earned under an operating lease is recognised either as cost (leased assets) or income (leased out assets) on a straight-line basis.

i. Assets held for disposal or disposal groups

Assets held for disposal or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale are classified as assets and liabilities held for sale. Immediately before classification as held for sale, the assets held for disposal or disposal groups are remeasured. Non-current assets or disposal groups are accordingly measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on the reclassification of assets as assets held for sale, and subsequent losses and gains on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated. When investments are classified as assets held for sale or distribution, they are no longer equity accounted.

j. Inventories

Inventories of merchandise and materials are measured at the lower of cost and net realisable value.

The cost is made up of the purchase price, import duties and direct costs of purchase. Any discounts are subtracted from the purchase price. Direct costs of purchase include transportation costs, costs of loading, transhipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements, other similar costs incurred before initial storage and borne by the purchaser as well as non-refundable duties. Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Group checks the net realisable value of inventories at the statement of financial position date. When this value is lower than their carrying amount, inventories are impaired. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis.

The method of assessing the use of inventories is based on the first-in first-out principle (FIFO). The FIFO method assumes that the items of inventories that are purchased or produced first are also the first to be sold.

k. Impairment

k1. Financial assets

A financial asset is impaired if objective evidence indicates that one or more loss events have occurred that had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group for which the Group granted its approval, indications that a debtor will enter bankruptcy, and the disappearance of an active market for an instrument. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and loans granted

The Group considers evidence of impairment for receivables individually or collectively. All significant receivables are assessed individually for specific impairment. If it is assessed that the carrying amount of receivables exceeds their fair value, i.e. the collectible amount, the receivables are impaired. Receivables for which it is assumed they will not be settled by the original date of payment or up to their full amount are deemed doubtful; should court proceedings be initiated, they are deemed disputed.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. Receivables are grouped together by age. In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

According to the categorisation of the statement of profit or loss laid down by the Companies Act, the creation and reversal of allowances as well as written-off receivables subsequently collected fall under operating revenue or expenses. The Group/Company deems the categorisation of these items as either finance income or expense to be more appropriate, operating receivables being carried as non-derivative financial assets.

The Group evaluates evidence about the impairment of loans individually for each significant loan.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment of available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by transferring any cumulative loss that has been previously recognised in other comprehensive income for the period and presented in the fair value reserve to profit or loss. Any subsequent increase in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income for the period or in fair value reserve.

k2. Non-financial assets

The Group reviews at each reporting date the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The impairment of an asset or a cash generating unit is recognised if its carrying amount exceeds its recoverable amount. Impairment is recognised in profit or loss. Impairment losses recognised in respect of a cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised in previous years.

Goodwill that forms part of the carrying amount of an equity accounted investment in an associate or jointly controlled entity is not recognised separately and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

l. Provisions

Provision are recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Significant provisions include:

Provisions for employee benefits

Pursuant to the law, the collective agreement and the internal rules, the Group is obligated to pay its employees jubilee benefits and termination benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist.

The provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Termination benefits on retirement and jubilee benefits are charged against the provisions created.

Provisions for employee benefits in relation to third-party managed service stations

The business cooperation agreements entered into by Group companies with service station managers stipulate that the rights of employees at third-party managed service stations to jubilee benefits and termination benefits on retirement are equal to the rights of Group company employees. The contractual obligation of Group companies to reimburse the costs arising from such rights to service station managers represents the basis for recognition of long-term provisions. The provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The obligation is calculated separately for each employee of a third-party managed service station by estimating the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Reimbursed costs arising from termination benefits on retirement and jubilee benefits are charged against the provisions created.

m. Long-term deferred revenue

Long-term deferred revenue from gas network connection fees

When connected to the gas network, users pay a fixed fee entitling them to be connected to the established network. Since the benefits from the service rendered are expected throughout the period of supplying gas to the user, the revenue from the connection fee is deferred in proportion to the estimated period during which the benefits will flow to Petrol. The Group estimates that the period during which the benefits will flow to it equals the term of concession for the gas network. This term ranges between 20 and 35 years, depending on a specific concession agreement.

Long-term deferred revenue from environmental fixed assets

Long-term deferred revenue from environmental fixed assets comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški Dvor. Environmental assets, presented as part of the Group's property, plant and equipment items, were approved by means of 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 were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets and the funds used for the clean-up of the bitumen dump at Pesniški Dvor. A portion of deferred revenue payable in the period under 12 months is restated under short-term deferred revenue.

n. Recognition of revenue

Sales revenue is recognised at the fair value of the consideration received or receivable, net of returns and discounts, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, there is certainty about the recovery of receivables, the associated costs and possible return of goods, and there is no continuing involvement by the Group with the goods sold.

Revenue is recognised as follows:

Sale of goods

A sale of goods is recognised when the Group delivers goods to a customer, the customer accepts the goods, 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 stage of completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

o. Finance income and expenses

Finance income comprises interest income on financial assets, gains on the disposal of available-for-sale financial assets, written-off or impaired receivables subsequently collected, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues using the effective interest method.

Finance expenses comprise borrowing costs (unless capitalised), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, allowances for receivables and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

p. Taxes

Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the statement of profit or loss 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 the tax rates effective on the reporting date.

Deferred tax is accounted for in its entirety using the statement of financial position liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in separate financial statements. Deferred tax is determined using the tax rates (and laws) that are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised in the future.

q. Determination of fair value

A number of the Group's accounting policies require the determination of fair value of both financial and non-financial assets and liabilities, either for measurement of individual assets (measurement method or business combination) or for additional fair value disclosure.

Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. The Group determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices in active markets for identical assets or liabilities;
- Level 2 comprises values other than quoted prices included within Level 1 that are observable either directly (as prices in less active markets) or indirectly (e.g. values derived from quoted prices in an active market);
- Level 3 comprises inputs for assets or liabilities that are not based on market data.

The Group uses quoted prices as the basis for the fair value of financial instruments. If a financial instrument is not quoted on a regulated market and the market is considered as inactive, the Group uses inputs of Levels 2 and 3 for determining the fair value of a financial instrument. Where applicable, further information about the assumptions made when determining fair values is disclosed in the notes specific to that asset or liability of the Group.

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are described below.

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use or eventual sale of the assets.

Property, plant and equipment

The fair value of property, plant and equipment is the same as their market value. The market value of property is the estimated amount for which a property could be sold on the date of valuation and after proper marketing. The market value of equipment is based on the approach using quoted market prices for similar items.

Investment property

The value of investment property is assessed by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks is included in the property valuation based on discounted net annual cash flows.

Inventories

The fair value of inventories acquired in business combinations is determined based on their expected selling price in the ordinary course of business less the estimated costs of sale.

Financial assets at fair value through profit or loss and available-for-sale financial assets

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to the above fair value hierarchy for financial instruments. If their fair value cannot be measured reliably because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the Group measures the financial asset at cost.

Receivables and loans granted

The fair value of receivables and loans is calculated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period. The estimate takes into account the credit risk associated with these financial assets.

Non-derivative financial liabilities

Fair value is calculated, for reporting purposes, based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Derivative financial instruments

- The fair value of forward contracts equals their market price at the reporting date.
- The fair value of interest rate swaps at the reporting date is assessed by discounting future cash flows from the variable interest rate (interest received from a swap) and the fixed interest rate (interest paid under a swap).
- The fair value of commodity swaps equals their market price at the reporting date.

r. Earnings per share

The Group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares during the period for the effects of all potential ordinary shares, which comprise convertible bonds and share options granted to employees. Because the Group has no convertible bonds or share options granted to employees, its basic earnings per share are the same as its diluted earnings per share.

s. Operating segments

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses that relate to transactions with any of the Group's other components. The operating results of operating segments are reviewed regularly by the executive officers of the Group to make decisions about resources to be allocated to a segment and assess the performance of the Group.

In the preparation and presentation of the financial statements, the Group uses the following segments:

- oil and merchandise sales
- energy operations

t. Statement of cash flows

The section of the statement of cash flows referring to operating activities has been prepared using the indirect method based on data derived from the statement of financial position as at 31 December 2012 and 31 December 2013 and data derived from the statement of profit or loss for the period January to December 2013. The section referring to investing and financing activities has been prepared using the direct method. Default interest paid and received in connection with operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

4. Significant accounting policies of the Company

The Company has applied the accounting policies set out below consistently to all periods presented herein.

a. Foreign currency translation

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains or losses are the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in a foreign currency and measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences are recognised in profit or loss.

b. Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are accounted for at cost. The Company recognises income from an investment only to the extent that it originates from a distribution of accumulated profits of the investee arising after the date of acquisition.

Impairment of financial assets is detailed in note k1.

c. Investments in associates and jointly controlled entities

The Company measures investments in associates and jointly controlled entities as available-for-sale financial assets. They are measured at fair value and the resulting gains or losses are recognised directly in other comprehensive income and presented in fair value reserve, except for impairment losses. When an investment is derecognised, the cumulative gain or loss in other comprehensive income for the period is transferred to profit or loss.

Impairment of financial assets is detailed in note k1.

d. Financial instruments

Financial instruments consist of the following items:

- non-derivative financial assets,
- non-derivative financial liabilities,
- derivative financial instruments.

Impairment of financial assets is detailed in note k1.

d1. Non-derivative financial assets

The Company has the following non-derivative financial assets: cash and cash equivalents, receivables and loans, and investments. The accounting policies for investments in subsidiaries, jointly controlled entities and associates are presented in points b and c.

The Company initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Upon initial recognition, non-derivative financial instruments of the Company are classified into one the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for sale financial assets. Their classification depends on the purpose for which an instrument was acquired.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company is able to manage such assets and make purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The Company's financial assets measured at fair value through profit or loss mainly consist of unrealised derivative financial instruments assessed on the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position). Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables or as financial assets at fair value through profit or loss. The Company measures investments in associates and jointly controlled entities as available-for-sale financial assets.

They are measured at fair value, except for impairment losses and foreign exchange differences, provided that the fair value can be determined and that the resulting gains or losses are recognised directly in comprehensive income and presented in the fair value reserve until such assets are derecognised. When an available-for-sale financial asset is derecognised, the cumulative gain or loss in other comprehensive income for the period is transferred to profit or loss.

If their fair value cannot be measured reliably because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the financial asset at cost. If the financial asset is carried at cost, that fact is disclosed.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits with maturities of three months or less, and other current and highly liquid investments with original maturities of three months or less.

d2. Non-derivative financial liabilities

The Company's non-derivative financial liabilities consist of debt securities issued and loans. The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Depending on their maturity, they are classified as current financial liabilities (maturity of up to 12 months from the date of the statement of financial position) or non-current financial liabilities (maturity of more than 12 months from the date of the statement of financial position).

d3. Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- When a derivative is designated as a hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in comprehensive income for the period and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated or exercised, then the Company is expected to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve as long as the forecast transaction does not affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period in which the hedged item affects profit or loss.
- The effects of other derivatives not designated as a hedging instrument in the hedge of the variability in cash flows or not attributable to a particular risk associated with a recognised asset or liability are recognised in profit or loss.

The Company has the following derivative financial instruments:

Forward contracts

The Company purchases petroleum products in US dollars, but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur between purchase and selling prices that are hedged against using forward contracts.

The fair value of forward contracts at the date of the statement of financial position is determined by means of publicly available information about the value of forward contracts in a regulated market on the reporting date for all outstanding contracts. Gains and losses are recognised in profit or loss.

Commodity swaps

When petroleum products and electricity are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity swaps.

The fair value of outstanding commodity swaps at the date of the statement of financial position is determined using publicly available information about the market value of commodity swaps at the date of the statement of financial position as issued by relevant institutions. Gains and losses are recognised in profit or loss.

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 outstanding interest rate swaps and collars at the date of the statement of financial position 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 the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised directly in comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss.

e. Equity

Called-up capital

The called-up capital of the company Petrol d.d., Ljubljana takes the form of share capital, the amount of which is defined in the Company's articles of association. It is registered with the Court and paid up by owners. Dividends on ordinary shares are recognised as a liability in the period in which they were approved by the General Meeting.

Legal reserves

Legal reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses.

The fair value reserve comprises the effects of valuing available-for-sale financial assets at fair value.

The hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows.

Reserves for own shares

If the Company acquires an ownership interest, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in capital surplus net of transaction costs and related tax effects.

f. Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary by the Company is determined by adopting the value of goodwill that had been recognised at the Group level as a result of this business combination. As the acquisition takes place, the difference between the net assets of the acquired company plus goodwill recognised at the Group level and the investment in the acquiree is determined. The difference is recognised in equity in such a way that equity components which are not eliminated by the Group when consolidating the subsidiary but exist in its records before the business combination takes place are recognised in other revenue reserves, with the remaining difference being recognised in the fair value reserve.

Goodwill is measured at cost less any accumulated impairment losses.

Right to use concession infrastructure

The Company recognises an intangible non-current asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible non-current asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible non-current asset is measured at cost less accumulated amortisation and any accumulated impairment losses. The life of the right is linked to the duration of the concession agreement.

Development of software solutions

Development of software solutions involves the design and production of new or substantially improved software applications. The Company capitalises the costs of developing software solutions to the extent that the following conditions are met: the costs can be measured reliably, the development of a software solution is technically and commercially feasible, future economic benefits are probable, the Company has sufficient resources to complete development and intends to use the software solution. The capitalised costs of developing software solutions include direct labour costs and other costs that are directly attributable to preparing the asset for its intended use.

Other intangible assets

Other intangible fixed assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Intangible fixed assets are subsequently measured using the cost model. In addition to goodwill and rights arising from concessions for the construction of gas networks and distribution of natural gas, which are described below, intangible fixed assets comprise mostly software.

Subsequent expenditure

Subsequent expenditure relating to intangible assets is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Company and the cost can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Amortisation begins when the asset is available for use.

Estimated useful lives for the current and comparative years are as follows:

(in %)	2013	2012
Right to use concession infrastructure	3.45–20.00%	3.45–20.00%
Computer software	10.00–33.00%	10.00–25.00%

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of assets is explained in more detailed in point k2.

g. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land, which is measured at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. Items of property, plant and equipment are subsequently measured using the cost model.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Company and the cost can be measured reliably. All other expenditure (e.g. day-to-day servicing) is recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis, taking into account the useful life of each part (component) of an item of property, plant and equipment. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when the asset is available for use. Construction work in progress is not depreciated.

Estimated useful lives for the current and comparative periods are as follows:

(in %)	2013	2012
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 paths 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%
Gas station equipment	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	6.70–12.5%	6.70–12.5%
Small tools:	33.33%	33.33%
Environmental fixed assets:	5.00–25.00%	5.00–25.00%

Residual values and useful lives of an asset are reviewed annually and adjusted if appropriate.

Gains and losses on disposal or elimination are determined by comparing the proceeds from disposal with the carrying amount. Gains and losses on disposal are recognised in profit or loss. Available-for-sale items of property, plant and equipment are presented separately from other assets and are not depreciated in the year of the disposal.

Impairment of assets is explained in more detailed in point k2.

Environmental fixed assets

Environmental tangible fixed assets acquired under the scheme for the creation and use of revenue deferred for the purpose of environmental rehabilitation are carried and presented separately. More information about deferred revenue relating to environmental fixed assets is available in point m.

h. Investment property

Investment property is property held by the Company either to earn rental income or for capital appreciation or for both. It is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is measured using the cost model. The depreciation method and rates are the same as for other tangible assets. Impairment of assets is explained in more detailed in point k2.

i. Leased assets

A lease is classified as a finance lease when under the terms of the lease substantially all the risks and rewards of ownership are transferred to the lessee. Other leases are treated as operating leases, in which case the leased assets (acting as a lessee) or non-current financial receivables (acting as a lessor) are not recognised in the Company's statement of financial position.

Finance lease

The Company acts only as a lessor. Amounts due from lessees in a finance lease are treated as receivables and amount to the value of the investment leased out. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the leased out asset.

Operating lease

In the statement of profit or loss, rental income earned under an operating lease is recognised either as cost (leased assets) or income (leased out assets) on a straight-line basis.

j. Inventories

Inventories of merchandise and materials are measured at the lower of cost and net realisable value.

The cost is made up of the purchase price, import duties and direct costs of purchase. Any discounts are subtracted from the purchase price. Direct costs of purchase include transportation costs, costs of loading, transhipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements, other similar costs incurred before initial storage and borne by the purchaser as well as non-refundable duties. Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company checks the net realisable value of inventories at the statement of financial position date. When this value is lower than their carrying amount, inventories are impaired. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis.

The method of assessing the use of inventories is based on the first-in first-out principle (FIFO). The FIFO method assumes that the items of inventories that are purchased or produced first are also the first to be sold.

k. Impairment

k1. Financial assets

A financial asset is impaired if objective evidence indicates that one or more loss events have occurred that had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired include default or delinquency by a debtor, restructuring of an amount due to the Company for which the Company granted its approval, indications that a debtor will enter bankruptcy, and the disappearance of an active market for an instrument. In addition, for an investment in an equity security, a significant (more than 20%) or prolonged (longer than 9 months) decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and loans granted

The Company considers evidence of impairment for receivables individually or collectively. All significant receivables are assessed individually for specific impairment. If it is assessed that the carrying amount of receivables exceeds their fair value, i.e. the collectible amount, the receivables are impaired. Receivables for which it is assumed they will not be settled by the original date of payment or up to their full amount are deemed doubtful; should court proceedings be initiated, they are deemed disputed.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. Receivables are grouped together by age. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

According to the categorisation of the statement of profit or loss laid down by the Companies Act, the creation and reversal of allowances as well as written-off receivables subsequently collected fall under operating revenue or expenses. The Group/Company deems the categorisation of these items as either finance income or expense to be more appropriate, operating receivables being carried as non-derivative financial assets.

The Company evaluates evidence about the impairment of loans individually for each significant loan.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment of available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by transferring any cumulative loss that has been previously recognised in other comprehensive income for the period and presented in the fair value reserve to profit or loss. Any subsequent increase in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income for the period or in fair value reserve.

k2. Non-financial assets

The Company reviews at each reporting date the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The impairment of an asset or a cash generating unit is recognised if its carrying amount exceeds its recoverable amount. Impairment is recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised in previous years.

l. Provisions

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Significant provisions include:

Provisions for employee benefits

Pursuant to the law, the collective agreement and internal rules, the Company is obligated to pay its employees jubilee benefits and termination benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist. The provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Termination benefits on retirement and jubilee benefits are charged against the provisions created.

Provisions for employee benefits in relation to third-party managed service stations

The business cooperation agreements entered into by the Company with service station managers stipulate that the rights of employees at third-party managed service stations to jubilee benefits and termination benefits on retirement are equal to the rights of the Company's employees. The contractual obligation of the Company to reimburse the costs arising from such rights to employees at third-party managed service stations represents the basis for recognition of long-term provisions. The provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The obligation is calculated separately for each employee of a third-party managed service station by estimating the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Reimbursed costs arising from termination benefits on retirement and jubilee benefits are charged against the provisions created.

m. Long-term deferred revenue

Long-term deferred revenue from gas network connection fees

When connected to the gas network, users pay a fixed fee entitling them to be connected to the established network.

Since the benefits from the service rendered are expected throughout the period of supplying gas to the user, the revenue from the connection fee is deferred in proportion to the estimated period during which the benefits will flow to Petrol. The Company estimates that the period during which the benefits will flow to it equals the term of concession for the gas network. This term ranges between 20 and 35 years, depending on a specific concession agreement.

Long-term deferred revenue from environmental fixed assets

Long-term deferred revenue from environmental fixed assets comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški Dvor. Environmental assets, presented as part of the Company's property, plant and equipment items, were approved by means of 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 were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets and the funds used for the clean-up of the dump at Pesniški Dvor. A portion of deferred revenue payable in the period under 12 months is restated under short-term deferred revenue.

n. Recognition of revenue

Sales revenue is recognised at the fair value of the consideration received or receivable, net of returns and discounts, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, there is certainty about the recovery of receivables, the associated costs and possible return of goods, and there is no continuing involvement by the Company with the goods sold.

Revenue is recognised as follows:

Sale of goods

A sale of goods is recognised when the Company delivers goods to a customer, the customer accepts the goods, 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 stage of completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

o. Finance income and expenses

Finance income comprises interest income on financial assets, gains on the disposal of available-for-sale financial assets, written-off or impaired receivables subsequently collected, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues using the effective interest method.

