

Report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first six months of 2017



August 2017

PETROL

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STATEMENT OF THE MANAGEMENT BOARD

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, Igor Stebernak, Member of the Management Board, and Ika Krevzel Panič, Member of the Management Board/Worker Director, declare that to their best knowledge:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the first six months of 2017 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 consolidated companies as a whole;
- the business report of the Petrol Group and Petrol d.d., Ljubljana for the first six months of 2017 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 consolidated companies are exposed to as a whole;
- the report of the Petrol Group and the company Petrol d.d., Ljubljana for the first six months of 2017 contains a fair presentation of significant transactions with related entities, which has been prepared in accordance with International Financial Reporting Standards.

**Tomaž Berločnik**

President of the Management Board

**Rok Vodnik**

Member of the Management Board

**Igor Stebernak**

Member of the Management Board

**Ika Krevzel Panič**

Member of the Management Board/Worker Director

INTRODUCTORY NOTES

The report on the operations of the Petrol Group and Petrol, d.d., Ljubljana, Dunajska 50, in the first six months of 2017 has been published in accordance with the Market in Financial Instruments Act, the Ljubljana Stock Exchange Rules, Guidelines on Disclosure for Listed Companies and other relevant legislation.

The figures and explanation of the operations are based on unaudited consolidated financial statements of the Petrol Group and unaudited financial statements of Petrol d.d., Ljubljana for the first six months of 2017 prepared in compliance with the Companies Act and IAS 34 – Interim Financial Reporting.

Subsidiaries are included in the consolidated financial statements prepared in accordance with IFRS on the basis of the full consolidation method, while jointly controlled entities and associates are included on the basis of the equity method.

In the separate financial statements prepared in accordance with IFRS, investments in subsidiaries, jointly controlled entities and associates are carried at historical cost.

The report on the operations in the first six months of 2017 has been published on the website of Petrol d.d., Ljubljana (<http://www.petrol.eu>), and is available on demand at the registered office of Petrol d.d., Ljubljana, Dunajska cesta 50, 1000 Ljubljana, every working day between 8 am and 3 pm.

The Company's Supervisory Board discussed the report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first six months of 2017 at its meeting held on 24 August 2017.

Table 1: Profile of the parent company Petrol d.d., Ljubljana

Company name	Petrol, slovenska energetska družba, d.d., Ljubljana
Abbreviated company name	Petrol d.d., Ljubljana
Registered office	Dunajska cesta 50, 1000 Ljubljana
Telephone	(01) 47 14 234
Telefax	(01) 47 14 809
Website	http://www.petrol.si, http://www.petrol.eu
Activity code	47,301
Company registration number	5025796000
Tax number	SI 80267432
Share capital	EUR million 52.24
Number of shares	2,086,301
President of the Management board	Tomaž Berločnik
Members of the Management board	Rok Vodnik, Igor Stebernak, Ika Krevzel Panič (worker director)
President of the Supervisory board	Nada Drobne Popović

List of acronyms and explanation of financial ratio calculations

Ratio/acronym	Explanation
SEE	South Eastern Europe
Merchandise	Consists of automotive products, foodstuffs, accessories, tobacco and lottery products, coupons and cards, coffee-to-go, chemical products, wood biomass.
EBITDA	Operating profit or loss + regular depreciation and amortisation
Earnings per share	Net profit or loss for the period / weighted average number of issued ordinary shares, excluding own shares
Book value of share	Equity as at period end / total number of shares

HIGHLIGHTS

The Petrol Group's significant performance indicators

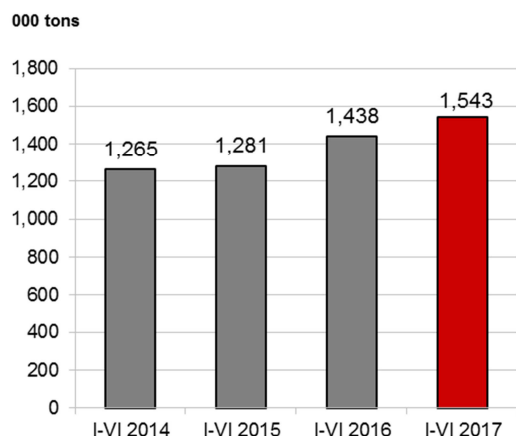
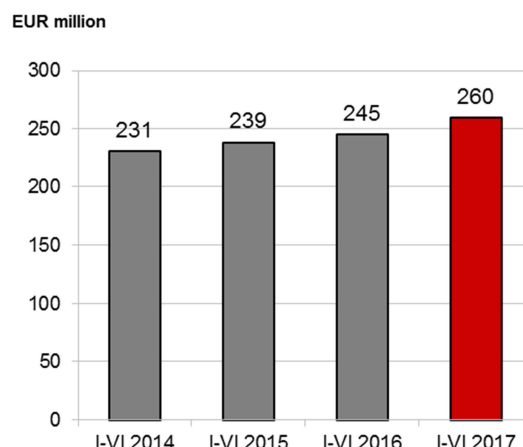
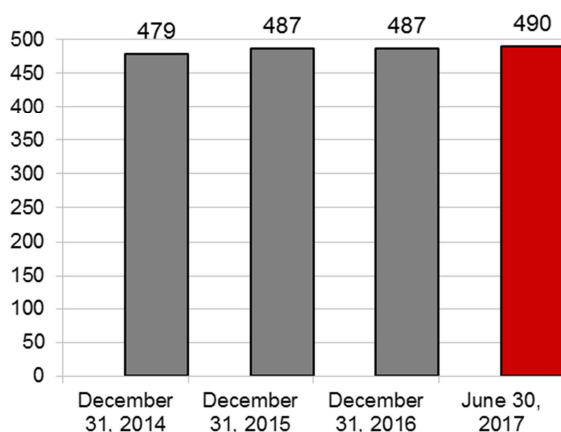
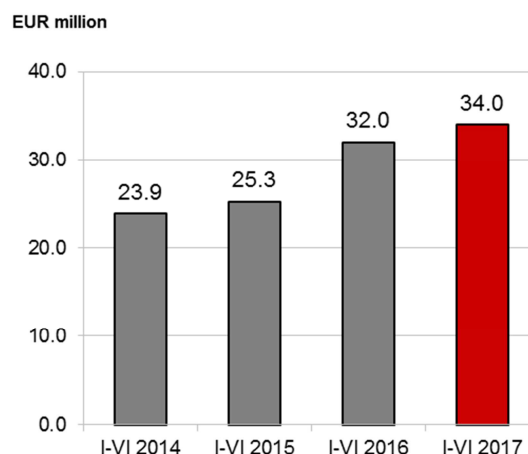
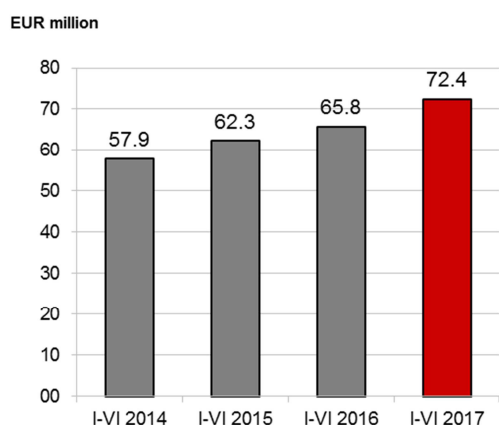
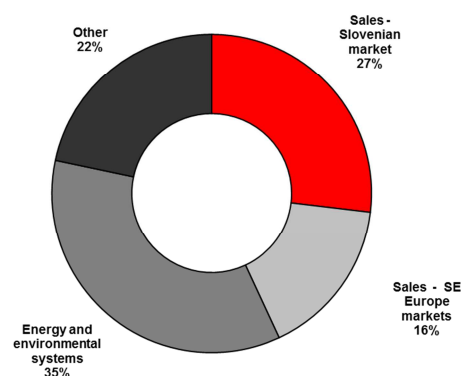
The Petrol Group	unit	I-VI 2017	I-VI 2016	Index 2017 / 2016
Sales revenues	EUR million	2,152.9	1,707.4	126
Adjusted gross profit ¹	EUR million	190.4	174.1	109
Operating profit	EUR million	48.9	44.2	111
Net profit	EUR million	34.0	32.0	106
EBITDA	EUR million	72.4	65.8	110
Non-current (long-term) assets as at period end	EUR million	808.7	806.9	100
Earnings per share	EUR	16.5	15.5	106
Net debt / Equity		0.6	0.7	87
Net debt / EBITDA ²		2.4	2.6	90