Interest income is recognised as it accrues using the effective interest method. Dividend income is recognised in the Company's statement of profit or loss on the date that a shareholder's right to receive payment is established. If the fair value of net assets acquired in a merger by absorption exceeds the carrying amount of the investment in the absorbed company, the difference is carried as finance income for the period in which the absorption took place.

Finance expenses comprise borrowing costs (unless capitalised), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, allowances for receivables and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

p. Taxes

Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the statement of profit or loss 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 Company's current tax liabilities are calculated using the tax rates effective on the reporting date.

Deferred tax is accounted for in its entirety using the statement of financial position liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in separate financial statements. Deferred tax is determined using the tax rates (and laws) that are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised in the future.

q. Determination of fair value

A number of the Company's accounting policies require the determination of fair value of both financial and non-financial assets and liabilities, either for measurement of individual assets (measurement method or business combination) or for additional fair value disclosure.

Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. The Company determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices in active markets for identical assets or liabilities;
- Level 2 comprises values other than quoted prices included within Level 1 that are observable either directly (as prices in less active markets) or indirectly (e.g. values derived from quoted prices in an active market);
- Level 3 comprises inputs for assets or liabilities that are not based on observable market data.

The Company uses quoted prices as the basis for the fair value of financial instruments. If a financial instrument is not quoted on a regulated market and the market is considered as inactive, the Company uses inputs of Levels 2 and 3 for determining the fair value of a financial instrument. Where applicable, further information about the assumptions made when determining fair values is disclosed in the notes specific to that asset or liability of the Company.

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are described below.

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of business combinations is the same as their market value. The market value of property is the estimated amount for which a property could be sold on the date of valuation and after proper marketing. The market value of equipment is based on the approach using quoted market prices for similar items.

Investment property

The value of investment property is assessed by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks is included in the property valuation based on discounted net annual cash flows.

Inventories

The fair value of inventories acquired in business combinations is determined based on their expected selling price in the ordinary course of business less the estimated costs of sale.

Financial assets at fair value through profit or loss and available-for-sale financial assets

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to the above fair value hierarchy for financial instruments. If their fair value cannot be measured reliably because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the financial asset at cost.

Investments in associates and jointly controlled entities

The fair value of investments in associates and jointly controlled entities is determined by reference to the above fair value hierarchy for financial instruments. The methods of determining the value of and input assumptions for each investment are specifically presented in disclosures.

Receivables and loans granted

The fair value of receivables and loans is calculated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period. The estimate takes into account the credit risk associated with these financial assets.

Non-derivative financial liabilities

Fair value is calculated, for reporting purposes, based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Derivative financial instruments

- The fair value of forward contracts equals their market price at the reporting date.
- The fair value of interest rate swaps at the reporting date is assessed by discounting future cash flows from the variable interest rate (interest received from a swap) and

the fixed interest rate (interest paid under a swap).
- The fair value of commodity swaps equals their market price at the reporting date.

r. Earnings per share

The Company presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares during the period for the effects of all potential ordinary shares, which comprise convertible bonds and share options granted to employees. Because the Company has no convertible bonds or share options granted to employees, its basic earnings per share are the same as its diluted earnings per share.

s. Statement of cash flows

The section of the statement of cash flows referring to operating activities has been prepared using the indirect method based on data derived from the statement of financial position as at 31 December 2012 and 31 December 2013 and data derived from the statement of profit or loss for the period January to December 2013. The section referring to investing and financing activities has been prepared using the direct method. Default interest paid and received in connection with operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

5. Segment reporting

The financial report consisting of the financial statements and the accompanying notes of the Group as well as of the Company, only the Group's operating segments shall be disclosed.

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses that relate to transactions with any of the Group's other components. The operating results of operating segments are reviewed regularly by the executive officers of the Group to make decisions about resources to be allocated to a segment and assess the performance of the Group.

The Group's executive officers monitor information on two levels: on the micro level, in which case individual units are monitored, and on the macro level, where information is monitored only in terms of certain key information that can be used to make comparisons with similar companies in Europe. Given the substantial amount of information and their sensitivity on the micro level, the Group only discloses macro-level information in its annual report.

The Group uses the following segments in the preparation and presentation of the financial statements:
- oil and merchandise sales,
- energy operations.

Oil and merchandise sales consist of:
- sale of oil and petroleum products,
- sale of merchandise.

The sale of merchandise consists of selling automotive products, foodstuffs, accessories, tobacco and lottery products, coupons, cards, Petrol Club merchandise, raw materials and chemical products.

Energy operations consist of:
- gas and heat segment,
- generation, sale and distribution of electricity,
- environmental and energy solutions.

The Group's operating segments in 2012:

(in EUR)	Oil and merchandise sales	Gas, environmental and other energy activities	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	3,871,452,078	325,515,136	4,196,967,214	
Revenue from subsidiaries	(411,419,840)	(31,554,692)	(442,974,532)	
Sales revenue	3,460,032,238	293,960,444	3,753,992,682	3,753,992,682
Net profit for the year	36,007,762	17,917,301	53,925,063	53,925,063
Interest income*	5,021,825	2,244,046	7,265,871	7,265,871
Interest expense*	(21,830,889)	(9,755,322)	(31,586,211)	(31,586,211)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	31,517,805	8,141,489	39,659,294	39,659,294
Share of profit of equity accounted investees	(298,738)	9,254,921	8,956,182	8,956,182
Total assets	1,240,579,989	330,947,669	1,571,527,658	1,571,527,658
Equity accounted investees	3,155,849	137,583,630	140,739,479	140,739,479
Property, plant and equipment, intangible assets and investment property	652,115,175	155,229,917	807,345,092	807,345,092
Other assets	585,308,965	38,134,122	623,443,087	623,443,087
Current and non-current operating and financial liabilities	1,013,433,419	86,100,162	1,099,533,582	1,099,533,582

* Interest income and expenses are estimated based on a segment's share of investments and assets in total investments and assets.

The Group's operating segments in 2013:

(in EUR)	Oil and merchandise sales	Gas, environmental and other energy activities	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	3,970,204,339	466,082,002	4,436,286,341	
Revenue from subsidiaries	(425,312,114)	(63,651,273)	(488,963,387)	
Sales revenue	3,544,892,225	402,430,729	3,947,322,954	3,947,322,954
Net profit for the year	35,930,526	16,833,244	52,763,770	52,763,770
Interest income*	4,831,462	2,353,189	7,184,651	7,184,651
Interest expense*	(18,836,068)	(9,174,208)	(28,010,276)	(28,010,276)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	32,328,632	9,030,801	41,359,433	41,359,433
Share of profit of equity accounted investees	(55,898)	9,960,143	9,904,245	9,904,245
Total assets	1,258,664,507	362,681,562	1,621,346,069	1,621,346,069
Equity accounted investees	3,211,735	145,295,916	148,507,651	148,507,651
Property, plant and equipment, intangible assets and investment property	639,476,905	167,729,039	807,205,944	807,205,944
Other assets	615,975,867	49,656,607	665,632,474	665,632,474
Current and non-current operating and financial liabilities	996,957,190	113,178,676	1,110,135,866	1,110,135,866

* Interest income and expenses are estimated based on a segment's share of investments and assets in total investments and assets.

Additional information about geographic areas in which the Group operates:

	Sales		Total assets		Capital expenditure	
(in EUR)	2013	2012	2013	2012	2013	2012
Slovenia	2,527,952,943	2,629,947,344	924,601,080	865,855,271	34,218,195	29,338,146
Croatia	545,049,534	472,213,119	199,352,361	247,179,248	7,377,752	15,792,813
Bosnia and Herzegovina	214,043,526	218,770,551	78,286,614	87,359,239	2,897,278	497,406
Montenegro	33,723,534	27,413,805	12,334,413	40,656,299	456,479	3,670,122
Serbia	31,964,258	35,571,963	11,690,956	24,073,609	432,666	941,718
Austria	327,752,051	253,508,624	119,875,610	86,971,306	4,436,429	1,804,632
Other countries	266,837,108	116,567,277	97,595,914	46,928,626	3,611,888	959,238
	3,947,322,954	**3,753,992,682**	**1,443,736,948**	**1,399,023,598**	**53,430,688**	**53,004,075**
Jointly controlled entities			47,660,111	41,931,824		
Associates			100,847,540	98,807,655		
Unallocated assets			28,090,265	31,764,581		
Total assets			**1,620,334,864**	**1,571,527,658**		

For the purpose of presenting geographic areas, revenue generated in a particular area is determined based on the geographic location of customers, whereas the assets are determined based on the geographic location of assets.

6. Notes to individual items in the financial statements

6.1 Business combinations

Petrol Geoterm d.o.o.

In 2013 Petrol d.d., Ljubljana signed a contract to acquire the 100-percent interest in the company Nafta Geoterm d.o.o., changing the company's name to Petrol Geoterm d.o.o. following the acquisition. Since 30 April 2013, Petrol d.d., Ljubljana has carried the investment as a subsidiary, with the Group applying full consolidation. The carrying amounts of assets and liabilities of the acquired group do not deviate substantially from fair values and as such are considered in the first consolidation.

The company is engaged in mining services – the drilling and maintenance of boreholes, production of oil and gas, geothermal services, and development and engineering services.

The company's statement of financial position as at the day the Group acquired controlling influence is presented in the table:

(in EUR)	Fair value	Carrying amount
Cash and cash equivalents	549,095	549,095
Intangible assets	4,018	4,018
Property, plant and equipment	3,828,041	3,828,041
Deferred tax assets	21,363	21,363
Inventories	146,041	146,041
Operating receivables	475,151	475,151
Other assets	26,781	26,781
Assets	**5,050,490**	**5,050,490**
Provisions for employee benefits	144,779	144,779
Other provisions	595,434	595,434
Long-term deferred revenue	160,172	160,172
Financial liabilities	423,274	423,274
Operating liabilities	434,051	434,051
Other liabilities	312,647	312,647
Liabilities	**2,070,357**	**2,070,357**
Net assets upon acquisition	**2,980,133**	**2,980,133**
Amount paid	1,968,928	
Negative goodwill	(1,011,205)	

Upon initial recognition, the Group eliminated the negative goodwill, recognising it as other finance income.

In eight months of acquiring the company, the corresponding revenue and net profit of the Group amounted to EUR 2,681,613 and EUR 165,431 respectively. If the acquisition had taken place on 1 January 2013, the Group's revenue would have been EUR 1,622,498 higher and its net profit EUR 150,924 lower.

6.2 Changes within the Group

In 2013 Petrol d.d., Ljubljana absorbed the company Instalacija d.o.o., striking it off the Companies Register in May 2013.

The merger by absorption did not have any impact on the Petrol Group as the company had been fully owned by the Group and the goodwill of EUR 85,266,022 as recognised by Petrol d.d., Ljubljana was the same as the goodwill recognised by the Group. The difference of EUR 53,452,160 between the net assets of the acquired company, including goodwill, and the investment has been recognised in retained earnings (EUR 12,938,309) and in the fair value reserve (EUR 40,513,851) in the financial statements of Petrol d.d., Ljubljana.

In 2013 Petrol d.d., Ljubljana absorbed the company IG Investicijski inženiring d.o.o., striking it off the Companies Register in May 2013.

The merger by absorption did not have any impact on the Petrol Group as the company had been fully owned by the Group and the difference of EUR 1,403,697 between the investment and net assets of the acquired company as recognised by Petrol d.d., Ljubljana has been recognised as goodwill and impaired during investment and goodwill impairment as finance expenses.

In 2013 Petrol d.d., Ljubljana took over biomass operations as at 1 January 2013 from the company IGES d.o.o.

This did not have any impact on the Petrol Group as the company and its biomass operations had been fully owned by the Group and the difference of EUR 687,746 between the investment and net assets of the acquired operations as recognised by Petrol d.d., Ljubljana has been recognised as goodwill and impaired during investment and goodwill impairment as finance expenses.

In 2013 Petrol Energetika d.o.o. absorbed the company IGAP d.o.o., striking it off the Companies Register in July 2013.

The merger by absorption did not have any impact on the Petrol Group as the company had been fully owned by the Group and the difference of EUR 293,286 between the investment and net assets of the acquired company as recognised by Petrol Energetika d.o.o. has been recognised as goodwill and impaired during investment and goodwill impairment as finance expenses.

In 2013 the Petrol Group established the company Petrol LPG d.o.o., Beograd. The latter being a jointly controlled entity, it is treated as an equity accounted investee by the Group and accounted for at cost by Petrol d.d., Ljubljana.

6.3 Other revenue

	The Petrol Group		Petrol d.d.	
(in EUR)	2013	2012	2013	2012
Gain on disposal of fixed assets	1,698,667	2,819,844	1,134,708	124,561
Utilisation of environmental provisions	1,612,326	1,639,478	1,612,326	1,618,412
Compensation, litigation proceeds and contractual penalties received	469,931	737,040	324,527	657,520
Cash discounts and rebates received	336,433	314,129	114,480	49,302
Compensation received from insurance companies	225,457	251,350	72,209	91,050
Payment of court fees	230,120	225,606	203,588	202,201
Reversal of accrued costs, expenses	190,832	1,727,370	172,830	1,634,506
Other revenue	1,353,428	1,590,720	537,875	666,538
Total other revenue	**6,117,194**	**9,305,537**	**4,172,543**	**5,044,090**

6.4 Costs of materials

	The Petrol Group		Petrol d.d.	
(in EUR)	2013	2012	2013	2012
Costs of energy	21,708,700	22,313,669	6,206,124	5,962,605
Costs of consumables	6,699,598	6,793,118	3,401,359	3,385,649
Write-off of small tools	377,508	339,047	33,335	39,102
Other costs of materials	694,531	760,855	415,134	435,283
Total costs of materials	**29,480,337**	**30,206,689**	**10,055,952**	**9,822,638**

6.5 Costs of services

	The Petrol Group		Petrol d.d.	
(in EUR)	2013	2012	2013	2012
Costs of service station managers	28,581,013	30,219,975	28,510,452	29,292,160
Costs of transport services	26,632,524	26,396,640	23,539,269	26,923,992
Costs of fixed-asset maintenance services	11,271,397	10,435,133	10,292,647	9,055,965
Costs of payment transactions and bank services	8,179,991	7,964,778	6,248,586	6,249,798
Costs of professional services	6,468,095	6,790,971	3,605,463	3,569,054
Lease payments	5,575,338	4,643,178	3,640,800	8,058,878
Contributions for operations at motorway service areas	5,026,022	4,979,509	3,880,160	4,068,776
Costs of insurance premiums	4,310,480	4,581,033	3,194,023	2,924,318
Outsourcing costs	4,115,553	4,864,479	1,927	2,772
Costs of fairs, advertising and entertainment	4,005,026	4,827,328	2,914,236	3,373,941
Costs of environmental protection services	1,663,669	1,541,287	1,239,985	1,228,684
Costs of fire protection and physical and technical security	1,654,222	1,583,206	1,298,012	1,399,029
Fees for the building site use	1,478,831	1,546,360	1,311,032	1,232,662
Concession charges	926,276	849,431	527,133	489,457
Reimbursement of work-related costs to employees	838,637	1,040,604	316,887	318,252
Membership fees	506,999	569,572	262,702	233,345
Property management	362,980	431,980	14,304,532	14,343,852
Other costs of services	2,484,955	2,995,975	2,283,630	1,904,079
Total costs of services	**114,082,008**	**116,261,439**	**107,371,476**	**114,669,012**

The Petrol Group

The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 168,500 (2012: EUR 276,400). Auditing services comprise the fee for the auditing of the annual report of EUR 168,500 (2012: EUR 163,400). No other non-auditing services were performed in 2013 (2012: EUR 113,000).

Petrol d.d., Ljubljana

The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 52,850 (2012: EUR 157,500). Auditing services comprise the fee for the auditing of the annual report of EUR 52,850 (2012: EUR 44,500). No other non-auditing services were performed in 2013 (2012: EUR 113,000).

6.6 Labour costs

	The Petrol Group		Petrol d.d.	
(in EUR)	2013	2012	2013	2012
Salaries	42,558,944	44,585,726	19,966,112	18,258,013
Costs of pension insurance	3,912,000	3,784,637	1,967,305	1,810,003
Costs of other insurance	4,487,911	4,402,691	1,622,015	1,482,645
Transport allowance	2,391,969	2,151,038	716,185	630,641
Meal allowance	1,721,978	1,583,659	633,862	541,252
Annual leave allowance	1,577,236	1,537,809	656,175	585,600
Supplementary pension insurance	929,063	947,318	568,776	529,992
Other allowances and reimbursements	1,697,090	1,727,017	770,762	871,409
Total labour costs	**59,276,191**	**60,719,895**	**26,901,192**	**24,709,555**

Number of employees by formal education level as at 31 December 2012:

	The Petrol Group			Petrol d.d.		
	Group employees	Employees at third-party managed service stations	Total	Company employees	Employees at third-party managed service stations	Total
Level I	14	9	23	3	9	12
Level II	56	38	94	14	38	52
Level III	110	8	118	4	8	12
Level IV	702	400	1,102	60	396	456
Level V	1,082	608	1,690	215	604	819
Level VI	185	45	230	71	44	115
Level VII	464	51	515	241	50	291
Level VII/2	43	0	43	33	0	33
Level VIII	3	0	3	3	0	3
Total	**2,659**	**1,159**	**3,818**	**644**	**1,149**	**1,793**

Number of employees by formal education level as at 31 December 2013:

	The Petrol Group			Petrol d.d.		
	Group employees	Employees at third-party managed service stations	Total	Company employees	Employees at third-party managed service stations	Total
Level I	10	5	15	4	5	9
Level II	51	32	83	14	32	46
Level III	103	9	112	4	9	13
Level IV	696	383	1,079	82	379	461
Level V	1,173	635	1,808	249	631	880
Level VI	189	52	241	77	51	128
Level VII	504	58	562	276	57	333
Level VII/2	42	0	42	35	0	35
Level VIII	3	0	3	3	0	3
Total	**2,771**	**1,174**	**3,945**	**744**	**1,164**	**1,908**

6.7 Depreciation and amortisation

	The Petrol Group		Petrol d.d.	
(in EUR)	2013	2012	2013	2012
Amortisation of intangible assets	4,585,414	4,156,484	3,841,764	3,454,559
Depreciation of property, plant and equipment	36,000,170	34,713,771	23,040,904	19,515,800
Depreciation of investment property	773,849	789,039	802,375	817,567
Total depreciation and amortisation	**41,359,433**	**39,659,294**	**27,685,043**	**23,787,926**

6.8 Other costs

	The Petrol Group		Petrol d.d.	
(in EUR)	2013	2012	2013	2012
Impairment/write-down of assets	103,268	262,404	70,075	227,535
Sponsorships and donations	1,715,465	1,764,740	1,438,564	1,376,947
Environmental charges and charges unrelated to operations	1,085,158	1,171,553	356,128	423,584
Loss on sale/disposal of property, plant and equipment	159,851	1,111,157	131,453	36,269
Other costs	2,486,826	1,061,541	2,104,159	649,614
Total other costs	**5,550,568**	**5,371,395**	**4,100,380**	**2,713,950**

6.9 Other expenses

Other expenses chiefly consist of penalties paid, complaints, duties and other expenses.