¹Adjusted gross profit = Sales revenues - Cost of goods sold (this item is not defined in international Financial Reporting Standards)

² Calculated on an annual level

The Petrol Group	Unit	I-VI 2017	I-VI 2016	Index 2017 / 2016
Volume of petroleum products sold	thousand tons	1,543.3	1,438.5	107
Volume of liquefied petroleum gas sold	thousand tons	72.5	69.2	105
Volume of natural gas sold	thousand MWh	704.8	713.5	99
Heat sold	thousand MWh	82.8	75.9	109
Revenue from the sale of merchandise	EUR million	259.6	245.4	106
Number of service stations as at period end ¹		490	487	101

¹ Number of service stations for the year 2016 as at 31 December 2016.

Figure 1: Volume of petroleum products sold by the Petrol Group

Figure 2: The Petrol Group's revenue from the sale of merchandise

Figure 3: Increase in the number of the Petrol Group's service stations

Figure 4: Net profit or loss of the Petrol group

Figure 5: EBITDA of the Petrol Group

Figure 6: Breakdown of the Petrol Group's investments in the first six months of 2017


BUSINESS REPORT

Operations of the Petrol Group

The Petrol Group operates in a competitive environment influenced by oil price fluctuations, US dollar exchange rate, global and domestic economic developments, and national laws governing the pricing of energy products. In Slovenia and Croatia, the economic situation is improving, but other SE Europe countries which also make up Petrol's sales market still face extremely tough economic conditions, low purchasing power and high unemployment. Although in Slovenia, where the Petrol Group sells the greater part of its petroleum products, the prices of petrol and diesel fuel at motorway and expressway service stations have been liberalised and determined by the market, the prices of petrol (less than 98 octane) and diesel fuel at other service stations remain regulated.

The Petrol Group's sales revenue for the first six months of 2017 stood at EUR 2.2 billion, a year-on-year increase of 26 percent, which was mainly due to higher oil prices. Adjusted gross profit totalled EUR 190.4 million or 9 percent more than in the first six months of 2016, with EBITDA amounting to EUR 72.4 million or 10 percent more than in the first six months of 2016.

Figure 7: EBITDA broken down by activity

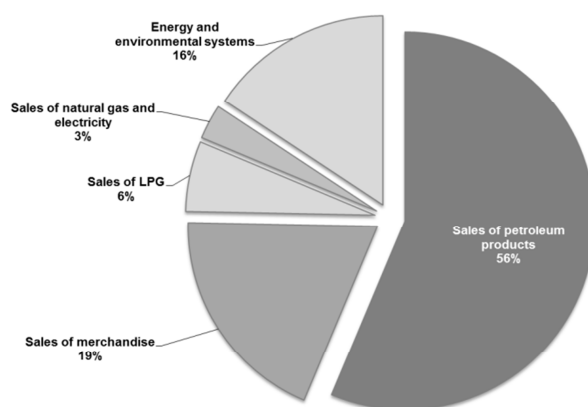
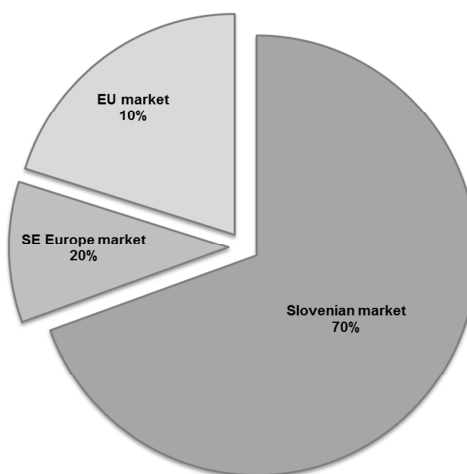


Figure 8: EBITDA broken down by market



Pre-tax profit totalled EUR 40.5 million or 2 percent more than in the first six months of 2016, with net profit for the first six months of 2017 amounting to EUR 34.0 million or 6 percent more than in the first six months of 2016.

In the first six months of 2017, the Petrol Group sold 1,543.3 thousand tons of petroleum products¹, up 7 percent from the same period of 2016. In Slovenia, the six-month sales of petroleum products stood at 752.5 thousand tons, accounting for 49 percent of the Petrol Group's total sales. In the same period, the Group sold 349.0 thousand tons of petroleum products in SEE markets, representing 23 percent of the Petrol Group's total sales, and 441.8 thousand tons in EU markets, which represented 29 percent of the Group's total sales.

In the first six months of 2017, 41 percent of petroleum product sales were generated in the retail market and 59 percent in the wholesale market. At the end of June 2017, the Petrol Group's retail network consisted of 490 service stations, of which 316 were in Slovenia, 106 in Croatia, 37 in Bosnia and Herzegovina, 10 in Serbia, 10 in Montenegro and 11 in Kosovo.

In the period under review, EUR 259.6 million was generated in revenue from the sale of merchandise, an increase of 6 percent compared to the same period of the previous year.

In the same period, 72.5 thousand tons of liquefied petroleum gas, a year-on-year increase of 5 percent, and 704.8 thousand MWh of natural gas or 1 percent less than in the same period of the previous year were sold.

Good performance was also achieved in electricity and heat sales.

What follows is a detailed presentation of the Petrol Group's operations in the first six months of 2017 broken down by type of activity:

- A. Sales, consisting of petroleum product sales, liquefied petroleum gas sales, natural gas sales, electricity sales to end users, merchandise sales and sale of services
- B. Energy and environmental systems, consisting of natural gas distribution, energy solutions, environmental solutions, district heating, electricity generation and biomass production
- C. Electricity trading

¹ Petroleum product sales do not include liquefied petroleum gas sales, which are presented separately.

A. SALES

Sales of petroleum products

In the first six months of 2017, the Petrol Group sold 1,543.3 thousand tons of petroleum products, a year-on-year increase of 7 percent.

In this period, 752.5 thousand tons of petroleum products were sold in Slovenia, which was 3 percent more than in the same period of 2016. Of this quantity, liquid fuels accounted for 721.0 thousand tons and other petroleum products for 31.5 thousand tons. Motor fuel sales (petrol and diesel fuel) were up 5 percent compared to the previous year's figures for this period.

In SEE markets, 349.0 thousand tons of petroleum products were sold in the first six months of 2017, a year-on-year increase of 2 percent. The most important commodities sold in SEE markets are diesel fuel and petrol.

In addition to the above, the jointly controlled entity Petrol - Oti - Slovenija L.L.C. sold 4.9 thousand tons of petroleum products, up 1 percent from the same period of the previous year.

In EU markets, 441.8 thousand tons of petroleum products were sold in the first six months of 2017, which was 22 percent more than in the same period of 2016. The most important commodity sold in EU markets is diesel fuel.

Key impacts on operations

Fuel pricing in Slovenia

The prices of petrol and diesel fuel at motorway and expressway service stations have been liberalised and determined by the market, while the prices of petrol and diesel fuel at other service stations remain regulated.

In the first six months of 2017, the prices of regulated motor fuels were set in accordance with the Decree Setting Prices for Petroleum Products, which was in force from 9 November 2016 to 30 June 2017.

On 29 June 2017, the Government of the Republic of Slovenia adopted a new Decree Setting Prices for Petroleum Products, which will be in effect from 3 July 2017 to 31 October 2017. The Decree redefines the setting of pre-duty selling prices, adding a supplement for bio-components, which are blended with mineral fuels, to the purchase price of fuel, the Agency of the Republic of Slovenia for Commodity Reserves membership fees and the distributors' margin. The model-based margin is still government-regulated and stands at EUR 0.08701 per litre of NMB-95 petrol and EUR 0.08158 per litre of diesel fuel.