6.10 Interests and dividends

The Petrol Group's shares of profit of equity ccounted investees

	The Petrol Group	
(in EUR)	2013	2012
Geoplin d.o.o. Ljubljana	4,123,742	4,471,286
Aquasystems d.o.o.	699,212	623,365
Marche Gostinstvo d.o.o.	160,610	160,605
Total associates	**4,983,564**	**5,255,256**
Gen-I, d.o.o.	4,864,583	4,101,764
Petrol Slovenia Tirana Wholesale Sh.A.	(38,337)	37,613
Soenergetika d.o.o.	171,625	58,506
Geoenergo d.o.o.	5,495	147
Petrol LPG d.o.o. Beograd	100,981	-
Petrol-Oti-Slovenija L.L.C.	(183,666)	(497,104)
Total jointly controlled entities	**4,920,681**	**3,700,926**
Total finance income from interests	**9,904,245**	**8,956,182**

Finance income from dividends of subsidiaries, associates and jointly controlled entities of Petrol d.d., Ljubljana

	Petrol d.d.	
(in EUR)	2013	2012
Petrol-Trade H.m.b.H.	259,781	6,581,244
Petrol Tehnologija d.o.o.	1,000,000	0
Total subsidiaries	**1,259,781**	**6,581,244**
Geoplin d.o.o. Ljubljana	2,364,780	4,674,393
Aquasystems d.o.o.	519,980	727,972
Marche Gostinstvo d.o.o.	162,912	139,653
Total associates	**3,047,672**	**5,542,018**
Soenergetika d.o.o.	43,355	0
Total jointly controlled entities	**43,355**	**0**
Total finance income from interests	**4,350,808**	**12,123,262**

6.11 Other finance income and expenses

	The Petrol Group		Petrol d.d.	
(in EUR)	2013	2012	2013	2012
Foreign exchange differences	18,692,190	25,184,946	16,398,355	20,950,655
Gain on derivatives	12,434,790	23,373,900	12,305,360	23,373,900
Interest income	7,184,651	7,265,871	5,517,813	5,544,273
Allowances for receivables reversed and bad debt recovered	3,967,598	6,197,494	49,968	32,959
Other finance income	3,559,852	4,812,447	1,297,652	2,056,137
Total other finance income	**45,839,081**	**66,834,658**	**35,569,148**	**51,957,924**
Foreign exchange differences	(18,211,680)	(25,415,894)	(14,960,894)	(21,302,953)
Loss on derivatives	(20,505,823)	(26,738,432)	(19,804,317)	(26,575,283)
Interest expense	(28,010,276)	(31,586,211)	(24,212,059)	(26,205,433)
Allowance for operating receivables	(10,929,708)	(6,517,255)	(3,490,296)	(4,288,013)
Impairment of investments and goodwill	(7,108,951)	(1,311,303)	(14,689,943)	(2,039,437)
Other finance expenses	(1,418,636)	(1,204,624)	(1,480,999)	(881,312)
Total other finance expenses	**(86,185,074)**	**(92,773,719)**	**(78,638,508)**	**(81,292,431)**
Net finance expense	**(40,345,993)**	**(25,939,061)**	**(43,069,360)**	**(29,334,507)**

6.12 Taxes

	The Petrol Group		Petrol d.d.	
(in EUR)	2013	2012	2013	2012
Tax expense	(7,504,247)	(2,815,443)	(6,524,244)	0
Deferred tax	(3,082,901)	(11,224,753)	(2,437,101)	(15,504,158)
Taxes	**(10,587,148)**	**(14,040,196)**	**(8,961,345)**	**(15,504,158)**

	The Petrol Group		Petrol d.d.	
(in EUR)	2013	2012	2013	2012
Profit before tax	63,350,918	67,965,259	39,156,804	49,990,835
Tax at effective tax rate	10,769,656	12,233,747	6,656,657	8,998,350
Tax effect of untaxed revenue	(7,422,636)	(4,218,257)	(5,657,949)	(2,437,496)
Tax effect of expenses not deducted on tax assessment	7,157,709	5,892,875	7,962,638	8,943,304
Effect of higher/(lower) tax rates for companies abroad	82,419	131,832	-	-
Taxes	**10,587,148**	**14,040,196**	**8,961,345**	**15,504,158**
Effective tax rate	16.71%	20.66%	22.89%	31.01%

The Group had EUR 117,679 (2012: EUR 7,973,965) and EUR 5,010,189 (2012: EUR 66,963) in corporate income tax assets and liabilities, respectively, as at 31 December 2013. The Group does not offset the assets and liabilities as they represent a receivable from or a liability to different tax administrations.

Changes in deferred taxes of the Petrol Group

Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Inventories	Tax loss	Other	Total
As at 1 January 2012	**37,099,219**	**669,811**	**5,394,264**	**75,216**	**0**	**219,099**	**43,457,608**
(Charged)/credited to the statement of profit or loss	(33,611,487)	(28,109)	(2,684,334)	(2,701)	24,036,592	952,392	(11,337,647)
Credited to other comprehensive income	71,594	0	0	0	0	0	71,594
Charged to other comprehensive income	(159,332)	0	0	0	0	0	(159,332)
Disposal as a result of a company sale	0	(3,399)	0	0	0	(242,884)	(246,283)
Foreign exchange differences	0	(126)	4,300	0	(10,612)	(14,921)	(21,359)
As at 31 December 2012	**3,399,994**	**638,177**	**2,714,230**	**72,515**	**24,025,980**	**913,686**	**31,764,581**
(Charged)/credited to the statement of profit or loss	(2,221,206)	112,538	1,172,338	(26,426)	(999,716)	(1,135,924)	(3,098,396)
Credited to other comprehensive income	74,757	0	0	0	0	0	74,757
Charged to other comprehensive income	(642,327)	0	0	0	0	0	(642,327)
New acquisitions as a result of takeovers	0	21,363	0	0	0	0	21,363
Disposal as a result of a company sale	0	(975)	(2,142)	0	0	80	(3,037)
Foreign exchange differences	(2,060)	(327)	(25)	0	0	(24,264)	(26,676)
As at 31 December 2013	**609,158**	**770,776**	**3,884,401**	**46,089**	**23,026,264**	**(246,422)**	**28,090,265**

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Other	Total
As at 1 January 2012	**61,142**	**6,231,347**	**39,914**	**6,332,403**
Charged/(credited) to the statement of profit or loss	0	(72,980)	(39,914)	(112,894)
Credited to other comprehensive income	(61,142)	(135,668)	0	(196,810)
Translation differences	0	(22,439)	0	(22,439)
As at 31 December 2012	**0**	**6,000,260**	**0**	**6,000,260**
Charged/(credited) to the statement of profit or loss	0	(15,495)	0	(15,495)
Charged to other comprehensive income	8,278	54,265	0	62,543
Translation differences	0	(39,009)	0	(39,009)
As at 31 December 2013	**8,278**	**6,000,021**	**0**	**6,008,299**

Changes in deferred taxes of Petrol d.d., Ljubljana

Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Tax loss	Other	Total
As at 1 January 2012	**40,622,710**	**459,960**	**2,725,396**	**0**	**0**	**43,808,067**
(Charged)/credited to the statement of profit or loss	(37,134,980)	(26,198)	(228,138)	21,205,545	679,612	(15,504,158)
Credited to other comprehensive income	71,594	0	0	0	0	71,594
Charged to other comprehensive income	(445,784)	0	0	0	0	(445,784)
As at 31 December 2012	**3,113,540**	**433,762**	**2,497,258**	**21,205,545**	**679,612**	**27,929,718**
New acquisitions as a result of merger by absorption	0	18,588	0	0	38,659	57,247
(Charged)/credited to the statement of profit or loss	(2,282,227)	66,701	1,173,316	(999,716)	(395,175)	(2,437,101)
Credited to other comprehensive income	47,794	0	0	0	0	47,794
Charged to other comprehensive income	(491,386)	0	0	0	0	(491,386)
As at 31 December 2013	**387,723**	**519,050**	**3,670,576**	**20,205,829**	**323,096**	**25,106,275**

Deferred tax liabilities

(in EUR)	Investments	Total
As at 1 January 2012	**16,646,694**	**16,646,694**
Credited to other comprehensive income	(10,794,607)	(10,794,607)
Charged to other comprehensive income	117,848	117,848
As at 31 December 2012	**5,969,935**	**5,969,935**
Credited to other comprehensive income	927,229	927,229
Charged to other comprehensive income	(923,365)	(923,365)
As at 31 December 2013	**5,973,799**	**5,973,799**

6.13 Earnings per share

	The Petrol Group		Petrol d.d.	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Net profit (in EUR)	52,763,770	53,925,063	30,195,459	34,486,677
Number of shares issued	2,086,301	2,086,301	2,086,301	2,086,301
Number of own shares at the beginning of the year	24,703	24,703	24,703	24,703
Number of own shares at the end of the year	24,703	24,703	24,703	24,703
Weighted average number of ordinary shares issued	2,061,598	2,061,598	2,061,598	2,061,598
Diluted average number of ordinary shares	2,061,598	2,061,598	2,061,598	2,061,598
Basic and diluted earnings per share (EUR/share)	**25.59**	**26.16**	**14.65**	**16.73**

Basic earnings per share are calculated by dividing the owners' net profit by the weighted average number of ordinary shares, excluding ordinary shares owned by the Company. The Group and the Company have no potential dilutive ordinary shares, meaning the basic and diluted earnings per share are identical.

6.14 Changes in comprehensive income

The Petrol Group

The amount of attributed changes in the equity of associates increased by EUR 103,994. The change is due to the attribution of changes in the equity of associates under the equity method, resulting in higher revaluation reserve.

The effective portion of changes in the fair value of the cash flow variability hedging instrument increased by EUR 3,878,790. The change relates to interest rate swap hedging and boosts the hedging reserve.

The change in deferred and other taxes relates to an increase in deferred tax liabilities of EUR 8,678 resulting from the attribution of changes in the equity of associates, an increase in deferred tax liabilities of EUR 614,872 resulting from changes in the effective portion of changes in the fair value of the cash flow variability hedging instrument, an increase in deferred tax liabilities of EUR 6,564 resulting from changes in the corporate income tax rate in Slovenia.

Petrol d.d., Ljubljana

The change in the value of investments in associates and jointly controlled entities decreased by EUR 9,319,144 as a result of carrying these investments at fair value.

Changes arising from mergers by absorption increased by EUR 53,452,160 as a result of the absorption of the subsidiary (Note 6.2).

The effective portion of changes in the fair value of the cash flow variability hedging instrument increased by EUR 3,261,361. The change relates to interest rate swap hedging and boosts the hedging reserve.

The change in deferred and other taxes relates to a decrease in deferred tax liabilities of EUR 792,274 resulting from changes in the value of investments in associates and jointly controlled entities, an increase in deferred tax liabilities of EUR 491,384 resulting from changes in the effective portion of changes in the fair value of the cash flow variability hedging instrument, an increase in deferred tax liabilities of EUR 748,345 resulting from changes in the corporate income tax rate in Slovenia.

6.15 Intangible assets

Intangible assets of the Petrol Group

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2012	**6,523,405**	**81,842,401**	**108,891,075**	**1,872,829**	**199,129,710**
New acquisitions as a result of takeover	60,702	0	0	76,183	136,885
New acquisitions	0	0	2,948,309	5,769,340	8,717,649
Disposals	(230,370)	(241,908)	0	(52,602)	(524,880)
Impairments	0	0	(255,816)	0	(255,816)
Disposal as a result of a company sale	(14,960)	(56,650)	0	0	(71,610)
Transfers between asset categories	0	(3,960,070)	0	3,960,070	0
Transfer from ongoing investments	2,659,610	5,554,947	0	(8,214,557)	0
Foreign exchange differences	(1,528)	(10,089)	0	(1,732)	(13,348)
As at 31 December 2012	**8,996,859**	**83,128,631**	**111,583,568**	**3,409,531**	**207,118,590**
Accumulated amortisation					
As at 1 January 2012	**(4,747,029)**	**(17,753,870)**	**0**	**0**	**(22,500,900)**
Amortisation	(947,292)	(3,209,192)	0	0	(4,156,484)
Disposals	210,706	(10,187)	0	0	200,519
Disposal as a result of a company sale	8,025	21,479	0	0	29,504
Foreign exchange differences	(97)	1,757	0	0	1,660
As at 31 December 2012	**(5,475,687)**	**(20,950,013)**	**0**	**0**	**(26,425,701)**
Net carrying amount as at 1 January 2012	**1,776,375**	**64,088,531**	**108,891,075**	**1,872,829**	**176,628,810**
Net carrying amount as at 31 December 2012	**3,521,172**	**62,178,618**	**111,583,568**	**3,409,531**	**180,692,889**

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2013	**8,996,859**	**83,128,631**	**111,583,568**	**3,409,531**	**207,118,590**
New acquisitions as a result of takeover	0	3,718	0	300	4,018
New acquisitions	0	0	0	5,041,694	5,041,694
Disposals	(27,243)	(33,309)	(207,015)	0	(267,567)
Impairments	0	0	(4,607,811)	0	(4,607,811)
Transfers between asset categories	0	0	0	0	0
Transfer from ongoing investments	1,952,876	4,767,576	0	(6,720,452)	0
Foreign exchange differences	(3,051)	(37,483)	0	(155)	(40,689)
As at 31 December 2013	**10,919,441**	**87,829,133**	**106,768,742**	**1,730,918**	**207,248,235**
Accumulated amortisation					
As at 1 January 2013	**(5,475,687)**	**(20,950,013)**	**0**	**0**	**(26,425,701)**
Amortisation	(1,124,783)	(3,460,631)	0	0	(4,585,414)
Disposals	10,771	0	0	0	10,771
Foreign exchange differences	1,076	9,562	0	0	10,638
As at 31 December 2013	**(6,588,623)**	**(24,401,082)**	**0**	**0**	**(30,989,706)**
Net carrying amount as at 1 January 2013	**3,521,171**	**62,178,618**	**111,583,568**	**3,409,531**	**180,692,889**
Net carrying amount as at 31 December 2013	**4,330,818**	**63,428,051**	**106,768,742**	**1,730,918**	**176,258,529**

All intangible assets presented herein are owned by the Group and are unencumbered.

Goodwill

Goodwill structure presented by business combination from which it originates is as follows:

(in EUR)	The Petrol Group 31 December 2013	31 December 2012
Instalacija d.o.o., Koper[1]	85,266,022	85,266,022
Euro-Petrol d.o.o.[2]	13,151,422	13,151,422
Petrol Bonus d.o.o.[3]	2,550,725	4,577,154
El-TEC Mulej d.o.o.[4]	3,872,135	3,872,135
Beogas Invest d.o.o.	0	2,581,382
Petrol-Jadranplin d.o.o.[5]	789,404	789,404
Petrol Toplarna Hrastnik d.o.o.[6]	704,068	704,068
Sagax d.o.o. Beograd	159,911	366,927
Petrol-Butan d.o.o.[7]	275,054	275,054
Total goodwill	**106,768,742**	**111,583,568**

1 Instalacija d.o.o. was merged into Petrol d.d., Ljubljana in 2013.
2 Euro - Petrol d.o.o. was renamed Petrol d.o.o.
3 Petrol - Bonus d.o.o. was renamed Petrol Crna gora MNE d.o.o.
4 El-TEC Mulej d.o.o. was renamed Eltec Petrol d.o.o.
5 Petrol Jadranplin d.o.o. was renamed Petrol Plin d.o.o.
6 Petrol Toplarna Hrastnik d.o.o. was merged into Petrol Energetika d.o.o. in 2009.
7 Petrol-Butan d.o.o. was merged into Petrol Plin d.o.o. in 2012.

On 31 December 2013, goodwill was tested for impairment and signs of impairment were identified in respect of goodwill arising from the acquisition of interests in the companies Beogas Invest d.o.o. and Petrol - Bonus d.o.o. Based on this test, the management estimates that the recoverable amount of net acquired assets as at 31 December 2013 was higher than their carrying amount, including goodwill. The Group impaired both instances of goodwill by EUR 4,607,811 as a result.

The Group reassessed goodwill originating from the acquisition of the interest in the company Sagax d.o.o Beograd within one year of its initial recognition, revising it downwards by EUR 207,015. The goodwill's value thus stood at EUR 159,912 as at 31 December 2013.

The recoverable amount of acquired assets was assessed at the aggregate level of the acquired companies, except for goodwill arising from the acquisition of the 49-percent interest in the company Euro-Petrol d.o.o., the 100-percent interest in the company Petrol Toplarna Hrastnik d.o.o., the 100-percent interest in the company Instalacija d.o.o. and the 100-percent interest in the company Petrol-Butan d.o.o. Because status changes took place in all companies, goodwill was tested at the level of the cash-generating unit which was directly related to the assets acquired during the acquisition of the companies.

Goodwill was tested for impairment using the method of present value of expected free cash flows. All assumptions used in the calculation of net cash flows are based on experience with the companies' operations and reasonably expected operations in the future. Valuation models take into account the required rates of return ranging from 7.26 percent to 11.8 percent. Relevant annual growth rates for remaining free cash flows (the residual value) range from 0 to 2 percent.

Overview of items exceeding 5 percent of net carrying amount as at 31 December 2013

(in EUR)	The Petrol Group 31 December 2013	31 December 2012
Right to use natural gas distribution infrastructure in the municipality of Domžale	10,809,109	11,300,364
Right to use natural gas distribution infrastructure in the municipality of Slovenske Konjice	4,944,293	5,105,522
Right to use wastewater treatment infrastructure in the municipality of Murska Sobota	4,222,497	4,703,217
Right to use natural gas distribution infrastructure in the municipality of Slovenska Bistrica	3,943,504	4,129,805

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2012	**6,040,559**	**66,667,367**	**0**	**1,768,582**	**74,476,508**
New acquisitions	0	0	0	3,154,763	3,154,763
Disposals	(78,281)	(153,208)	0	0	(231,489)
Transfer between asset categories	0	(3,960,070)	0	3,960,070	0
Transfer from ongoing investments	2,573,262	2,981,641	0	(5,554,903)	0
As at 31 December 2012	**8,535,540**	**65,535,730**	**0**	**3,328,512**	**77,399,782**
Accumulated amortisation					
As at 1 January 2012	**(4,368,791)**	**(14,423,985)**	**0**	**0**	**(18,792,776)**
Amortisation	(865,281)	(2,589,278)	0	0	(3,454,559)
Disposals	59,478	(5,868)	0	0	53,610
As at 31 December 2012	**(5,174,594)**	**(17,019,131)**	**0**	**0**	**(22,193,725)**
Net carrying amount as at 1 January 2012	**1,671,768**	**52,243,382**	**0**	**1,768,582**	**55,683,732**
Net carrying amount as at 31 December 2012	**3,360,946**	**48,516,599**	**0**	**3,328,512**	**55,206,057**

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2013	**8,535,540**	**65,535,730**	**0**	**3,328,512**	**77,399,782**
New acquisitions as a result of merger by absorption	85,055	0	87,357,465	0	87,442,520
New acquisitions	0	0	0	4,470,959	4,470,959
Disposals	(7,068)	0	0	0	(7,068)
Impairments	0	0	(2,091,443)	0	(2,091,443)
Transfer from ongoing investments	1,856,441	4,294,160	0	(6,150,601)	0
As at 31 December 2013	**10,469,968**	**69,829,890**	**85,266,022**	**1,648,870**	**167,214,750**
Accumulated amortisation					
As at 1 January 2013	**(5,174,594)**	**(17,019,131)**	**0**	**0**	**(22,193,725)**
New acquisitions as a result of merger by absorption	(65,449)	0	0	0	(65,449)
Amortisation	(1,076,474)	(2,765,290)	0	0	(3,841,764)
Disposals	7,063	0	0	0	7,063
As at 31 December 2013	**(6,309,454)**	**(19,784,421)**	**0**	**0**	**(26,093,875)**
Net carrying amount as at 1 January 2013	**3,360,946**	**48,516,599**	**0**	**3,328,512**	**55,206,057**
Net carrying amount as at 31 December 2013	**4,160,514**	**50,045,469**	**85,266,022**	**1,648,870**	**141,120,875**

All intangible assets presented herein are owned by the Company and are unencumbered.

Goodwill

In 2013 goodwill of EUR 85,266,022 was generated as a result of the absorption of the company Instalacija d.o.o., as explained in Note 6.2. On 31 December 2013, goodwill was tested for impairment the way it is explained in the section relating to the Group. Goodwill was further generated as a result of the absorption of the company IG Investicijski inženiring d.o.o. and the operations of the company IGES d.o.o. Both instances of goodwill were impaired to the whole extent, as explained in Note 6.2.