Since 9 April 2016, the prices of the 98-octane and higher-octane petrol and of extra light heating oil have been liberalised and determined by the market.

Slovenia's gross margins for petroleum products, which are, under the model, set at a fixed amount and do not reflect changes in retail prices, are still below European average. In the case of petrol, they amounted to 70 percent of the average gross margin in the EU countries (62 percent if the compulsory stocks membership fee is not taken into account) and in the case of diesel fuel to 57 percent (50 percent if the compulsory stocks membership fee is not taken into account) (own calculations based on Platts and Oil Bulletin data).

Fuel pricing in Croatia

Since 20 February 2014, when the Oil and Petroleum Products Market Act entered into force and fully liberalised the pricing of petroleum products, the prices of petroleum products in Croatia have been set freely and determined by the market.

Fuel pricing in Bosnia and Herzegovina

In Bosnia and Herzegovina, the prices of petroleum products are not government-regulated and are set freely and determined by the market. The prices normally 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 retail 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.

Fuel pricing in Serbia

Since the 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 and determined by the market.

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, 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 methodology used to calculate selling prices takes into account taxes, the costs of transshipment, handling, bank charges, storage, transport and distribution, as well as (excise) duties and an oil companies' gross margin. The latter amounts to EUR 0.063 per litre of petrol, EUR 0.064 per litre of eurodiesel and EUR 0.076 per litre of extra light heating oil. In addition to these gross margins, liquid fuel traders may factor in all of the above costs at EUR 0.05 per litre of petrol, EUR 0.05 per litre of eurodiesel and EUR 0.026 per 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 a 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 a maximum margin. These prices represent an unofficial basis for retail prices, which change according to market-based fuel prices.

Changes in oil and petroleum product prices in the world market

The average price of Brent Dated North Sea crude oil stood at USD 51.72 per barrel in the first six months of 2017, up 30 percent year-on-year. The average price in euros was up 34 percent. During this period, the price of Brent crude peaked on 21 February 2017, reaching USD 56.30 per barrel. Its lowest price was recorded on 20 June 2017 at USD 44.28 per barrel. The prices of petrol and middle distillates followed the same trends as crude oil prices.

Figure 9: Changes in Brent Dated High oil price in the first six months of 2017 in USD/barrel



SOURCE: Petrol, 2017

Figure 10: Changes in Brent Dated High oil price in the first six months of 2017 in EUR/barrel



SOURCE: Petrol, 2017

OPEC reached an agreement with non-member oil producing countries to limit oil output in order to stabilise prices. Future oil price movements will continue to depend largely on OPEC's oil output agreements, the situation in the Middle East, Iran, Libya and Nigeria, war in Syria, economic growth expectations, US and EU oil stocks figures and demand in China.

Changes in the US dollar to the euro exchange rate

The US dollar to the euro exchange rate ranged between 1.04 and 1.14 US dollars per euro in the first six months of 2017. The average exchange rate of the US dollar according to the

exchange rate of the European Central Bank stood at 1.08 US dollars per euro in the period concerned.

Sales of merchandise

Merchandise sales consist of sales of automotive products, foodstuffs, accessories, tobacco and lottery products, coupons and cards, coffee-to-go, chemical products and wood biomass. The Petrol Group generated EUR 259.6 million in revenue from the sale of merchandise in the first six months of 2017, an increase of 6 percent compared to the same period of the previous year.

In Slovenia, EUR 231.1 million was generated in revenue from the sale of merchandise in the period under review, an increase of 5 percent compared to the same period of the previous year. The range at Petrol's points of sale is modified and expanded as we try to accommodate the needs of our service station customers by quickly adapting the range.

In SEE markets, EUR 28.6 million was generated in revenue from the sale of merchandise in the first six months of 2017, an increase of 15 percent compared to the same period of the previous year. The best results were achieved in tobacco and food sales.