Overview of items exceeding 5 percent of net carrying amount as at 31 December 2013

	Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012
Right to use natural gas distribution infrastructure in the municipality of Domžale	10,809,109	11,300,364
Right to use natural gas distribution infrastructure in the municipality of Slovenske Konjice	4,944,293	5,105,522
Right to use wastewater treatment infrastructure in the municipality of Murska Sobota	4,222,497	4,703,217
Right to use natural gas distribution infrastructure in the municipality of Slovenska Bistrica	3,943,504	4,129,805

6.16 Property, plant and equipment

Property, plant and equipment of the Petrol Group

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2012	**202,113,869**	**544,737,719**	**26,157,134**	**158,752,367**	**46,479,468**	**978,240,557**
New acquisitions as a result of takeover	0	0	7,841,318	1,244,492	21,877	9,107,687
New acquisitions	0	0	0	0	47,234,735	47,234,735
Disposals	(763,771)	(1,161,285)	(427,004)	(15,964,677)	(1,178,616)	(19,495,353)
Disposal as a result of a company sale	0	0	(69,267)	(3,448)	0	(72,715)
Transfer from ongoing investments	9,158,539	29,267,478	3,166,519	17,755,369	(59,347,905)	0
Transfer to investment property	0	(67,330)	0	0	0	(67,330)
Transfer from investment property	0	187,736	0	0	0	187,736
Foreign exchange differences	(391,293)	(1,647,214)	(191,454)	(178,723)	(641,057)	(3,049,741)
As at 31 December 2012	**210,117,344**	**571,317,104**	**36,477,246**	**161,605,380**	**32,568,502**	**1,012,085,576**
Accumulated depreciation						
As at 1 January 2012	**0**	**(254,256,882)**	**(11,338,665)**	**(110,942,387)**	**0**	**(376,537,933)**
Depreciation	0	(22,218,080)	(1,819,385)	(10,676,306)	0	(34,713,771)
Disposals	0	574,328	127,328	11,964,816	0	12,666,472
Transfer from investment property	0	(165,443)	0	0	0	(165,443)
Foreign exchange differences	0	437,771	1,674	63,999	0	503,444
As at 31 December 2012	**0**	**(275,628,306)**	**(13,029,048)**	**(109,589,878)**	**0**	**(398,247,231)**
Net carrying amount as at 1 January 2012	**202,113,869**	**290,480,837**	**14,818,469**	**47,809,980**	**46,479,468**	**601,702,624**
Net carrying amount as at 31 December 2012	**210,117,344**	**295,688,798**	**23,448,198**	**52,015,502**	**32,568,502**	**613,838,344**

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2013	**210,117,344**	**571,317,104**	**36,477,246**	**161,605,380**	**32,568,502**	**1,012,085,576**
New acquisitions as a result of takeover	1,130,733	1,982,538	0	713,620	1,150	3,828,041
New acquisitions	0	0	0	0	48,388,994	48,388,994
Disposals	(718,084)	(4,569,921)	(170,692)	(15,888,721)	(1,364,998)	(22,712,416)
Disposal as a result of a company sale	0	0	0	(87,996)	0	(87,996)
Transfer between asset categories	0	0	179,483	(179,483)	0	0
Transfer from ongoing investments	7,393,170	25,295,991	1,573,369	24,262,564	(58,525,094)	0
Transfer to investment property	0	(498,721)	0	0	0	(498,721)
Transfer from investment property	0	65,951	0	0	0	65,951
Foreign exchange differences	(704,557)	(1,113,926)	(58,508)	(262,178)	(26,620)	(2,165,789)
As at 31 December 2013	**217,218,606**	**592,479,016**	**38,000,898**	**170,163,186**	**21,041,934**	**1,038,903,640**
Accumulated depreciation						
As at 1 January 2013	**0**	**(275,628,306)**	**(13,029,048)**	**(109,589,878)**	**0**	**(398,247,231)**
Depreciation	0	(22,861,379)	(1,859,666)	(11,279,125)	0	(36,000,170)
Disposals	0	524,175	169,964	12,613,955	0	13,308,094
Transfer between asset categories	0	0	(170,294)	170,294	0	0
Transfer to investment property	0	152,072	0	0	0	152,072
Transfer from investment property	0	(29,241)	0	0	0	(29,241)
Disposal as a result of a company sale	0	0	0	69,610	0	69,610
Foreign exchange differences	0	285,586	3,224	151,883	0	440,693
As at 31 December 2013	**0**	**(297,557,093)**	**(14,885,820)**	**(107,863,261)**	**0**	**(420,306,173)**
Net carrying amount as at 1 January 2013	**210,117,344**	**295,688,798**	**23,448,198**	**52,015,502**	**32,568,502**	**613,838,345**
Net carrying amount as at 31 December 2013	**217,218,606**	**294,921,923**	**23,115,078**	**62,299,925**	**21,041,934**	**618,597,466**

Items of property, plant and equipment pledged as security

The Group's items of property, plant and equipment are unencumbered, except for some of the assets acquired through acquisition of other companies. On 31 December 2013, the cost of assets pledged as security stood at EUR 1,779,701, with their net carrying amount totalling EUR 1,316,742. The assets are mortgaged.

Assets held under finance lease

On 31 December 2013, the cost of equipment held under finance lease stood at EUR 229,978, with its net carrying amount totalling EUR 71,182. The cost of property held under finance lease stood at EUR 8,248,066 as at 31 December 2013, with its net carrying amount totalling EUR 5,838,828.

Acquisitions as a result of takeover of companies in 2013

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Petrol Geoterm d.o.o.	1,130,733	1,982,538	713,620	1,150	**3,828,041**
New acquisitions as a result of takeover	**1,130,733**	**1,982,538**	**713,620**	**1,150**	**3,828,041**

Overview of groups of investments in property, plant and equipment in 2013 including investments in excess of EUR 1,200,000:

(in EUR)	2013
Acquisition and construction of service stations	13,950,404
Acquisition of the Črnomelj biogas plant	3,466,161
Public lighting in Koper	2,315,338
Setting up of solar power plants	1,896,282

Property, plant and equipment of Petrol d.d., Ljubljana

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2012	**98,143,207**	**364,918,983**	**118,297,842**	**11,471,153**	**592,831,185**
New acquisitions	0	0	0	20,723,639	20,723,639
Disposals	(87,369)	(629,921)	(4,874,344)	(116,072)	(5,707,706)
Transfer from ongoing investments	2,155,784	4,787,621	7,474,316	(14,417,721)	0
Transfer to investment property	0	(67,330)	0	0	(67,330)
Transfer from investment property	0	187,736	0	0	187,736
As at 31 December 2012	**100,211,622**	**369,197,089**	**120,897,814**	**17,660,999**	**607,967,524**
Accumulated depreciation					
As at 1 January 2012	**0**	**(219,208,644)**	**(92,353,008)**	**0**	**(311,561,652)**
Depreciation	0	(13,853,306)	(5,662,494)	0	(19,515,800)
Disposals	0	294,105	2,913,686	0	3,207,791
Transfer from investment property	0	(165,443)	0	0	(165,443)
Net carrying amount as at 31 December 2012	**0**	**(232,933,288)**	**(95,101,816)**	**0**	**(328,035,104)**
Net carrying amount as at 1 January 2012	**98,143,207**	**145,710,339**	**25,944,834**	**11,471,153**	**281,269,534**
Net carrying amount as at 31 December 2012	**100,211,622**	**136,263,801**	**25,795,998**	**17,660,999**	**279,932,420**

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2013	**100,211,622**	**369,197,089**	**120,897,814**	**17,660,999**	**607,967,524**
New acquisitions as a result of merger by absorption	9,577,755	74,779,200	18,349,664	1,282,163	103,988,782
New acquisitions	0	0	0	28,618,857	28,618,857
Disposals	(342,623)	(1,263,897)	(12,068,380)	(1,361,497)	(15,036,397)
Transfer from ongoing investments	936,359	15,434,605	17,796,863	(34,167,827)	0
Transfer to investment property	0	(498,721)	0	0	(498,721)
Transfer from investment property	0	65,951	0	0	65,951
As at 31 December 2013	**110,383,113**	**457,714,227**	**144,975,961**	**12,032,695**	**725,105,996**
Accumulated depreciation					
As at 1 January 2013	**0**	**(232,933,288)**	**(95,101,816)**	**0**	**(328,035,104)**
New acquisitions as a result of merger by absorption	0	(42,746,205)	(14,936,825)	0	(57,683,030)
Depreciation	0	(16,102,039)	(6,938,865)	0	(23,040,904)
Disposals	0	377,061	11,138,153	0	11,515,214
Transfer to investment property	0	152,074	0	0	152,074
Transfer from investment property	0	(29,241)	0	0	(29,241)
As at 31 December 2013	**0**	**(291,281,638)**	**(105,839,353)**	**0**	**(397,120,991)**
Net carrying amount as at 1 January 2013	**100,211,622**	**136,263,801**	**25,795,998**	**17,660,999**	**279,932,420**
Net carrying amount as at 31 December 2013	**110.383.113**	**166.432.589**	**39.136.608**	**12.032.695**	**327.985.005**

Items of property, plant and equipment pledged as security

All items of property, plant and equipment of the Company are unencumbered. The Company has no property, plant and equipment under finance lease.

Overview of groups of investments in property, plant and equipment in 2013 including investments in excess of EUR 1,200,000

(in EUR)	2013
Acquisition and construction of service stations	6,107,269
Acquisition of the Črnomelj biogas plant	3,466,161
Public lighting in Koper	2,315,338
Setting up of solar power plants	1,896,282

6.17 Investment property

Investment property comprises buildings (storage facilities, car washes, bars) being leased out by the Group/Company.

	The Petrol Group	Petrol d.d.
	Investment property	Investment property
Cost		
As at 1 January 2012	**26,508,119**	**26,917,596**
Transfer to property, plant and equipment	(187,736)	(187,736)
Transfer from property, plant and equipment	67,330	67,330
As at 31 December 2012	**26,387,713**	**26,797,190**
Accumulated depreciation		
As at 1 January 2012	**(12,950,257)**	**(13,494,748)**
Depreciation	(789,039)	(817,567)
Transfer to property, plant and equipment	165,443	165,443
As at 31 December 2012	**(13,573,853)**	**(14,146,872)**
Net carrying amount as at 1 January 2012	**13,557,862**	**13,422,848**
Net carrying amount as at 31 December 2012	**12,813,859**	**12,650,319**

	The Petrol Group	Petrol d.d.
	Investment property	Investment property
Cost		
As at 1 January 2013	**26,387,713**	**26,797,190**
Transfer to property, plant and equipment	(65,951)	(65,951)
Transfer from property, plant and equipment	498,721	498,721
As at 31 December 2013	**26,820,483**	**27,229,960**
Accumulated depreciation		
As at 1 January 2013	**(13,573,853)**	**(14,146,872)**
Depreciation	(773,849)	(802,375)
Transfer to property, plant and equipment	29,241	29,241
Transfer from property, plant and equipment	(152,072)	(152,072)
As at 31 December 2013	**(14,470,533)**	**(15,072,078)**
Net carrying amount as at 1 January 2013	**12,813,860**	**12,650,318**
Net carrying amount as at 31 December 2013	**12,349,949**	**12,157,881**

The Petrol Group

In 2013 revenue generated by the Group from investment property totalled EUR 2,525,206 (2012: EUR 2,373,216). According to the Group's estimates, the fair value of investment property stood at EUR 30,387,729 as at 31 December 2013. The Group estimates the fair value using the method of capitalising normalised cash flows, with cash flows comprising chiefly lease payments for leased investment property. Projected growth and discount rates equal 0.05 percent and 9.20 percent respectively.

Petrol d.d., Ljubljana

In 2013 revenue generated by the Company from investment property totalled EUR 2,478,973 (2012: EUR 2,444,771). According to the Company's estimates, the fair value of investment property stood at EUR 30,479,818 as at 31 December 2013. The Company estimates the fair value using the method of capitalising normalised cash flows, with cash flows comprising chiefly lease payments for leased investment property. Projected growth and discount rates equal 0.05 percent and 9.10 percent respectively.

6.18 Investments in subsidiaries

The Petrol Group
In the preparation of the Group's financial statements, investments in subsidiaries are excluded on consolidation. A more detailed overview of the Group's structure is presented in chapter Group companies of the business report.

Petrol d.d., Ljubljana
The directly-owned subsidiaries of Petrol d.d., Ljubljana are as follows:

Information about direct subsidiaries as at 31 December 2013:

Name of subsidiary	Address of subsidiary	Business activities	Ownership and voting rights	
			31. 12. 2013	31. 12. 2012
Slovenia				
IGES d.o.o.	Tumova Ulica 5,Nova Gorica, Slovenia	Energy services	100%	100%
Petrol Energetika d.o.o.	Koroška c. 14, Ravne na Koroškem, Slovenia	Gas and electricity distribution	99,38%	99,38%
Petrol Maloprodaja Slovenija, d.o.o.	Dunajska c. 50, Ljubljana, Slovenia	Retail sale of motor fuel	100%	100%
Eltec Petrol d.o.o.	Pot na Lisice 7, Bled, Slovenia	Energy services	74,9%	74,9%
Petrol Skladiščenje d.o.o.	Zaloška 259, Ljubljana Polje, Slovenia	Storage services	100%	100%
Petrol Tehnologija, d.o.o.	Zaloška 259, Ljubljana Polje, Slovenia	Maintenance services	100%	100%
Petrol VNC d.o.o.[1]	Dunajska c. 50, Ljubljana, Slovenia	Investigation activities and security	-	100%
IG investicijski inženiring d.o.o.[2]	Ulica Vinka Vodopivca 45a, Nova Gorica, Slovenia	Mechanical and electrical engineering services	-	100%
Instalacija d.o.o.[3]	Sermin 10/a, Koper, Slovenia	Storage and handling of petroleum products	-	77,05%
Petrol Geoterm d.o.o.[4]	Mlinska ulica 5, Lendava Slovenia	Extraction of crude oil and natural gas	100%	-
Croatia				
Petrol d.o.o.	Oreškovićeva 6H, Zagreb, Croatia	Trading in and transport of oil and petroleum products	100%	100%
Petrol Plin d.o.o.	Put Bioca 15,Šibenik, Croatia	Distribution of liquefied petroleum gas	100%	100%
Serbia				
Petrol d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Beograd, Serbia	Sale and marketing of petroleum products	100%	100%
Petrol Gas Group, d.o.o.	Ticanova 31, Novi Sad, Serbia	Gas distribution	100%	100%
Rodgas AD Bačka Topola	Maršala Tita 61, Bačka Topola, Serbia	Gas distribution	89,64%	89,64%
Beogas Invest d.o.o.	Patrijarha Dimitrija 12v, Beograd, Serbia	Gas distribution	91,85%	91,85%
Montenegro				
Petrol Crna gora MNE d.o.o.	Ulica Donje polje bb, Cetinje, Montenegro	Wholesale and retail sale of fuel	100%	100%
Other countries				
Petrol BH Oil Company d.o.o. Sarajevo	Tešanjska 24 a, Sarajevo, Bosnia and Herzegovina	Sale and marketing of petroleum products	100%	100%
Intrade - energija d.o.o. Sarajevo[5]	Ulica Zmaja od Bosne broj 44, Sarajevo, Bosnia and Herzegovina	Production and distribution of electricity	51%	-
Petrol-Trade Handelsges.m.b.H.	Elisabethstrasse 10 Top 4 u.5, Dunaj, Avstria	Trading in oil, petroleum products and chemical products	100%	100%
Petrol-Energetika DOOEL Skopje	Belasica br. 2, Skopje, Macedonia	Electricity trading	100%	100%
Cypet Oils Ltd.[6]	Ariadne House, Office 52, 333 28th October Street, Limassol, Cyprus	Trading in oil and petroleum products	100%	100%

1 Petrol VNC d.o.o. was disposed of in February 2013.
2 G Investicijski inženiring d.o.o. was merged into Petrol d.d., Ljubljana in June 2013.
3 Instalacija d.o.o. was merged into Petrol d.d., Ljubljana in May 2013.
4 Nafta Geoterm d.o.o. was acquired in May 2013; it was renamed Petrol Geoterm d.o.o. in October 2013.
5 Intrade - energija d.o.o. Sarajevo became a subsidiary as IG Investicijski inženiring d.o.o. was merged into Petrol d.d., Ljubljana.
6 The company is in the process of liquidation.

Information about indirect subsidiaries as at 31 December 2013:

The companies Eltec Petrol d.o.o., IGES d.o.o. and Beogas Invest d.o.o. are the controlling companies of the Eltec Petrol Group, the IGES Group and the Beogas Invest Group, respectively. Subsidiaries from these groups are presented in the table below.

Name of subsidiary	Address of subsidiary	Business activities	Ownership and voting rights	
			31. 12. 2013	31.12. 2012
The Eltec Petrol Group				
Eltec Petrol Hrvatska d.o.o.	Vranovina 30, Zagreb, Croatia	Specialised construction activities	100%	100%
EL-TEC MULEJ, d.o.o., NIŠ	Knjaževačka 5, Niš,Serbia	Business and other management consulting	100%	100%
SAGAX d.o.o. BEOGRAD	Radoja Domanovića 16, Beograd, Serbia	Wholesale trade in metal products and installation materials	100%	100%
The IGES Group				
IG AP d.o.o.[1]	Naselje na Šahtu 53, Kisovec, Slovenia	Mechanical and electrical engineering services	-	100%
VITALES d.o.o. Nova Bila, Travnik[2]	Nova Bila b.b., Travnik, Bosnia and Herzegovina	Production and marketing of enhanced biomass	100%	100%
VITALES d.o.o. Bihač[2]	Naselje Ripač b.b., Bihač, Bosnia and Herzegovina	Production and marketing of enhanced biomass	100%	100%
Vitales energie biomasse Italia s.r.l.[3]	Via del San Michele 340, Gorizia, Italy	Investments in renewable energy sources	67%	67%
VITALES d.o.o., Sokolac[2]	Pere Kosorića 2, Sokolac, Bosnia and Herzegovina	Production and marketing of enhanced biomass	50%	50%
The Beogas Invest Group				
Beogas d.o.o.	Patrijarha Dimitrija 12v, Beograd, Serbia	Construction and maintenance of gas pipelines and distribution of gas	100%	100%
Domingas d.o.o.	Patrijarha Dimitrija 12v, Beograd, Serbia	Construction and maintenance of gas pipelines and distribution of gas	100%	100%

1 IG AP d.o.o. was merged into Petrol Energetika d.o.o.
2 The company is in bankruptcy/pre-bankruptcy proceedings.
3 The company is in the process of liquidation.

Balance of investments in subsidiaries

	Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012
Petrol d.o.o.	130,910,000	136,449,320
Petrol BH Oil Company d.o.o.	34,537,990	34,537,990
Petrol d.o.o. Beograd	30,824,792	30,279,792
IGES d.o.o.	21,299,475	21,299,475
Petrol Crna gora MNE d.o.o.	19,396,000	19,906,000
Petrol Energetika d.o.o.	13,538,900	13,538,900
Petrol Maloprodaja Slovenija, d.o.o.	11,344,738	11,344,738
Beogas Invest d.o.o.	8,303,000	10,800,425
Petrol Plin d.o.o.	5,182,607	5,182,608
Eltec Petrol d.o.o.	5,111,478	5,111,478
Petrol Gas Group, d.o.o.	4,850,000	4,850,000
Rodgas AD Bačka Topola	2,604,000	2,604,000
Cypet Oils Ltd.	2,150,906	2,150,906
Petrol Geoterm d.o.o.	1,968,928	-
Petrol Skladiščenje d.o.o.	794,951	794,951
Petrol Tehnologija, d.o.o.	755,579	755,579
Petrol-Trade Handelsges.m.b.H.	147,830	147,830
Petrol-Energetika DOOEL Skopje	25,000	5,000
Intrade - energija d.o.o. Sarajevo	0	-
Instalacija d.o.o.	-	64,841,412
Petrol VNC d.o.o.	-	114,834
IG Investicijski inženiring d.o.o.	-	1
Total investments in subsidiaries	**293,746,174**	**364,715,239**

Changes in investments in subsidiaries

	Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012
As at 1 January	364,715,239	298,499,439
New acquisitions	2,533,928	67,404,847
Merger by absorption	(64,841,413)	0
Impairment	(8,546,745)	(983,950)
Disposals	(114,834)	(205,097)
As at 31 December	**293,746,174**	**364,715,239**

Major new acquisitions of investments in subsidiaries were as follows in 2013:

- acquisition of the 100-percent interest in Petrol Geoterm d.o.o. totalling EUR 1,968,928,
- capital increase of Petrol d.o.o., Beograd totalling EUR 545,000.

When testing the impairment of assets, the Company determined that the carrying amount of investments in the companies Petrol d.o.o., Petrol Crna gora MNE d.o.o. and Beogas Invest d.o.o. exceeded the investments' fair value and value in use, prompting the Company to impair the investments by EUR 8,546,745. To assess the value of the investments, the Company used the discounted future cash flow model. The valuation relies on information about the companies' previous operations and assumptions regarding their future operations. The model uses the required rate of return of 10.3 to 10.9 percent and the annual growth rate for remaining free cash flows (the residual value) of 2 percent.

The disposal of EUR 114,834 relates to the disposal of the 100-percent interest in the company Petrol VNC d.o.o.

6.19 Investments in jointly controlled entities

The Group measures investments in jointly controlled entities using the equity method, while the Company measures them at fair value. More information about the Group's accounting treatment of investments in jointly controlled entities is provided in chapter Significant accounting policies of the Group in Note 3a. More information about the Company's accounting treatment of investments in jointly controlled entities is provided in chapter Significant accounting policies of the Company in Note 4c. A more detailed overview of the Group's structure is presented in chapter Group companies of the business report.

Information about jointly controlled entities as at 31 December 2013:

			Ownership and voting rights	
Name of jointly controlled entity	Address of jointly controlled entity	Business activities	31 December 2013	31 December 2012
Slovenia				
Gen-I, d.o.o.[1]	Cesta 4. julija 42, Krško, Slovenia	Electricity trading and sale	50%	50%
Geoenergo d.o.o.	Mlinska ulica 5, Lendava, Slovenia	Extraction of natural gas, oil and gas condensate	50%	50%
Soenergetika d.o.o.	Stara cesta 3, Kranj, Slovenia	Electricity, gas and steam supply	25%	25%
Other countries				
Petrol-Oti-Slovenija L.L.C.[2]	Prishtina Magijstralija, Prishtina, Kosovo	Retail sale and wholesale of liquid and gaseous fuel and similar products	51%	51%
Petrol Slovenia Tirana Wholesale Sh.A.[3]	Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania	Wholesale of liquid, gaseous and similar fuels	55%	55%
Petrol Slovenia Tirana Distribution Sh.p.k[3]	Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania	Retail sale of liquid and gaseous fuel	55%	55%
Petrol LPG d.o.o. Beograd[4]	Patrijarha Dimitrija 12v, Belgrade, Serbia	Sale of liquefied petroleum gas	51%	-

1 Gen-I, d.o.o. is directly owned by IGES d.o.o.
2 The contract of members stipulates joint management.
3 The company is in the process of liquidation.
4 Petrol LPG d.o.o. Beograd was established in February 2013

Balance of investments in jointly controlled entities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Gen-I, d.o.o.	42,417,087	39,015,528	-	-
Petrol LPG d.o.o. Beograd	2,140,270	-	2,057,948	-
Petrol-Oti-Slovenija L.L.C.	1,567,916	1,476,886	676,000	2,176,000
Petrol Slovenia Tirana Wholesale Sh.A.	1,084,846	1,123,183	1,241,761	1,270,868
Soenergetika d.o.o.	427,032	298,762	1,778,500	1,229,250
Geoenergo d.o.o.	22,960	17,465	66,068	64,346
Total investments in jointly controlled entities	**47,660,111**	**41,931,824**	**5,820,277**	**4,740,464**

The Petrol Group

Changes in investments in jointly controlled entities

	The Petrol Group	
(v EUR)	31 December 2013	31 December 2012
As at 1 January	**41,931,824**	**37,964,476**
Attributed profit	4,920,681	3,700,926
Dividends received	(1,443,355)	(1,000,000)
New acquisitions	2,332,644	1,266,422
Attribution of changes in the equity of jointly controlled entities	(81,683)	0
As at 31 December	**47,660,111**	**41,931,824**

In conformity with the equity method, the Group received attributable profit of EUR 4,920,681 in 2013. From this amount, dividends on retained earnings, which stood at EUR 1,443,355, were deducted. These items are explained in more detail in Note 6.10.

In 2013 the Group increased the capital of the company Petrol-Oti-Slovenija L.L.C. by EUR 274,696 and established the new company Petrol LPG d.o.o. Beograd with the capital contribution of EUR 2,057,948.

Significant amounts from the financial statements of jointly controlled entities:

2012

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The GEN-I Group	228,783,845	182,141,994	1,560,222,530	8,203,527	4,101,764
Petrol Slovenia Tirana Wholesale Sh.A.	2,263,129	20,770	80,213	65,961	36,279
Petrol-Oti-Slovenija L.L.C.	20,089,354	8,207,778	10,752,673	(974,171)	(496,827)
Soenergetika d.o.o.	6,564,078	5,369,026	2,572,963	231,464	57,866
Geoenergo, d.o.o.	246,567	114,550	119,796	294	147

2013

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The GEN-I Group	245,607,528	188,909,250	1,280,708,089	9,747,610	4,873,805
Petrol Slovenia Tirana Wholesale Sh.A.	2,296,966	37,530	10,855	(1,871)	(1,029)
Petrol-Oti-Slovenija L.L.C.	22,532,830	7,414,910	16,088,581	(377,854)	(192,706)
Soenergetika d.o.o.	6,045,552	4,337,420	4,267,811	679,005	169,751
Geoenergo, d.o.o.	456,898	313,892	393,615	10,989	5,495
Petrol LPG d.o.o.	8,145,343	4,003,954	10,837,746	198,002	100,981

Petrol d.d., Ljubljana

Changes in investments in jointly controlled entities

	Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012
As at 1 January	**4,740,464**	**2,583,500**
New acquisitions	2,332,644	1,282,990
Increase in fair value reserve	550,972	879,628
Decrease in fair value reserve	(231,116)	(5,654)
Impairment (effect on the statement of profit or loss)	(1,572,687)	0
As at 31 December	**5,820,277**	**4,740,464**

In 2013 the Company increased the capital of the company Petrol-Oti-Slovenija L.L.C. by EUR 274,696 and established the new company Petrol LPG d.o.o. Beograd with the capital contribution of EUR 2,057,948.

Fair value measurement effect

The Company assessed the fair value of investments in jointly controlled entities as at 31 December 2013. The valuation revealed that the fair value of the investments in the companies Petrol Slovenia Tirana Wholesale Sh.A and Petrol-Oti-Slovenija L.L.C. was lower than their carrying amount, which led to an impairment. The valuation also revealed that the fair value of investments in the companies Geoenergo d.o.o. and Soenergetika d.o.o. was higher than their carrying amount, which led to the enhancement of the investments' value and a corresponding increase in the fair value reserve.

The techniques selected to assess the fair value and the fair value assessment effects as at 31 December 2013 are shown in the table below:

(in EUR)						Valuation effect	
Company	Holding in %	Valuation technique	Pre-valuation value as at 31 December 2013	Fair value as at 31 December 2013	Valuation effect (enhancement/ impairment)	Fair value reserve	Profit or loss for the period
Petrol-Oti-Slovenija L.L.C.	51%	Present value of expected free cash flows	2,450,696	676,000	(1,774,696)	(202,009)	(1,572,687)
Petrol LPG d.o.o. Beograd	51%	*	2,057,948	2,057,948	-	-	-
Petrol Slovenia Tirana Wholesale Sh.A.	55%	**	1,270,868	1,241,761	(29,107)	(29,107)	0
Soenergetika d.o.o.	25%	Present value of expected free cash flows	1,229,250	1,778,500	549,250	549,250	0
Geoenergo, d.o.o.	50%	**	64,346	66,068	1,722	1,722	0
Total			**7,073,108**	**5,820,277**	**(1,252,831)**	**319,856**	**(1,572,687)**

* The fair value of the investment as at 31 December 2013 is the same as the capital contribution to the company.
* The fair value of the investment is the same as the carrying amount of the interest in the company's equity.

Description of assumptions and investment valuation techniques

Independent assessment of the fair value of the investments in jointly controlled entities 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 the valuation. Due to the nature of the companies' business, no observable market data exists. The valuation thus relies mainly on information about the companies' previous operations and assumptions regarding their future operations. The valuation takes into account the perspective of market participants. Valuation techniques were tailored to the nature of the companies' business and available data.

When the methods based on the present value of expected free cash flows were used, the following assumptions were applied:

- the required rate of return was adjusted to specific circumstances of individual companies, the interest in which was subject to valuation, and their business environment;
- the required rates of return for the companies ranged from 11.80 to 16.85 percent;
- in the valuation of the investments, discounts reflecting marketability and ranging from 0 percent to 5 percent were taken into account and adjusted to the nature of the companies' business;
- in the case of the techniques used, the annual growth rates for remaining free cash flows (the residual value) that were taken into account ranged from 1 to 2 percent.

6.20 Investments in associates

The Group measures investments in associates using the equity method, while the Company measures them at fair value. More information about the accounting treatment of investments in associates is given in Note 3a (the Group) and Note 4c (the Company). A more detailed overview of the Group's structure is presented in chapter Group companies of the business report.

Information about associates as at 31 December 2013

Name of associate	Address of associate	Business activities	Ownership and voting rights 31 December 2013	Ownership and voting rights 31 December 2012
Slovenia				
Geoplin d.o.o. Ljubljana	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	Sale and transport of natural gas	31,98%	31,98%
Aquasystems d.o.o.	Dupleška 330, Maribor, Slovenia	Construction and operation of industrial and municipal water treatment plants	26%	26%
Marche 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. - in bankruptcy proceedings	Grajski trg 21, Rače, Slovenia	Manufacturing, trading and services	25%	25%

Balance of investments in associates

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Geoplin d.o.o. Ljubljana	98,334,812	96,471,857	114,068,000	124,700,000
Aquasystems d.o.o.	1,976,715	1,797,483	5,180,000	4,199,000
Marche Gostinstvo d.o.o.	536,013	538,315	2,348,000	2,336,000
Bio goriva d.o.o.	0	0	0	0
Total investments in associates	**100,847,540**	**98,807,655**	**121,596,000**	**131,235,000**

The Petrol Group

Changes in investments in associates

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012
As at 1 January	**98,807,655**	**99,406,712**
Attributed profit/loss	4,983,564	5,255,256
Dividends received	(3,047,672)	(5,542,018)
Attributed changes in the equity of associates	103,994	(312,296)
As at 31 December	**100,847,540**	**98,807,655**

The Group did not increase its existing investments or make new investments in associates in 2013.

In 2013, in conformity with the equity method, the Petrol Group attributed a corresponding share of 2013 profits or losses to its investments, which amounted to EUR 4,983,564. From this amount, dividends received, which stood at EUR 3,047,672, were deducted. These items are explained in more detail in Note 6.10.

In accordance with the equity method, the Group recognised its interest in the equity of the associate Geoplin d.o.o. and increased the value of the investment by EUR 103,994 as a result.

Significant amounts from the financial statements of associates:

2012

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The Geoplin Group	453,427,858	165,613,801	492,493,462	13,982,191	4,471,211
Aquasystems, d.o.o.	23,653,231	18,893,514	7,753,754	2,397,558	623,365
Marche Gostinstvo, d.o.o.	3,523,800	1,360,560	11,485,040	651,060	162,765
Bio goriva d.o.o.	22,257,655	24,133,564	3,578,601	(2,293,565)	(573,391)

2013

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The Geoplin Group	480,142,390	185,097,275	364,287,860	12,133,600	3,880,070
Aquasystems, d.o.o.	23,072,669	16,891,116	7,893,819	2,689,808	699,350
Marche Gostinstvo, d.o.o.	3,497,350	1,343,270	11,392,250	641,850	160,463
Bio goriva d.o.o.	18,852,831	23,104,535	3,398,899	(2,244,546)	(561,137)

Petrol d.d., Ljubljana

Changes in investments in associates

(in EUR)	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
As at 1 January	**131,235,000**	**135,743,305**
Increase in fair value reserve	993,000	691,695
Decrease in fair value reserve	(10,632,000)	(5,200,000)
As at 31 December	**121,596,000**	**131,235,000**

The Company did not increase its existing investments or make new investments in associates in 2013.

Fair value measurement effect

The Company assessed the fair value of investments in associates as at 31 December 2013. The valuation revealed that the fair value of the investment in the company Geoplin d.o.o., Ljubljana was lower than its carrying amount, which led to a restatement of the investment's value to its fair value and a corresponding decrease in the fair value reserve. The valuation also revealed that the fair value of investments in the companies Aquasystems d.o.o. and Marche Gostinstvo d.o.o. was higher than their carrying amount, which led to the enhancement of the investments' value and a corresponding increase in the fair value reserve.

The techniques selected to assess the fair value and the fair value assessment effects as at 31 December 2013 are shown in the table below:

(in EUR) Company	Holding in %	Valuation technique	Pre-valuation value	Fair value as at 31 December 2013	Valuation effect (increase/ decrease)	Valuation effect as at 31 December 2013	Valuation effect Profit or loss for the period
Geoplin d.o.o. Ljubljana	31,98%	Present value of expected free cash flows and Guideline public company method	124,700,000	114,068,000	(10,632,000)	(10,632,000)	0
Aquasystems, d.o.o.	26%	Present value of expected free cash flows	4,199,000	5,180,000	981,000	981,000	0
Marche Gostinstvo, d.o.o.	25%	Present value of expected free cash flows	2,336,000	2,348,000	12,000	12,000	0
Bio goriva d.o.o.	25%	Present value of expected free cash flows	0	0	0	0	0
Total			**131,235,000**	**121,596,000**	**(9,639,000)**	**(9,639,000)**	**0**

Description of assumptions and investment valuation techniques

Independent assessment of the fair value of the investments in jointly controlled entities 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 the valuation. Due to the nature of the companies' business, no observable market data exists. The valuation thus relies mainly on information about the companies' previous operations and assumptions regarding their future operations. The valuation takes into account the perspective of market participants. Valuation techniques were tailored to the nature of the companies' business and available data.

When the methods based on the present value of expected free cash flows were used, the following assumptions were applied:

- the required rate of return was adjusted to specific circumstances of individual companies, the interest in which was subject to valuation, and their business environment;
- the required rates of return for the companies ranged from 7.15 to 11.6 percent;
- in the valuation of the investments, discounts reflecting marketability ranging from 0 percent to 10 percent and minority interest discounts ranging from 0 percent to 10 percent were taken into account;
- annual growth rates for remaining free cash flows (the residual value) ranging from 0 to 2 percent were taken into account.

6.21 Available-for-sale financial assets

Available-for-sale financial assets stand for investments in shares and interests of companies and banks as well as investments in mutual funds and bonds. Since the majority of available-for-sale financial assets are the assets of Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

Balance of available-for-sale financial assets

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Shares of companies	1,189,124	3,702,529	1,110,081	3,623,486
Shares of banks	235,841	2,544,301	235,841	2,544,301
Interests in companies	238,291	238,291	190,291	190,291
Bonds and other assets	2,903	2,903	0	0
Total available-for-sale financial assets	**1,666,159**	**6,488,024**	**1,536,212**	**6,358,078**

Changes in available-for-sale financial assets

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
As at 1 January	**6,488,024**	**7,568,721**	**6,358,078**	**7,438,775**
New acquisitions	0	2,500	0	2,500
Disposals	(4,821,865)	(86,362)	(4,821,865)	(86,362)
Impairment (effect on the statement of profit or loss)	0	(996,835)	0	(996,835)
As at 31 December	**1,666,159**	**6,488,024**	**1,536,212**	**6,358,078**

The Petrol Group and Petrol d.d., Ljubljana

In 2013 the Group/Company sold its Hit Alpinea d.d. shares worth EUR 2,513,405 and disposed of its NLB d.d. shares worth EUR 2,308,460 as these were struck off the central securities registry.

Available-for-sale financial assets of the Group/Company are carried at cost since their fair values cannot be reliably measured due to significant variability in the range of reasonable fair value estimates.

6.22 Non-current financial receivables

Balance of non-current financial receivables

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Loans and other financial receivables	7,049,936	4,051,143	23,433,149	17,163,277
Finance lease receivables	0	21,600	0	0
Total non-current financial receivables	**7,049,936**	**4,072,743**	**23,433,149**	**17,163,277**

The Petrol Group

The most significant item of the Group's non-current financial receivables is a loan granted to the jointly controlled entity Petrol-Oti-Slovenija L.L.C of EUR 2,747,033. The second most significant item consists of a loan of EUR 2,069,280 arising from the sale of shares and loans for goods delivered totalling EUR 829,856.

Changes in non-current financial receivables

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012
Receivables as at 1 January	**4,072,743**	**2,924,920**
New loans	6,438,820	4,726,149
Loans repaid	(1,755,791)	(205,821)
Transfer to current financial receivables	(1,701,922)	(3,368,320)
Foreign exchange differences	(3,914)	(4,185)
Receivables as at 31 December	**7,049,936**	**4,072,743**

Petrol d.d., Ljubljana

Non-current financial receivables of EUR 23,433,149 comprise non-current financial receivables from Group companies totalling EUR 20,334,246 and non-current financial receivables from others equalling EUR 3,098,903. Non-current financial receivables from others comprise a loan of EUR 2,069,280 arising from the sale of shares, loans for goods delivered totalling EUR 829,856 and housing loans to the Company's employees equalling EUR 122,870. Non-current financial receivables from Group companies are shown in the table below.

(in EUR)	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Non-current financial receivables from Group companies		
Intrade Energija d.o.o.	8,453,950	-
Eltec Petrol d.o.o.	5,734,300	3,040,000
Petrol-Oti-Slovenija L.L.C.	2,747,033	1,741,038
Petrol Energetika d.o.o.	2,599,884	3,681,527
Petrol Plin d.o.o.	437,500	562,500
IGES d.o.o.	361,579	7,066,890
Total	**20,334,246**	**16,091,955**

Changes in non-current financial receivables

(in EUR)	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Receivables as at 1 January	**17,163,277**	**8,104,316**
New acquisitions as a result of merger by absorption	13,171,896	0
New loans	8,116,888	17,985,919
Loans repaid	(10,337,836)	(4,205,643)
Transfer to current financial receivables	(4,681,076)	(4,721,315)
Receivables as at 31 December	**23,433,149**	**17,163,277**

6.23 Non-current operating receivables

Since the majority of non-current operating receivables are the receivables due to Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Receivables from companies	1,426,404	1,566,383	1,426,404	1,426,404
Allowance for receivables from companies	(1,426,404)	(1,426,404)	(1,426,404)	(1,426,404)
Receivables from municipalities	184,304	417,920	184,304	417,920
Other receivables	1,215,302	102,344	1,215,302	102,344
Total non-current operating receivables	**1,399,606**	**660,243**	**1,399,606**	**520,264**

The Petrol Group and Petrol d.d., Ljubljana

Non-current operating receivables from companies of EUR 1,426,404 consist of receivables from the jointly controlled entity Geoenergo d.o.o. The receivables stem from assets allocated over the long term for the restructuring of the company Nafta Lendava, d.o.o. that Petrol d.d., Ljubljana was obliged to provide under an agreement concluded with the Government of the Republic of Slovenia. Because the repayment of the non-current operating receivables is contingent on the generation and distribution of profit of the company Geoenergo d.o.o., an allowance was made for the entire receivable. Non-current operating receivables from others consist of receivables arising from the acquisition of the interest in the company Beogas Invest d.o.o. totalling EUR 1,129,412.R.

6.24 Inventories

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Spare parts and materials inventories	2,212,365	1,752,859	88,319	49,730
Merchandise:	150,162,025	157,938,415	131,088,107	138,875,784
- fuel	118,184,463	125,928,385	103,424,277	111,622,998
- other petroleum products	5,503,696	6,056,724	4,920,310	5,455,759
- other merchandise	26,473,866	25,953,306	22,743,520	21,797,027
Total inventories	**152,374,390**	**159,691,274**	**131,176,426**	**138,925,514**

The Petrol Group and Petrol d.d., Ljubljana

The Group/Company has no inventories pledged as security for liabilities.

After checking the value of merchandise inventories as at 31 December 2013, the Group/Company determined that the net realisable value of inventories was higher than the cost of merchandise, which is why it did not impair their value in 2013.

6.25 Current financial receivables

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Loans granted	12,098,570	10,341,704	11,429,977	9,277,755
Adjustment to the value of loans granted	(855,510)	(1,341,714)	(2,091,589)	(611,438)
Time deposits with banks (3 months to 1 year)	4,032,638	47,393	3,490,287	0
Interest receivables	475,551	141,484	2,524,487	523,356
Allowance for interest receivables	(31,708)	(30,386)	(1,144,818)	(27,943)
Finance lease receivables	25,975	353	25,975	0
Total current financial receivables	**15,745,516**	**9,158,834**	**14,234,319**	**9,161,730**

The Petrol Group

In addition to loans granted by Petrol d.d., Ljubljana to others, which stood at EUR 3,206,209 (for explanation see disclosure relating to the Company), and loans to the jointly controlled entities Petrol-Oti-Slovenija L.L.C (EUR 1,058,895) and Petrol LPG d.o.o. (EUR 1,749,556), the loans granted comprise short-term loans to other companies totalling EUR 6,083,910, which mainly relate to the payment of goods delivered.

Petrol d.d., Ljubljana

Short-term loans to companies of EUR 11,429,977 include the short-term portion of loans to subsidiaries totalling EUR 8,223,768 and short-term loans to others equalling EUR 3,206,209. Short-term loans to subsidiaries in the Group are presented below.