Sales of services

Services consist of revenue from storage and petroleum-product handling services, renting of business premises and hospitality facilities, transport, carwash services, revenue from Petrol Club cards, and other services. In the first six months of 2017, the Petrol Group generated EUR 16.3 million in revenue from the services related to oil and merchandise sales in Slovenia.

Sales of liquefied petroleum gas

In the first six months of 2017, the Petrol Group sold 72.5 thousand tons of liquefied petroleum gas, a year-on-year increase of 5 percent.

At the end of June 2017, the Petrol Group operated 6 LPG supply concessions in Slovenia. In addition, the company Petrol Plin d.o.o. has LPG supply contracts in the towns of Šibenik and Rijeka. Liquefied petroleum gas is supplied to customers also through LPG storage tanks and at service stations as autogas.

Sales of natural gas

In the first six months of 2017, the Petrol Group sold 704.8 thousand MWh of natural gas, a year-on-year decrease of 1 percent.

Sales of electricity

The Petrol Group has positioned itself as an important electricity market player, which sells electricity to end users in Slovenia (businesses and households) while also expanding to SE

Europe. At the end of June 2017, the Petrol Group supplied electricity to over 52 thousand households and 3 thousand businesses.

In the first six months of 2017, the Petrol Group sold 0.7 TWh of electricity to end users.

B. ENERGY AND ENVIRONMENTAL SYSTEMS

Natural gas distribution

In the first six months of 2017, the Petrol Group distributed 772.2 thousand MWh of natural gas.

At the end of June 2017, the Group operated 24 natural gas supply concessions in Slovenia and, in Serbia, supplied natural gas to the municipalities of Bačka Topola and Pećinci as well as three Belgrade municipalities.

Environmental solutions

In the first six months of 2017, 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 and Matena 6,000 PE and in Mežica 4,000 PE. Petrol also managed industrial waste treatment plants at Vevče Paper Mill and Paloma. As an important member of the company Aquasystems d.o.o., Petrol d.d., Ljubljana is involved in the treatment of municipal wastewater in the Municipality of Maribor, the capacity of which is 190,000 PE.

At all waste treatment plants, the treatment process and financial performance were in line with the plan in the period concerned.

The Petrol Group also produces energy from waste. At Ihan and Črnomelj biogas plants, organic waste is processed to produce green electricity. For greater efficiency, Petrol built in Ihan a dehydration plant for sludge obtained from treatment plants. Dehydrated sludge is transformed into secondary fuel.

In the first six months of 2017, the Petrol Group generated EUR 2.0 million in revenue from environmental solutions.

Energy solutions

Energy solutions consist of an energy range offered in the following segments:

- development of alternative solutions for supplying heat and other forms of energy (energy packages) to households and small-business customers;
- implementation of more complex comprehensive energy solutions projects;
- production of energy from renewable sources.

Long-term contract-based supply of energy and contractually guaranteed energy and water savings (performance contracting) are the most common project implementation models in the public sector, the commercial sector and in industry. In the first six months of 2017, the

public economic service of public lighting was performed in several municipalities, accompanied by other energy solutions projects.

During this period, the Petrol Group generated EUR 11.7 million in sales revenue from energy solutions.

District heating

Heat is supplied to customers through district heating systems. In the first six months of 2017, the Petrol Group generated EUR 4.1 million in sales revenue from district heating.

During this period, the Group sold 82.8 thousand MWh of heat (some of it as part of energy solutions) or 9 percent more than in the same period of the previous year.

Electricity generation

At the end of 2015, Petrol d.d., Ljubljana co-founded a Bosnia and Herzegovina based company Petrol Hidroenergija d.o.o. Teslić, which is to produce hydroelectricity. In 2016 the company Vjetroelektrane Glunča d.o.o. (Croatia) was established, which is engaged in the production of wind electricity. At the end of 2016, the wind farm was completed and has been producing electricity since January 2017.

C. TRADING

The Petrol Group has positioned itself as an important electricity market player. It set up a complete infrastructure for wholesale electricity trading in Slovenia, EU countries and SEE countries.