(in EUR)	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Loans to Group companies		
Intrade Energija d.o.o.	3,499,032	0
Petrol LPG d.o.o.	1,740,000	0
Petrol Energetika d.o.o.	1,081,644	1,081,644
Petrol-Oti-Slovenija L.L.C.	996,879	715,688
Eltec Petrol d.o.o.	556,200	0
Petrol Plin d.o.o.	176,013	737,200
Petrol Geoterm d.o.o.	174,000	0
IGES d.o.o.	0	4,012,500
Total	**8,223,768**	**6,547,032**

Short-term loans to others of EUR 3,206,209 consist of loans to companies for the payment of goods delivered, which stood at EUR 1,475,166, a loan of EUR 776,059 arising from the sale of shares, loans to road hauliers for the purchase of vehicles amounting to EUR 209,083 and other loans of EUR 745,901.

6.26 Current operating receivables

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Trade receivables	401,340,661	375,419,748	300,193,633	283,554,812
Allowance for trade receivables	(47,394,331)	(42,653,537)	(27,701,515)	(25,525,701)
Operating receivables from state and other institutions	18,699,595	15,013,946	13,374,052	6,729,413
Operating interest receivables	3,282,419	2,438,128	3,871,702	2,532,467
Allowance for interest receivables	(1,919,460)	(1,679,878)	(1,452,559)	(1,313,180)
Receivables from insurance companies (loss events)	312,256	291,262	103,847	129,197
Other operating receivables	2,377,271	3,286,403	1,550,320	99,453
Allowance for other receivables	(152,910)	0	0	0
Total current operating receivables	**376,545,501**	**352,116,072**	**289,939,480**	**266,206,461**

6.27 Financial assets at fair value through profit or loss

Since all financial assets measured at fair value through profit or loss belong to Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Financial assets under management	1,434,401	1,312,055	1,434,401	1,312,055
Assets arising from commodity swaps	153,629	212,233	153,629	212,233
Assets arising from forward contracts	0	77,791	0	77,791
Total financial assets at fair value through profit or loss	**1,588,030**	**1,602,079**	**1,588,030**	**1,602,079**

The Petrol Group and Petrol d.d., Ljubljana

Financial assets under management totalling EUR 1,434,401 comprise cash invested in financial instruments to generate return while ensuring acceptable dispersion of risk under the contract on the management of financial instruments. Financial assets as at 31 December 2013 were valued at the market prices of the financial instruments included in the portfolio.

Financial assets arising from commodity swaps totalling EUR 153,629 represent the fair values of outstanding commodity swap contracts for the purchase of petroleum products as at 31 December 2013. All of the above financial assets arising from derivative financial instruments should be considered in conjunction with outstanding contracts disclosed under financial liabilities in Note 6.34.

6.28 Prepayments and other assets

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Prepayments	6,490,678	5,162,784	3,901,888	2,292,113
Uninvoiced services and goods	568,150	1,601,421	770,947	1,424,472
Prepaid insurance premiums	747,999	610,366	522,266	432,503
Prepaid subscriptions, specialised literature, etc.	810,959	527,764	801,060	526,035
Uninvoiced natural gas and LPG	510,306	328,812	510,306	328,812
Other deferred costs and accrued revenue	1,173,366	851,179	227,214	229,629
Total prepayments and other assets	**10,301,458**	**9,082,326**	**6,733,681**	**5,233,564**

6.29 Cash and cash equivalents

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Cash	196,943	166,092	0	0
Cash in banks	25,976,136	17,465,992	17,027,806	6,859,564
Short-term deposits (up to 3 months)	43,569,650	19,993,375	39,379,228	21,953,690
Total cash and cash equivalents	**69,742,729**	**37,625,459**	**56,407,034**	**28,813,254**

6.30 Equity

Called-up capital

The Company's share capital totals EUR 52,240,977 and is divided into 2,086,301 ordinary shares with a nominal value of EUR 25.04. All the shares have been paid up in full. All 2,086,301 ordinary shares (designated PETG) are listed on the Ljubljana Stock Exchange. The quoted share price as at 31 December 2013 was EUR 218 and the book value of a share as at 31 December 2013 was EUR 196.22.

Capital surplus

Capital surplus may be used under conditions and for the purposes stipulated by law. In 2013 there were no changes in capital surplus.

Revenue reserves

- Legal reserves and other revenue reserves
  Legal and other revenue reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. Acting on a proposal from the Company's Management Board made upon the approval of the annual report, the Company's Supervisory Board used the net profit to create other revenue reserves of EUR 17,743,603, in accordance with Article 230 of the Companies Act, and to pay out dividends totalling EUR 3,372,642.
- Own shares and 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 total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in equity net of transaction costs and related tax effects.

Purchases and disposals of own shares

	Number of shares	Cost (in EUR)*
Total purchases 1997 - 1999	**36,142**	**3,640,782**
Disposal by year		
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 disposals 1997 - 2013	**(11,439)**	**(1,036,113)**
Own shares as at 31 December 2013	**24,703**	**2,604,670**

*Amounts converted from SIT into EUR at the parity exchange rate of 239.64.

In 2013 the number of own shares remained unchanged. As at 31 December 2013, the Company held 24,703 own shares. The market value of repurchased own shares totalled EUR 5,385,254 on the above date.

Other reserves

Other reserves consist of revaluation reserves (the Group), the fair value reserve and the hedging reserve. Changes in these reserves that took place in 2013 are explained in more detail in Note 6.14.

The fair value reserve comprises the fair value reserve of the associate Geoplin d.o.o. EUR 57,010,437, reserves resulting from the acquisition of Instalacija d.o.o. EUR 40,513,851, the fair value reserve of the associate Aquasystems d.o.o. EUR 3,741,409 and other fair value reserves of associates and jointly controlled entities EUR 3,554,343.

Accumulated profit

Allocation of accumulated profit for 2012

At the 23rd General Meeting of the joint-stock company Petrol d.d., Ljubljana held on 4 April 2013, 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 2012 of EUR 20,615,980.00 is to be allocated in accordance with the provisions of Articles 230, 282 and 293 of the Companies Act (ZGD-1) as follows:

- payment of gross dividends of EUR 10.00 per share or the total of EUR 20,615,980 (own shares excluded).

The dividends are to be paid out of the net profit for 2012 and other revenue reserves.

In 2013 the Company paid out dividends for the year 2012 of EUR 20,512,100 and dividends from the previous years of EUR 21,339.

Accumulated profit for 2013

(in EUR)	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Compulsory allocation of net profit		
Net profit	30,195,459	34,486,677
Net profit after compulsory allocation	**30,195,459**	**34,486,677**
Creation of other revenue reserves	15,097,730	17,243,338
Determination of accumulated profit		
Net profit	15,097,730	17,243,338
Other revenue reserves	5,765,281	3,372,642
Accumulated profit	**20,863,010**	**20,615,980**

The Company's Supervisory Board, acting on a proposal from the Company's Management Board made upon the approval of the annual report, used the net profit to create other revenue reserves in accordance with Article 230 of the Companies Act.

Final dividends for the year ended 31 December 2013 have not yet been proposed and confirmed by owners at a General Meeting, which is why they have not been recorded as liabilities in these financial statements.

6.31 Provisions for employee benefits

Provisions for employee benefits comprise provisions for termination benefits on retirement and jubilee benefits. The provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement.

The management believes that the factors used to assess the provisions for jubilee benefits and termination benefits did not change significantly compared to the previous year. It therefore believes that the value of provisions for jubilee benefits and termination benefits calculated on the basis of an actuarial model as at 31 December 2012 is an appropriate basis for the recognition of provisions as at 31 December 2013.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Termination benefits on retirement	2,680,898	2,569,148	1,535,302	1,349,174
Jubilee benefits	2,076,661	2,061,274	1,036,954	1,007,254
Total provisions	**4,757,559**	**4,630,422**	**2,572,256**	**2,356,428**

The Petrol Group

Changes in provisions for employee benefits

	The Petrol Group		
(in EUR)	Termination benefits	Jubilee benefits	Total
As at 1 January 2012	**2,199,103**	**2,015,995**	**4,215,098**
New provisions	455,591	219,714	675,305
Utilised	(33,290)	(164,514)	(197,804)
Reversed	(21,634)	(3,641)	(25,275)
Reversed as a result of a company sale	(28,789)	(5,205)	(33,994)
Foreign exchange differences	(1,833)	(1,075)	(2,908)
As at 31 December 2012	**2,569,148**	**2,061,274**	**4,630,422**
New provisions	54,206	178,636	232,842
New acquisitions as a result of merger by absorption	123,134	21,647	144,781
Utilised	(54,206)	(178,636)	(232,842)
Reversed	(1,339)	0	(1,339)
Reversed as a result of a company sale	(9,386)	(5,047)	(14,433)
Foreign exchange differences	(659)	(1,213)	(1,872)
As at 31 December 2013	**2,680,898**	**2,076,661**	**4,757,559**

The calculation of provisions for employee benefits for companies that are based in Slovenia, Croatia and in the Federation of Bosnia and Herzegovina was made according to the yield curve determined based on the yield on corporate bonds (BBB) in the euro area. A 7.65-percent yield was used to calculate the provisions for employee benefits for the companies based in Serbia. The model for provisions set aside by the companies in Slovenia foresees a salary increase of 2.20 percent in 2013, 2.80 percent in 2014 and 2.50 percent from 2015 onwards. The model for Croatian companies foresees a 4.5-percent growth, the one for the companies in the Federation of Bosnia and Herzegovina a 2.10-percent growth in 2013, 2.20-percent growth in 2014 and 2.80-percent growth from 2015 onwards, and the one for Serbian companies a 7.55-percent growth in 2013, 4.59-percent growth in 2014 and 4.00-percent growth from 2015 onwards.

Petrol d.d., Ljubljana

Changes in provisions for employee benefits

	Petrol d.d.		
(in EUR)	Termination benefits	Jubilee benefits	Total
As at 1 January 2012	**1,085,599**	**980,944**	**2,066,543**
New provisions	270,834	111,099	381,933
Utilised	(7,259)	(84,789)	(92,048)
As at 31 December 2012	**1,349,174**	**1,007,254**	**2,356,428**
New provisions	6,289	102,384	108,673
New acquisitions as a result of merger by absorption	186,128	29,700	215,828
Utilised	(6,289)	(102,384)	(108,673)
As at 31 December 2013	**1,535,302**	**1,036,954**	**2,572,256**

The calculation of provisions for employee benefits was made according to the yield curve determined based on the yield on corporate bonds (BBB) in the euro area. The model foresees a salary increase of 2.20 percent in 2013, 2.80 percent in 2014 and 2.50 percent from 2015 onwards.

6.32 Other provisions

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Provisions for third-party managed service station employee benefits	2,524,862	2,564,121	2,524,862	2,524,862
Other provisions	1,071,850	46,549	0	0
Total provisions	**3,596,712**	**2,610,670**	**2,524,862**	**2,524,862**

The Petrol Group and Petrol d.d., Ljubljana

Other provisions comprise mainly provisions for employee benefits relating to third-party managed service stations of the Petrol Group. The calculation of long-term provisions for employee benefits relating to third-party managed service stations is the same as the one described in Note 6.31.

6.33 Long-term deferred revenue

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Long-term deferred revenue from environmental assets	6,490,127	8,102,453	6,490,127	7,958,538
Long-term deferred revenue from gas connections	2,675,054	2,696,850	2,241,274	2,249,769
Long-term deferred revenue from grants	42,782	57,740	42,782	57,741
Other long-term deferred revenue	19,370	2,856	19,370	0
Total	**9,227,333**	**10,859,899**	**8,793,553**	**10,266,047**

Long-term deferred revenue from environmental assets comprises deferred revenue of Petrol d.d., Ljubljana from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški Dvor. Environmental assets were approved by means of 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 were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies.

Long-term deferred revenue from gas connections or gas network connection fees consists of revenue deferred by the Group/Company over a concession period.

The Petrol Group

Changes in deferred revenue

(in EUR)	Long-term deferred revenue from environmental assets	Long-term deferred revenue from gas connections	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2012	**10,315,826**	**2,718,969**	**107,354**	**6,665**	**13,148,814**
Increase	0	229,254	0	0	229,254
Decrease	(2,213,373)	(251,373)	(49,614)	(3,809)	(2,518,169)
As at 31 December 2012	**8,102,453**	**2,696,850**	**57,740**	**2,856**	**10,859,899**
Increase	0	235,444	0	19,370	254,814
Decrease	(1,612,326)	(257,240)	(14,958)	(2,856)	(1,887,380)
As at 31 December 2013	**6,490,127**	**2,675,054**	**42,782**	**19,370**	**9,227,333**

Long-term deferred revenue from environmental assets decreased by EUR 1,612,326 during the year, in line with the depreciation charge on environmental assets.

The increase in long-term deferred revenue from gas connections in 2013 relates to new connections acquired, while the decrease relates to the transfer of the portion falling due in the current year to revenue.

Petrol d.d., Ljubljana

Changes in deferred revenue

(in EUR)	Long-term deferred revenue from environmental assets	Long-term deferred revenue from gas connections	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2012	**10,315,827**	**2,261,312**	**107,354**	**0**	**12,684,493**
Increase	0	217,238	0	0	217,238
Decrease	(2,357,289)	(228,781)	(49,613)	0	(2,635,684)
As at 31 December 2012	**7,958,538**	**2,249,769**	**57,741**	**0**	**10,266,047**
New acquisitions as a result of merger by absorption	143,916	0	0	0	143,916
Increase	0	225,806	0	19,370	245,176
Decrease	(1,612,326)	(234,301)	(14,959)	0	(1,861,586)
As at 31 December 2013	**6,490,128**	**2,241,274**	**42,782**	**19,370**	**8,793,553**

Long-term deferred revenue from environmental assets and gas connections is explained in more detail in the note pertaining to the Group. .

6.34 Financial liabilities

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Current financial liabilities				
Bank loans	118,553,994	146,137,252	108,318,321	127,820,164
Commercial papers issued	55,564,320	45,433,386	55,564,320	45,433,386
Liabilities to banks arising from interest rate swaps	3,147,251	6,924,728	2,280,726	5,434,351
Liabilities to banks arising from forward contracts	1,103,610	709,985	1,103,610	709,985
Liabilities arising from commodity swaps	338,584	19,953	325,817	19,953
Finance lease liabilities	754,812	706,614	64,568	0
Bonds issued	50,000,000	0	50,000,000	0
Other loans and financial liabilities	13,705,113	3,961,138	62,728,030	20,786,808
	243,167,684	**203,893,056**	**280,385,392**	**200,204,647**
Non-current financial liabilities				
Bank loans	291,111,549	311,207,363	191,452,185	222,167,893
Bonds issued	62,956,395	112,941,032	62,956,395	112,941,032
Finance lease liabilities	2,715,198	3,868,097	88,150	0
Loans obtained from other companies	391,061	1,675,912	0	0
	357,174,203	**429,692,404**	**254,496,730**	**335,108,925**
Total financial liabilities	**600,341,887**	**633,585,460**	**534,882,122**	**535,313,572**

The Petrol Group

Financial liabilities are not covered by securities in rem, except for liabilities arising from finance leases that the Group acquired as a result of business combinations.

In 2013 the average interest rate on short-term and long-term funding sources (including interest rate hedging) stood at 4.52 percent p.a. (2012: 4.54 percent p.a.).

Commercial papers issued

Commercial paper liabilities of EUR 55,564,320 relate to 6-month commercial papers issued by Petrol d.d., Ljubljana under identification code PEK04 on 23 September 2013. The total nominal value of the commercial papers totals EUR 56,000,000 and consists of 56,000 denominations of EUR 1,000.00. The commercial papers bear an interest rate of 3.40 percent p.a. A commercial paper is a discount security. Interest is accounted for in advance and deducted as a discount to the commercial paper's nominal value upon payment of the commercial paper. Commercial paper obligations fall due on 24 March 2014. The papers are traded on the Ljubljana Stock Exchange.

Derivative financial instruments

Liabilities to banks arising from interest rate swaps totalling EUR 3,147,251 relate to the estimated fair values of outstanding interest rate risk hedging contracts as at 31 December 2013. Liabilities arising from forward contracts for the purchase of US dollars, which stood at EUR 1,103,610, represent the fair values of outstanding forward contracts as at 31 December 2013. Liabilities arising from commodity swaps totalling EUR 338,584 represent the fair values of outstanding commodity swap contracts for the purchase of petroleum products as at 31 December 2013. These financial liabilities arising from derivative financial instruments should be considered in conjunction with the outstanding contracts disclosed under financial receivables in Note 6.27.

Bonds issued

Bond liabilities refer to three lots of bonds issued by Petrol d.d., Ljubljana with official designations of PET1, PET2 and PET3.

In 2009 Petrol d.d., Ljubljana issued PET1 bonds with the total nominal value of EUR 50,000,000. The entire bond issue contains 50,000 denominations of EUR 1,000. The bond maturity date is 29 June 2014. The interest rate on the bonds is fixed, i.e. 7.57 percent p.a. Interest is accrued semi-annually in arrears. The nominal value of the principal falls due in full and in a single amount upon the maturity of the bond on 29 June 2014. The bonds are traded on the Ljubljana Stock Exchange. The PET1 bond liabilities stood at EUR 50,010,236 as at 31 December 2013.

In 2011 Petrol d.d., Ljubljana issued PET2 bonds with the total nominal value of EUR 33,000,000. The entire bond issue contains 33,000 denominations of EUR 1,000. The bond maturity date is 20 December 2016. The interest rate on the bonds is fixed, i.e. 6.75 percent p.a. Interest is accrued annually in arrears. The nominal value of the principal falls due in full and in a single amount upon the maturity of the bond on 20 December 2016. In 2013 the Company had the bonds admitted to trading on the Ljubljana Stock Exchange. The PET2 bond liabilities stood at EUR 32,882,684 as at 31 December 2013.

In 2012 Petrol d.d., Ljubljana issued PET3 bonds with the total nominal value of EUR 30,000,000. The entire bond issue contains 30,000 denominations of EUR 1,000. The bond maturity date is 7 December 2017. The interest rate on the bonds is fixed, i.e. 6.00 percent p.a. Interest is accrued annually in arrears. The nominal value of the principal falls due in full and in a single amount upon the maturity of the bond on 7 December 2017. The PET3 bond liabilities stood at EUR 30,063,475 as at 31 December 2013.

Finance lease

Out of the total amount of finance lease liabilities, which stood at EUR 3,470,010, the amount of EUR 3,240,283 relates to the finance lease liabilities of the company Petrol d.o.o. The finance lease concerns certain service stations. Over the next years, the Group's interest expense arising from the finance lease will amount to EUR 430,645. On 31 December 2013, minimum finance lease payments of Euro-Petrol d.o.o. totalled EUR 3,670,928, with their net present value totalling EUR 3,240,283.

Other loans

Other short-term loans consist mainly of a loan from the associate Geoplin d.o.o. amounting to EUR 10,032,274 and a loan from the jointly controlled entity Petrol Slovenia Tirana Wholesale Sh.A. of EUR 1,271,910.

Petrol d.d., Ljubljana

In 2013 the average interest rate on short-term and long-term funding sources (including interest rate hedging) stood at 4.52 percent p.a. (2012: 4.54 percent p.a.).

The Company's liabilities arising from derivative financial instruments, commercial papers and bonds issued are explained in more detail in the note pertaining to the Group.

Other loans obtained by the Company relate mainly to loans from Group companies amounting to EUR 62,384,673, as shown in the table below.

	Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012
Petrol BH Oil Company d.o.o. Sarajevo	17,395,912	0
Petrol d.o.o.	11,119,609	0
Geoplin d.o.o.	10,032,274	
Petrol Maloprodaja Slovenija d.o.o.	8,070,974	9,244,037
Petrol Energetika d.o.o.	5,141,465	3,867,992
Petrol Crna gora MNE d.o.o.	4,041,055	0
Petrol-Trade Handelsges.m.b.H.	2,545,670	1,579,354
Cypet Oils Ltd.	1,830,485	1,349,702
Petrol Slovenia Tirana Wholesale Sh.A.	1,271,910	1,271,910
Petrol Tehnologija d.o.o.	935,320	1,436,297
Instalacija d.o.o.	-	1,569,805
Petrol Skladiščenje d.o.o.	0	82,812
Petrol VNC d.o.o.	0	32,069
Total	**62,384,673**	**20,433,978**

6.35 Non-current operating liabilities

Since the majority of non-current operating liabilities are the liabilities of Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Liabilities arising from interests acquired	13.477.565	14.381.153	13.477.565	14.381.153
Liabilities arising from assets received for administration	1.160.982	1.226.382	1.160.982	1.226.382
Other non-current operating liabilities	0	88.538	0	0
Total non-current operating liabilities	**14.638.547**	**15.696.073**	**14.638.547**	**15.607.535**

The Petrol Group and Petrol d.d., Ljubljana

Liabilities arising from acquired interests in companies, which stood at EUR 13,477,565, refer to the long-term portion of the purchase price for a 49-percent interest in the company Petrol d.o.o. of EUR 12,250,950 (the liability disclosed falls due in accordance with the payment schedule for the years 2015 and 2016) and the liabilities associated with the purchase price for the interest in Beogas Invest d.o.o.