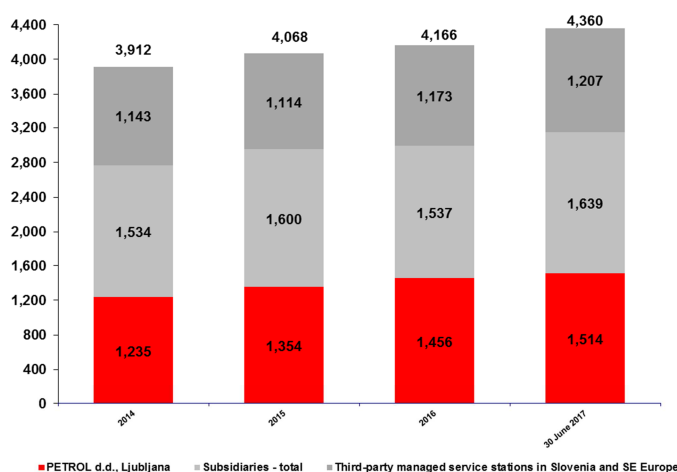
In the first six months of 2017, the Group sold 11.1 TWh of electricity (of which 0.7 TWh to end users, 9.8 TWh as part of trading, and 64.5 thousand MWh as part of energy and environmental systems).

Sustainable development

Employees

On 30 June 2017, the Petrol Group had 4,360 employees, of which 33 percent worked for subsidiary companies abroad. The number of employees increased by 194 compared to the end of 2016.

Figure 11: Changes in the number of employees of the Petrol Group and at third-party managed service stations in the period 2014 – 2017



Employee structure

At the end of June 2017, the average age of the Petrol Group employees was 39 years. 63 percent of the employees were male and 37 percent were female.

The educational structure of the Petrol Group has been improving over the years. This is a result of employee training on the one hand and HR policy on the other. Newly hired employees with higher education thus improve the educational structure, while at the same time employees with lower education leave the company. The Petrol Group has a keen interest in training its employees, as knowledge represents one of Petrol's key competitive advantages.

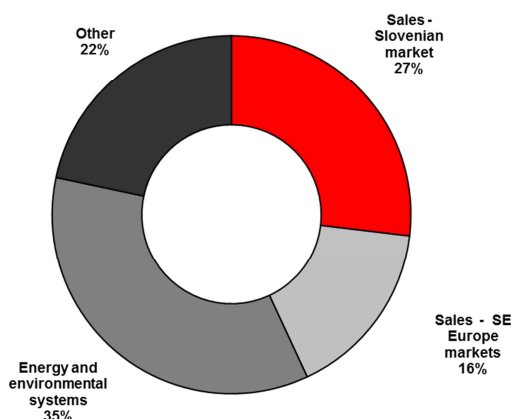
Training

In the first six months of 2017, more than 9.8 thousand employees took part in various forms of training. In all, the Petrol Group provided in excess of 60.8 thousand teaching hours of training, which represented, on average, 14 teaching hours of training per employee in the period concerned. Organised as part of the Petrol Group is Petrol Academy. Its main goal is to provide training to all employees in a systematic and comprehensive manner. The Group carried out technical and legally required training in the period under review.

Investments

In the first six months of 2017, net investments² in property, plant and equipment, intangible assets and long-term investments stood at EUR 24.4 million. Out of the above amount, 27 percent was allocated to sales in Slovenia, 16 percent to sales in SE Europe, 35 percent to energy and environmental systems, and 22 percent to the upgrading of information and other infrastructure.

Figure 12: Breakdown of the Petrol Group's investments in the first six months of 2017



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. In addition to certified quality and environmental management systems, the comprehensive quality management system incorporates the requirements of the ISO 50001 energy management system, of the OHSAS 18001 occupational health and safety system, of the HACCP food safety management system and of the SIST ISO 27001 information security system.