Non-current operating liabilities of the Group/Company of EUR 1,160,982 relate to property, plant and equipment received for administration from municipalities under concession agreements. Liabilities are reduced in line with the depreciation of the assets received.

6.36 Current operating liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Trade liabilities	378,907,580	305,800,009	308,837,833	246,487,382
Excise duty liabilities	51,623,887	50,256,902	45,699,196	47,651,255
Liabilities arising from interests acquired	3,250,000	31,249,288	3,250,000	31,249,288
Value added tax liabilities	22,592,245	18,383,803	15,009,545	16,977,940
Import duty liabilities	13,990,548	17,593,162	12,652,878	9,862,391
Environment pollution charge liabilities	13,937,013	12,732,911	13,435,026	12,770,061
Liabilities to employees	5,783,156	5,771,962	3,068,745	3,168,526
Other liabilities to the state and other state institutions	534,384	3,504,460	152,142	102,235
Liabilities arising from prepayments and collaterals	1,857,536	1,904,818	1,502,835	1,590,955
Social security contribution liabilities	529,033	628,597	280,011	266,404
Liabilities associated with the allocation of profit or loss	502,218	443,698	502,218	443,698
Other liabilities	1,647,832	1,982,439	1,615,215	2,188,925
Total current operating and other liabilities	**495,155,432**	**450,252,049**	**406,005,643**	**372,759,060**

6.37 Other liabilities

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Accrued annual leave expenses	1,886,230	1,819,017	1,084,434	921,740
Accrued costs for uninvoiced goods	1,682,052	587,516	1,615,516	587,516
Accrued goods shortages	516,684	564,789	516,684	564,789
Accrued litigation expenses	1,938,344	515,716	1,763,612	406,180
Accrued expenses for tanker demurrage	180,745	307,102	180,745	307,102
Accrued motorway site lease payments	115,920	131,540	114,655	131,540
Accrued concession fee costs	165,109	161,941	153,416	161,941
Other accrued costs	3,647,186	2,561,455	2,289,803	908,199
Deferred prepaid card revenue	1,172,351	954,175	1,172,351	954,175
Deferred default interest income	839,929	631,486	839,929	631,310
Deferred revenue from heating	198,683	330,808	0	0
Deferred revenue from rebates granted	454,001	0	454,001	0
Deferred revenue from assigned contributions	0	285,926	0	119,072
Deferred revenue from gas connections	145,841	160,166	123,351	126,117
Other deferred revenue	987,654	934,975	392,273	434,622
Total other liabilities	**13,930,729**	**9,946,612**	**10,700,770**	**6,254,303**

6.38 Assets and liabilities held for disposa

The Group derecognised assets and liabilities held for disposal, recognising the difference between the assets and liabilities of EUR 1,010,432 in other finance income..

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012
Intangible assets	-	3,208
Property, plant and equipment	-	2,859,177
Inventories	-	21,671
Operating receivables	-	117,814
Prepayments and other assets	-	205,617
Total assets held for sale	**-**	**3,207,487**
Non-current operating liabilities	-	150,000
Non-current financial liabilities	-	2,679,712
Current operating liabilities	-	368,381
Current financial liabilities	-	1,019,826
Other liabilities	-	0
Total liabilities held for sale	**-**	**4,217,919**

7. Financial instruments and risk

This chapter presents disclosures about financial instruments and risks. Risk management is explained in the business risks section of the business report.

7.1 Credit risk

In 2013 the economic and financial crisis continued in Slovenia and globally, which was strongly reflected in the collection of receivables from legal and natural persons. This led the Group/Company to monitor even more closely the balance of trade receivables and tighten the terms on which sales on open account are approved by requiring a considerably wider range of high-quality collaterals.

The carrying amount of financial assets has maximum exposure to credit risks and was the following as at 31 December 2013:

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Available-for-sale financial assets	1,666,159	6,488,024	1,536,212	6,358,078
Non-current financial receivables	7,049,936	4,072,743	23,433,149	17,163,277
Non-current operating receivables	2,826,010	2,086,647	2,826,010	1,946,668
Current financial receivables	16,632,734	10,530,934	17,470,726	9,801,111
Current operating receivables	427,023,407	396,449,487	319,093,554	293,045,342
Financial assets at fair value through profit or loss	1,588,030	1,602,079	1,588,030	1,602,079
Cash and cash equivalents	69,742,729	37,625,459	56,407,034	28,813,254
Total assets	**526,529,005**	**458,855,373**	**422,354,715**	**358,729,809**

The item that was most exposed to credit risk on the reporting date was current operating receivables. Compared to the end of 2012, they increased, in nominal terms, by 7.7 percent in relation to the Group and 8.9 percent in relation to the Company. This was primarily due to a higher volume of invoiced sales and the resulting increase in outstanding receivables.

Financial assets at fair value through profit or loss consist mainly of derivative financial instruments and assets under management.

The Group's current operating receivables by maturity:

(in EUR)	Breakdown by maturity: Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	247,962,693	44,734,054	12,611,040	3,158,065	66,953,896	**375,419,748**
Allowances for trade receivables	0	(5,907)	(2,890)	(1,616,049)	(41,028,691)	**(42,653,537)**
Operating receivables from state and other institutions	14,953,968	59,978	0	0	0	**15,013,946**
Interest receivables	237,245	225,322	158,846	90,226	1,726,489	**2,438,128**
Allowances for interest receivables	0	0	0	(68,724)	(1,611,154)	**(1,679,878)**
Other receivables	3,554,047	23,618	0	0	0	**3,577,665**
Total balance as at 31 December 2012	**266,707,953**	**45,037,065**	**12,766,996**	**1,563,518**	**26,040,540**	**352,116,072**

(in EUR)	Breakdown by maturity: Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	280,978,132	42,517,591	10,088,713	3,602,334	64,153,891	**401,340,661**
Allowances for trade receivables	0	0	0	(2,944,108)	(44,450,223)	**(47,394,331)**
Operating receivables from state and other institutions	18,699,595	0	0	0	0	**18,699,595**
Interest receivables	1,024,040	145,900	93,049	154,217	1,865,213	**3,282,419**
Allowances for interest receivables	0	0	0	(61,796)	(1,857,664)	**(1,919,460)**
Other receivables	2,536,617	0	0	0	152,910	**2,689,527**
Allowance for other receivables	0	0	0	0	(152,910)	**(152,910)**
Total balance as at 31 December 2013	**303,238,384**	**42,663,491**	**10,181,762**	**750,647**	**19,711,217**	**376,545,501**

The Company's current operating receivables by maturity:

(in EUR)	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
	Breakdown by maturity					
Trade receivables	197,365,385	31,318,807	10,220,542	1,143,908	43,506,170	**283,554,812**
Allowances for trade receivables	0	0	0	(696,405)	(24,829,296)	**(25,525,701)**
Interest receivables	2,189	(309,244)	110,946	295,512	1,801,754	**1,901,157**
Allowances for interest receivables	0	0	0	(35,107)	(1,278,073)	**(1,313,180)**
Other receivables	7,589,373	0	0	0	0	**7,589,373**
Total balance as at 31 December 2012	**204,956,947**	**31,009,563**	**10,331,488**	**707,908**	**19,200,555**	**266,206,461**

(in EUR)	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
	Breakdown by maturity					
Trade receivables	226,688,976	23,625,645	5,997,634	1,701,786	42,179,590	**300,193,631**
Allowances for trade receivables	0	0	0	(1,701,645)	(25,999,870)	**(27,701,515)**
Interest receivables	32,279	93,642	145,504	82,170	2,678,180	**3,031,775**
Allowances for interest receivables	0	0	0	(51,195)	(1,401,364)	**(1,452,559)**
Other receivables	15,868,148	0	0	0	0	**15,868,148**
Total balance as at 31 December 2013	**242,589,403**	**23,719,287**	**6,143,138**	**31,116**	**17,456,536**	**289,939,480**

Changes in allowances for current operating receivables of the Group:

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2012	(44,525,739)	(2,327,557)	**(46,853,296)**
Net changes in allowances affecting profit or loss	14,619	911,149	**925,768**
Changes in allowances not affecting profit or loss	2,457,742	(263,842)	**2,193,900**
New acquisitions as a result of takeovers	(685,892)	0	**(685,892)**
Disposal as a result of a company sale	52,287	0	**52,287**
Foreign exchange differences	33,446	372	**33,818**
As at 31 December 2012	**(42,653,537)**	**(1,679,878)**	**(44,333,415)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2013	(42,653,537)	(1,679,878)	**(44,333,415)**
Net changes in allowances affecting profit or loss	(6,765,833)	(52,696)	**(6,818,529)**
Changes in allowances not affecting profit or loss	(1,276,681)	(198,114)	**(1,474,795)**
Reversal of allowances for receivables	3,069,071	5,664	**3,074,735**
New acquisitions as a result of takeovers	(37,649)	0	**(37,649)**
Disposal as a result of a company sale	14,277	1,639	**15,916**
Foreign exchange differences	103,111	3,925	**107,036**
As at 31 December 2013	**(47,547,241)**	**(1,919,460)**	**(49,466,701)**

Changes in allowances for current operating receivables of the Company:

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2012	(22,993,200)	(1,355,660)	(24,348,860)
Net changes in allowances affecting profit or loss	(3,965,481)	303,057	(3,662,424)
Changes in allowances not affecting profit or loss	0	(267,329)	(267,329)
Write-downs	1,432,980	6,751	1,439,731
As at 31 December 2012	**(25,525,701)**	**(1,313,181)**	**(26,838,881)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2013	(25,525,701)	(1,313,181)	(26,838,882)
New acquisitions as a result of merger by absorption	(1,648,155)	0	(1,648,156)
Net changes in allowances affecting profit or loss	(3,146,288)	53,436	(3,092,852)
Changes in allowances not affecting profit or loss	0	(198,114)	(198,114)
Write-downs	2,618,629	5,300	2,623,929
As at 31 December 2013	**(27,701,515)**	**(1,452,559)**	**(29,154,074)**

Collateralisation of receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Current trade receivables	401,340,661	375,419,748	300,193,633	283,554,812
Allowances	(47,394,331)	(42,653,537)	(27,701,515)	(25,525,701)
Current trade receivables including allowances	353,946,330	332,766,211	272,492,118	258,029,111
Overdue current trade receivables	120,362,529	127,457,055	73,504,655	86,189,427
Share of overdue receivables in outstanding receivables	30%	34%	24%	30%
Current operating receivables over EUR 25,000 secured with high-quality collaterals	**164,727,541**	**148,019,863**	**123,678,614**	**110,544,444**

Only high-quality collaterals are presented in the overview of collaterals. Bills of exchange and promissory notes are excluded because they have a lower level of collectability.

The receivable from the Group's largest single customer stood at EUR 12,752,240 as at 31 December 2013, accounting for 3.6 percent of the Group's trade receivables and 4.7 percent of the Company's trade receivables.

The 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 Petrol Club card. The structure of wholesale and retail customers (natural persons) is diversified, meaning there is no significant exposure to a single customer. The Company had 25,226 active customers (legal persons) as at 31 December 2013. The Group/Company has in place a computerised system of grades, ratings and blocks, enabling it to constantly monitor its customers.

The Group/Company improves the system for the monitoring of credit risks on a yearly basis. In 2013 the Group/Company continued to attach stricter conditions to approving the amount of exposure (limits) to individual buyers and required customers to provide a broader range of credit insurance instruments (insurance with SID - Prva kreditna zavarovalnica d.d., Ljubljana and other insurance companies, bank guarantees, letters of credit, mortgages, pledges, collaterals, corporate guarantees, surety bonds, enforcement drafts).

The Group/Company measures the degree of receivables management using days sales outstanding.

(in days)	The Petrol Group 2013	The Petrol Group 2012	Petrol d.d. 2013	Petrol d.d. 2012
Days sales outstanding				
Contract days	34	34	32	33
Overdue receivables in days	16	18	14	16
Total days sales outstanding	**50**	**53**	**47**	**49**

In spite of the economic crisis, the Group succeeded in reducing the number of days the receivables were overdue, with the Group/Company even managing to reduce the number of days sales outstanding.

7.2 Liquidity risk

The Group/Company successfully manages liquidity risks, and the system itself remained virtually unchanged in 2013. However, as the number of subsidiaries in the Petrol Group increased, this area became more demanding to manage.

The Group/Company manages liquidity risks through:

- standardised and centralised treasury management at Group level,
- joint approach to banks in Slovenia and abroad,
- computer-assisted system for the management of cash flows of the parent company and all its subsidiaries,
- centralised collection of available cash through cash pooling.

Half of the Group's/Company's total revenue is generated through its retail network in which cash and payment cards are used as the means of payment. This ensures regular daily inflows and mitigates liquidity risks.

In addition, the Group/Company has credit lines at its disposal both in Slovenia and abroad, the size of which enables the Group to meet all its due liabilities at any given moment.

Despite the financial crisis and the lack of long-term funding sources in 2013, the Group/Company obtained the necessary long-term sources.

During the year, the Group/Company focused strongly on the planning of cash flows, in particular as regards cash inflows from lay away sales, which tend to be extremely unpredictable in the time of crisis. Successful planning of cash flows enabled 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 Group's liabilities by maturity

(in EUR)	Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	440,348,775	0	0	380,218,586	60,130,189
Non-current operating liabilities	15,696,073	0	0	45,137	15,650,936
Current financial liabilities	206,207,242	126,018,019	80,189,223	0	0
Current operating liabilities	443,386,745	436,584,519	6,802,226	0	0
As at 31 December 2012	**1,105,638,835**	**562,602,538**	**86,991,449**	**380,263,723**	**75,781,125**

Current financial liabilities include derivative financial instruments totalling EUR 7,654,666.

(in EUR)	Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	365,621,373	0	0	326,709,354	38,912,019
Non-current operating liabilities	14,638,547	0	0	13,477,565	1,160,982
Current financial liabilities	245,921,558	184,653,245	61,268,313	0	0
Current operating liabilities	495,155,432	485,519,135	9,636,297	0	0
As at 31 December 2013	**1,121,336,910**	**670,172,380**	**70,904,610**	**340,186,919**	**40,073,001**

Current financial liabilities include derivative financial instruments totalling EUR 4,589,445.

The Company's liabilities by maturity

(in EUR)	Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	343,419,626	0	0	341,851,682	1,567,944
Non-current operating liabilities	15,607,535	0	0	15,607,535	0
Current financial liabilities	202,476,971	125,332,517	77,144,453	0	0
Current operating liabilities	372,759,060	370,263,785	2,495,275	0	0
As at 31 December 2012	**934,263,191**	**495,596,302**	**79,639,728**	**357,459,217**	**1,567,944**

Current financial liabilities include derivative financial instruments totalling EUR 6,164,289.

(in EUR)	Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	260,515,578	0	0	255,589,605	4,925,973
Non-current operating liabilities	14,638,547	0	0	13,477,565	1,160,982
Current financial liabilities	283,560,757	202,395,678	81,165,078	0	0
Current operating liabilities	406,005,643	403,323,220	2,682,423	0	0
As at 31 December 2013	**964,720,524**	**605,718,898**	**83,847,502**	**269,067,170**	**6,086,955**

Current financial liabilities include derivative financial instruments totalling EUR 3,710,153.

7.3 Foreign exchange risk

	The Petrol Group									Petrol d.d.		
	31 December 2012									31 December 2012		
(in EUR)	EUR	USD	HRK	BAM	RSD			CHF	Total	EUR	USD	Total
Current operating receivables	261,648,971	262,838	51,337,636	35,062,180	3,804,447			0	352,116,072	265,720,641	485,820	266,206,461
Non-current operating receivables	660,243	0	0	0	0			0	660,243	520,264	0	520,264
Current financial receivables	5,115,914	0	3,822,442	0	220,478			0	9,158,834	9,161,730	0	9,161,730
Non-current financial receivables	3,035,070	0	1,035,982	0	1,691			0	4,072,743	17,163,277	0	17,163,277
Non-current operating liabilities	(15,696,073)	0	0	0	0			0	(15,696,073)	(15,607,535)	0	(15,607,535)
Current operating liabilities	(248,369,480)	(157,439,050)	(36,152,083)	(4,670,060)	(3,621,376)			0	(450,252,049)	(215,406,730)	(157,352,330)	(372,759,060)
Non-current financial liabilities	(428,507,966)	0	(471,346)	0	(208)			(712,884)	(429,692,404)	(335,108,925)	0	(335,108,925)
Current financial liabilities	(202,438,985)	(32)	(1,166,533)	(179,132)	(415)			(107,959)	(203,893,056)	(198,839,935)	(1,364,712)	(200,204,647)
Exposure of statement of financial position	**(624,552,306)**	**(157,176,244)**	**18,406,098**	**30,212,988**	**404,617**			**(820,843)**	**(733,525,690)**	**(472,397,213)**	**(158,231,222)**	**(630,628,435)**

	The Petrol Group									Petrol d,d,		
	31, december 2013									31 December 2013		
(in EUR)	EUR	USD	HRK	BAM	RSD			CHF	Total	EUR	USD	Total
Current operating receivables	287,621,395	239,673	54,012,421	31,417,885	3,254,127			0	376,545,501	289,666,323	273,157	289,939,480
Non-current operating receivables	1,398,752	0	854	0	0			0	1,399,606	1,399,606	0	1,399,606
Current financial receivables	12,038,978	0	3,531,318	0	175,220			0	15,745,516	14,234,319	0	14,234,319
Non-current financial receivables	7,048,231	0	1,705	0	0			0	7,049,936	23,433,149	0	23,433,149
Non-current operating liabilities	(14,638,547)	0	0	0	0			0	(14,638,547)	(14,638,547)	0	(14,638,547)
Current operating liabilities	(253,459,254)	(187,530,050)	(41,880,465)	(8,356,395)	(3,929,268)			0	(495,155,432)	(231,254,743)	(174,750,900)	(406,005,643)
Non-current financial liabilities	(353,455,062)	0	(3,668,921)	0	(50,220)			0	(357,174,203)	(254,496,730)	0	(254,496,730)
Current financial liabilities	(241,214,703)	0	(1,951,211)	0	(1,770)			0	(243,167,684)	(279,134,362)	(1,251,030)	(280,385,392)
Exposure of statement of financial position	**(554,660,210)**	**(187,290,377)**	**10,045,701**	**23,061,490**	**(551,911)**			**0**	**(709,395,307)**	**(450,790,985)**	**(175,728,773)**	**(626,519,758)**

The Group/Company is exposed to the EUR/USD foreign exchange risk as it purchases petroleum products in US dollars, while sales in the domestic and foreign markets are made in local currencies.

The following exchange rates prevailed in 2013 and 2012:

Per 1 euro	31 December 2013	31 December 2012
USD	1,3783	1,3183
HRK	7,6250	7,5500
BAM	1,9558	1,9558
RSD	114,1400	113,9300

Hedging is performed in accordance with the Group's rules for the management of price and foreign exchange risks prepared on the basis of the Regulation on the Price Methodology for Petroleum Products. Foreign exchange hedging is used to hedge against the exposure to changes in the EUR/USD exchange rate. The EUR/USD exchange rate is thus fixed at the rate recognised under the Regulation on the Price Methodology for Petroleum Products and the margin is maintained. The hedging instruments used in this case are forward contracts entered into with banks.

The effect of forward contracts:

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Unrealised loss	(1,103,610)	(709,985)	(1,103,610)	(709,985)
Unrealised gain	0	77,791	0	77,791
Realised loss	(11,531,911)	(18,050,085)	(11,531,911)	(18,050,085)
Realised gain	7,316,808	15,059,835	7,316,808	15,059,835
Total effect of forward contracts	**(5,318,713)**	**(3,622,444)**	**(5,318,713)**	**(3,622,444)**

The effects of forward contracts should be considered together with foreign exchange differences arising on the purchasing of oil and petroleum products. The total effect of forward contracts and foreign exchange differences consists of expenses of EUR 4,838,203 for the Group (2012: EUR 3,853,391) and expenses of EUR 3,881,252 for the Company (2012: EUR 3,947,741).

Considering that forward contracts for hedging against foreign exchange risks are entered into with first-class Slovene banks, the Group/Company estimates that the counterparty default risk is nil.

The Group is exposed to foreign exchange risks also in dealing with subsidiaries in SE Europe. The risk incurred is a risk of changes in the EUR/HRK exchange rate arising from the sales of euro-denominated goods in Croatia. Considering that due to an illiquid market the cost of hedging against changes in the above exchange rates would be excessive and that the above items represent only a small part of the Group's operations, the Group/Company believes it is not exposed to significant risks in this area.

The Group/Company does not perform sensitivity analyses for changes in the EUR/USD exchange rate given that regulations on the price methodology in force in its major markets (Slovenia and Croatia) allow for changes in the exchange rates to be passed on to retail prices. Retail prices change every 14 days, and the Group/Company uses forward contracts to hedge against exchange rate changes that are reflected in price changes.

The Group/Company does not perform sensitivity analyses for changes in other exchange rates (EUR/HRK, EUR/RSD and EUR/CHF) as it estimates the exposure to be minimal and the changes would not have a material impact on profit or loss.

7.4 Price risk

The Group/Company hedges petroleum product prices primarily by using 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 Group/Company estimates that the counterparty default risk is nil.

The effect of commodity swaps:

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Unrealised loss	(338,584)	(19,935)	(325,817)	(19,935)
Unrealised gain	153,628	212,234	153,628	212,234
Realised loss	(4,303,153)	(3,542,971)	(4,170,434)	(3,542,971)
Realised gain	4,963,567	7,922,275	4,834,924	7,922,275
Total effect of commodity swaps	**475,458**	**4,571,603**	**492,301**	**4,571,603**

Because commodity swaps are not designated as a hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability, gains and losses are recognised directly in other finance income and expenses. Taking into account the higher margin resulting from the commodity swaps used, the Group/Company generated a net realised gain on commodity swaps of EUR 138,030 in 2013 (2012: a loss of EUR 301,321).

The Group does not perform sensitivity analyses for changes in the prices of petroleum products given that regulations on the price methodology in force in its major markets (Slovenia and Croatia) allow for changes in the prices of petroleum products to be passed on to retail prices, which change fortnightly.

7.5 Interest rate risk

In the financing of capital investments and current operations, interest rate risks are incurred as the Group/Company enters into long-term loan agreements based on Euribor, which changes on a daily basis. Loan agreements associated with short-term funding have a fixed nominal interest rate, but they too are being progressively adapted to changes in Euribor.

Interest rate hedging is conducted in accordance with the 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 of the Petrol Group.

Cash flow hedging is performed as follows:

- partly through current operations (the Group's/Company'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 through the use of derivatives is aimed at achieving a fixed interest rate and, consequently, constant cash flows (cash flow hedging) equivalent to the fixed interest rate plus an interest margin. The Group/Company therefore recognises the value of the hedging instrument designated as effective directly in equity.

To hedge against interest rate risks, the Group/Company uses multiple financial instruments, of which most frequently the interest rate swap.

Because partners in this area include first-class Slovene and foreign banks, the Group/Company estimates that the counterparty default risk is nil.

Interest rate swaps by maturity

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
6 months or less	0	45,000,000	0	45,000,000
6 to 12 months	46,666,666	32,000,000	46,666,666	32,000,000
1 to 5 years	140,192,310	140,833,333	95,000,000	103,333,333
More than 5 years	0	9,230,770	0	0
Total interest rate swaps	**186,858,976**	**227,064,103**	**141,666,666**	**180,333,333**

The effect of interest rate swaps

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Unrealised loss on effective transactions	3,875,035	(944,373)	3,261,361	485,430
Realised loss	(3,163,729)	(4,415,457)	(2,672,545)	(4,252,308)
Realised gain	0	50,518	0	50,518
Total effect of interest rate swaps	**711,306**	**(5,309,312)**	**588,816**	**(3,716,360)**

The Group's/Company's exposure to the risk of changing interest rates was as follows:

Financial instruments with a fixed interest rate

(in EUR)	The Petrol Group		Petrol d.d.	
	2013	2012	2013	2012
Total interest rate swaps	186,858,976	227,064,103	141,666,666	180,333,333
Net financial instruments with a fixed interest rate	**186,858,976**	**227,064,103**	**141,666,666**	**180,333,333**

Financial instruments with a variable interest rate

(in EUR)	The Petrol Group		Petrol d.d.	
	2013	2012	2013	2012
Financial receivables	22,795,452	13,231,577	37,667,468	26,325,007
Financial liabilities	(600,341,887)	(633,585,460)	(534,882,122)	(535,313,572)
Net financial instruments with a variable interest rate	**(577,546,435)**	**(620,353,883)**	**(497,214,654)**	**(508,988,565)**

A change in the interest rate by 100 or 200 basis points on the reporting date would have increased (decreased) net profit or loss by amounts indicated below. Cash flow sensitivity analysis in the case of instruments with a variable interest rate assumes that all variables, in particular foreign exchange rates, remain unchanged. In performing the calculation, receivables/(liabilities) with variable interest rates are further reduced by the total amount of interest rate swaps. The analysis was prepared in the same manner for both years.

Change in net profit or loss in the case of an increase by 100 or 200 bp

(in EUR)	The Petrol Group 2013	The Petrol Group 2012	Petrol d.d. 2013	Petrol d.d. 2012
Cash flow variability (net) - 100 bp	(3,906,875)	(3,932,898)	(3,555,480)	(3,286,552)
Cash flow variability (net) - 200 bp	(7,813,749)	(7,865,796)	(7,110,960)	(6,573,105)

Change in net profit or loss in the case of a decrease by 100 or 200 bp

(in EUR)	The Petrol Group 2013	The Petrol Group 2012	Petrol d.d. 2013	Petrol d.d. 2012
Cash flow variability (net) - 100 bp	3,906,875	3,932,898	3,555,480	3,286,552
Cash flow variability (net) - 200 bp	7,813,749	7,865,796	7,110,960	6,573,105

7.6 Equity management

The main purpose of equity management is to ensure capital adequacy, the best possible financial stability, and long-term solvency for the purpose of financing operations and achieving maximum shareholder value. The Group/Company achieves this also through the policy of stable dividend payout to the Company's owners.

The debt to equity ratio of the Group/Company decreased at the end of 2013. In 2013 the Petrol Group continued to pursue its strategic orientation to drive down financial debt, improving the net debt to equity ratio through good operating performance.

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Non-current financial liabilities	357,174,203	429,692,404	254,496,730	335,108,925
Current financial liabilities	243,167,684	203,893,056	280,385,392	200,204,647
Total financial liabilities	600,341,887	633,585,460	534,882,122	535,313,572
Total equity	467,668,177	433,661,331	462,816,224	406,289,823
Debt/equity	**1,28**	**1,46**	**1,16**	**1,32**
Cash and cash equivalents	69,742,729	37,625,459	56,407,034	28,813,254
Net financial liabilities	530,599,158	595,960,001	478,475,088	506,500,318
Net debt/equity	**1,13**	**1,37**	**1,03**	**1,25**

7.7 Carrying amount and fair value of financial instruments

The Petrol Group

(in EUR)	The Petrol Group 31. december 2013 Carrying amount	31. december 2013 Fair value	31. december 2012 Carrying amount	31. december 2012 Fair value
Non-derivative financial assets at fair value				
Available-for-sale financial assets	1,666,159	1,666,159	6,488,024	6,488,024
Non-derivative financial assets at amortised cost				
Financial receivables	24,229,853	24,229,853	14,543,632	14,543,632
Operating receivables	377,945,107	377,945,107	352,776,315	352,776,315
Cash, cash equivalents and corporate income tax assets	69,860,408	69,860,408	45,599,424	45,599,424
Total non-derivative financial assets	**473,701,527**	**473,701,527**	**419,407,395**	**419,407,395**
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities	(592,705,183)	(597,613,768)	(627,360,598)	(630,411,180)
Operating liabilities	(509,793,979)	(509,793,979)	(465,948,122)	(465,948,122)
Total non-derivative financial liabilities	**(1,102,499,162)**	**(1,107,407,747)**	**(1,093,308,720)**	**(1,096,359,302)**
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	153,625	153,625	290,024	290,024
Derivative financial instruments (liabilities)	(4,589,445)	(4,589,445)	(6,224,862)	(6,224,862)
Total derivative financial instruments	**(4,435,820)**	**(4,435,820)**	**(5,934,838)**	**(5,934,838)**

Petrol d.d., Ljubljana

(in EUR)	Petrol d.d. 31 December 2013 Carrying amount	31 December 2013 Fair value	31 December 2012 Carrying amount	31 December 2012 Fair value
Non-derivative financial assets at fair value				
Available-for-sale financial assets	1,536,213	1,536,213	6,358,078	6,358,078
Non-derivative financial assets at amortised cost				
Financial receivables	40,576,539	40,576,539	26,034,983	26,034,983
Operating receivables	291,339,086	291,339,086	266,726,725	266,726,725
Cash, cash equivalents and corporate income tax assets	56,407,034	56,407,034	35,761,381	35,761,381
Total non-derivative financial assets	**389,858,872**	**389,858,872**	**334,881,167**	**334,881,167**
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities	(531,171,968)	(536,080,553)	(522,984,994)	(526,035,576)
Operating liabilities	(420,644,194)	(420,644,194)	(388,366,595)	(388,366,595)
Total non-derivative financial liabilities	**(951,816,162)**	**(956,724,747)**	**(911,351,589)**	**(914,402,171)**
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	153,629	153,629	290,024	290,024
Derivative financial instruments (liabilities)	(3,710,154)	(3,710,154)	(6,164,289)	(6,164,289)
Total derivative financial instruments	**(3,556,525)**	**(3,556,525)**	**(5,874,265)**	**(5,874,265)**

Presentation of financial assets measured at fair value according to the fair value hierarchy

(in EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Total financial assets at fair value through profit or loss	1,588,030	1,602,079	1,588,030	1,602,079
Level 1 financial assets at fair value	**1,588,030**	**1,602,079**	**1,588,030**	**1,602,079**
Available-for-sale financial assets	1,666,159	6,488,024	1,563,212	6,358,078
Level 3 financial assets at fair value	**1,666,159**	**6,488,024**	**1,563,212**	**6,358,078**
Total financial assets at fair value	**3,254,189**	**8,090,103**	**3,151,242**	**7,960,157**

8. Related party transactions

Petrol d.d., Ljubljana is a joint-stock company listed on the Ljubljana Stock Exchange. The ownership structure as at 31 December 2013 is presented in chapter Corporate and Governance System of Petrol d.d., Ljubljana in the business report.

All of the Group/Company related party transactions were carried out based on the market conditions applicable to transactions with unrelated parties.

Companies in the Petrol Group

(in EUR)	The Petrol Group 2013	The Petrol Group 2012	Petrol d.d. 2013	Petrol d.d. 2012
Sales revenue				
Subsidiaries	-	-	270,922,149	328,055,931
Jointly controlled entities	5,323,529	734,982	4,934,734	74,953
Associates	1,588,761	2,220,544	1,588,761	2,161,584
Cost of goods sold				
Subsidiaries	-	-	139,214,874	61,506,694
Jointly controlled entities	31,982,099	0	4,563,852	0
Associates	42,487,256	56,569,278	3,035,846	2,923,388
Costs of materials				
Subsidiaries	-	-	1,841,338	1,714,148
Jointly controlled entities	399,708	28,336	719	2,863
Associates	19,034	22,262	19,034	22,262
Costs of services				
Subsidiaries	-	-	18,410,240	26,224,011
Jointly controlled entities	0	34,958	0	16
Associates	52,330	44,630	50,135	42,934
Other costs				
Subsidiaries	-	-	137,369	138,551
Jointly controlled entities	3,805	0	3,805	0
Associates	741	417	254	417
Finance income from interests in Group companies				
Subsidiaries	-	-	1,259,781	6,581,244
Jointly controlled entities	5,142,684	4,198,030	43,355	0
Associates	4,983,564	5,255,256	3,047,672	5,542,018
Finance expenses for interests in Group companies				
Jointly controlled entities	222,003	497,104	0	0
Finance income from interest				
Subsidiaries	-	-	837,613	1,070,537
Jointly controlled entities	196,465	81,859	196,465	81,859
Finance expenses due to impairment of investments and goodwill				
Subsidiaries	4,607,811	255,816	10,638,188	983,950
Jointly controlled entities	0	0	1,572,687	0
Finance expenses for interest				
Subsidiaries	-	-	343,378	203,979
Jointly controlled entities	70,000	30,939	0	30,939
Associates	271,196	1,501,728	255,068	1,501,728

(v EUR)	The Petrol Group 31 December 2013	The Petrol Group 31 December 2012	Petrol d.d. 31 December 2013	Petrol d.d. 31 December 2012
Investments in Group companies				
Subsidiaries	-	-	293,746,174	364,715,239
Jointly controlled entities	47,660,111	41,931,824	5,820,277	4,740,464
Associates	100,847,540	98,807,655	121,596,000	131,235,000
Non-current financial receivables				
Subsidiaries	-	-	17,587,213	14,350,917
Jointly controlled entities	2,747,033	1,741,038	2,747,033	1,741,038
Current operating receivables				
Subsidiaries	-	-	37,619,174	39,604,883
Jointly controlled entities	1,002,500	206,875	922,799	154,844
Associates	248,442	385,861	248,442	315,109
Current financial receivables				
Subsidiaries	-	-	5,275,014	6,242,835
Jointly controlled entities	4,808,451	2,743,988	2,808,451	743,988
Short-term deposits (up to 3 months)				
Subsidiaries	-	-	1,309,514	2,127,770
Short-term deferred costs and expenses				
Subsidiaries	-	-	0	483,579
Accrued revenue				
Subsidiaries	-	-	325,709	198,082
Jointly controlled entities	0	5,000	0	0
Current financial liabilities				
Subsidiaries	-	-	51,080,490	19,162,068
Jointly controlled entities	3,277,855	3,272,869	1,271,910	1,271,910
Associates	10,032,274	0	10,032,274	0
Current operating liabilities				
Subsidiaries	-	-	22,953,055	7,065,342
Jointly controlled entities	8,913,728	11,921	497,005	2,473
Associates	13,084,979	41,393,254	11,988	27,813,657

9. Remuneration of Supervisory Board and Management Board members and of employees with individual contracts

Remuneration of Supervisory Board members of Petrol d.d., Ljubljana

(in EUR)	Remuneration for duties performed	Atendance fees	Total
Tomaž Kuntarič	14,293	5,544	19,837
Bruno Korelič	3,200	1,723	4,923
Dari Južna	6,484	2,393	8,876
Irena Prijović	12,000	6,519	18,519
Klemen Ferjančič	8,800	2,888	11,688
Matija Blažič	8,800	2,971	11,771
Mladen Kaliterna	5,516	3,300	8,816
Igo Gruden	8,800	2,888	11,688
Boštjan Trstenjak	1,750	-	1,750
Franc Premrn	1,750	-	1,750
Zoran Gračner	10,250	5,693	15,943
Ika Krevzel Panić	10,250	5,693	15,943
Andrej Tomplak	12,000	4,868	16,868
Total	**103,894**	**44,476**	**148,370**

Remuneration of Management Board members of Petrol d.d., Ljubljana

(in EUR)	Fixed pay	Variable pay	Costs reimbursed	Benefits - insurance premiums	Other receipts and benefits	Total
Tomaž Berločnik, MSc, President of the Management Board	193,050	97,515	874	16,601	9,926	**317,965**
Rok Vodnik, MSc, Member of the Management Board	163,800	82,740	869	13,609	7,692	**268,710**
Janez Živko, MBA, Member of the Management Board	163,800	82,740	702	6,700	13,637	**267,579**
Samo Gerdin, Member of the Management Board, Worker Director	75,158	14,586	1,241	220	1,646	**92,852**
Total	**595,808**	**277,581**	**3,686**	**37,130**	**32,900**	**947,106**

Other receipts and benefits relate to annual leave allowances, the Christmas bonus and use of company vehicles.

Total remuneration paid in 2013 by the Company and the Group to employees with individual contracts who are not subject to the tariff part of the collective agreement (excluding Management Board members) stood at EUR 2,947,399.75 and EUR 4,445,691 respectively.

Total remuneration paid in 2013 by the Company and the Group to the members of the Workers' Council stood at EUR 8,659 and EUR 12,859 respectively.

The Company and the Group had no receivables from or liabilities to Supervisory Board members as at 31 December 2013.

The Company and the Group had no receivables from or liabilities to Management Board members as at 31 December 2013, except for liabilities arising from December salaries payable in January 2014.

10. Contingent liabilities

Contingent liabilities for guarantees issued

Maximum contingent liabilities of Petrol d.d., Ljubljana for guarantees issued stood at EUR 230,804,363 as at 31 December 2013 (2011: EUR 339,958,146) and were as follows:

	Petrol d.d.		Petrol d.d.	
(in EUR)	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Guarantee issued to:	**Value of guarantee issued**		**Guarantee amount used**	
Petrol d.o.o.	139,210,930	139,934,273	90,678,115	97,125,449
Petrol-Trade Handelsges.m.b.H.	64,536,524	28,792,763	14,483,736	2,000,000
Petrol Energetika d.o.o.	14,028,007	14,860,006	11,594,008	5,225,051
Bio goriva d.o.o.	5,406,000	5,406,000	436,000	436,000
Petrol BH Oil Company d.o.o.	4,857,273	3,425,656	3,715,310	1,078,980
Petrol d.o.o., Beograd	3,674,064	132,287	2,500,000	0
Petrol Crna Gora MNE	2,450,000	0	109,566	0
Petrol Plin d.o.o.	1,896,120	5,636,159	1,617,310	3,653,843
Petrol-Oti-Slovenija L.L.C.	1,200,000	633,038	1,078,457	559,033
Beogas Invest d.o.o.	1,129,412	1,129,412	1,129,412	1,129,412
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
ELTEC Petrol Hrvatska	97,030	0	48,515	0
Petrol Tehnologija d.o.o.	50,000	50,000	33,141	2,224
Total	**239,446,669**	**200,910,903**	**128,334,879**	**112,121,301**
Other guarantees	13,222,432	12,608,585	13,222,432	12,608,585
Bills of exchange issued as security	46,283,729	14,535,520	46,283,729	14,535,520
Total contingent liabilities for guarantees issued	**298,952,830**	**228,055,008**	**187,841,040**	**139,265,406**

The value of a guarantee issued represents the maximum value of the guarantee issued, whereas the guarantee amount used represents a value corresponding to a company's liability as reported on 31 December for which the guarantee has been issued.

Contingent liabilities for lawsuits

The total value of lawsuits against the Company as defendant and debtor totals EUR 5,285,563.53. Interest on overdue amounts arising from claims stood at EUR 363,572 as at 31 December 2013. The Company's management estimates that there is high probability that some of these lawsuits will be lost. As a result, the Company set aside short-term provisions, which stood at EUR 1,485,991 as at 31 December 2013 compared to EUR 331,114 as at 31 December 2012. In addition, the Company created short-term provisions for interest on overdue amounts arising from claims, which totalled EUR 277,621 as at 31 December 2013 compared to EUR 75,066 as at 31 December 2012.

The total value of lawsuits against the Group as defendant and debtor totals EUR 5,465,102. Interest on overdue amounts arising from claims stood at EUR 366,434 as at 31 December 2013. The Group's management estimates that there is high probability that some of these lawsuits will be lost. As a result, the Group set aside short-term provisions, which stood at EUR 1,657,861 as at 31 December 2013 compared to EUR 430,532 as at 31 December 2012. In addition, the Group created short-term provisions for interest on overdue amounts arising from claims, which totalled EUR 280,483 as at 31 December 2013 compared to EUR 85,184 as at 31 December 2012.

Inventories owned by other entities

The Group's and the Company's inventories as at 31 December 2013 included commodity reserve stocks of the Republic of Slovenia totalling EUR 130,484,613. The Company's and the Group's inventories as at 31 December 2013 also included goods delivered on consignment totalling EUR 42,838,791 and EUR 43,322,133 respectively. The goods delivered on consignment are carried at cost, while the commodity reserve stocks are carried at calculated prices.

11. Events after the reporting date

There were no events after the reporting date that would significantly affect the financial statements for 2013 presented herein.

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