Table 2: Overview of certificates and laboratory accreditations

Company	Quality management system	Environmental management system	Energy management system	Laboratory accreditations	Other certificates
Petrol d.d., Ljubljana	ISO 9001:2015	ISO 14001:2015	ISO 50001:2011	SIST EN ISO/IEC 17025:2012 SIST EN ISO/IEC 17020:2012	OHSAS 18001 RC*, FSC**
Petrol Energetika d.o.o.	ISO 9001:2015	ISO 14001:2015	/	/	
Petrol d.o.o.	ISO 9001:2015	ISO 14001:2004	/	/	
Petrol Geoterm d.o.o.	ISO 9001:2008	/	/	/	
Beogas d.o.o.	ISO 9001:2008	/	/	/	
Petrol d.o.o., Beograd	ISO 9001:2008	ISO 14001:2004	/	/	OHSAS 18001

² Net investments in fixed assets = investments in fixed assets – disposal of fixed assets.

* Based on the Report on the implementation of the Responsible Care Global Charter commitments, Petrol d.d., Ljubljana became a holder of 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.

** Petrol d.d. Ljubljana is a holder of 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.

In March 2017, a first follow-up audit of the ISO 50001 energy management system was conducted, which revealed that the system is suitably maintained and compliant with the standard's requirements.

The quality and environmental management systems of the companies Petrol d.d., Ljubljana and Petrol Energetika d.o.o. were aligned with the requirements of the new edition of the ISO 9001:2015 and ISO 14001:2015 standards. A recertification audit, which took place in April 2017, identified no non-compliance issues. Certification was thus renewed in May 2017.

In May 2017, a follow-up audit of the quality and environmental management system took place at the company Petrol d.o.o., Zagreb. The company passed the audit, which did not reveal any non-compliance issues.

In June 2017, Petrol Laboratory received a monitoring visit by SA in connection with its quality management system certified to the SIST EN ISO/IEC 17025 standard and applied for two new testing methods. Once approved, Petrol Laboratory will have 57 accredited testing methods. In June, Forest Stewardship Council (FSC) performed a follow-up audit of wood fuel production.

As a result of the absorption of the company Eltec Petrol d.o.o., Beograd, the certificates ISO 9001, ISO 14001 and OHSAS 18001 were transferred to the company Petrol d.o.o., Beograd in June.

Social responsibility

Caring for social and environmental issues has been part of the Petrol's operations for a number of years. The demands and challenges of our time are addressed based on a long-term growth strategy and a strong awareness that supporting the environment in which we operate significantly affects our operations and development. For many years we have been helping wider social and local communities achieve a dynamic lifestyle and better quality of life. Our responsible social attitude is demonstrated by supporting a number of sports, arts, humanitarian and environmental projects. In the Petrol Group, social responsibility is perceived as a lasting commitment to work together with the environment in which we operate.

Risk management

The Petrol Group manages risks using a comprehensive risk management system, making sure that the Company's key risks are identified, assessed, managed, utilised and monitored. In doing that, it aims to develop a risk-awareness culture to ensure better control over the

risks and better information for decision-making at all levels of the Group's operation. Risk management concerns each Petrol Group employee who is, as a result of their decisions and actions, exposed to risks on a daily basis while carrying out their work assignments and responsibilities.

Petrol's risk model comprises 20 risk categories that are divided into two groups:

- environment risks and
- performance risks.

According to risk assessment results, the most relevant and probable risks comprise the following financial risks: price, credit, foreign exchange and liquidity risks.

In addition to the main financial risks, the most relevant and probable risks include economic environment risks, interest rate risks, legislation and regulation risks, strategic decision-making risks, commercial risks, and business and financial decision-making risks.

Price and foreign exchange risk

The Petrol Group's business model includes energy products, such as petroleum products, natural gas, electricity and liquefied petroleum gas, exposing the Group to price, quantity and foreign exchange risks arising from the purchase and sale of these products.

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 Petrol Group manages quantity and price risks to the largest extent possible by matching suppliers' terms of procurement with the terms of sale applying to customers. Any remaining open price or foreign exchange positions are closed through the use of financial instruments, in particular commodity swaps in the case of price risks and forward contracts in the case of foreign exchange risks.

Trading in energy products exposes the Group to price and quantity risks. These are managed with an assortment of limits systems defined depending on the business partner, the area of trading and the value at risk, and with appropriate processes in place to monitor and control these risks.

In addition to the risks arising from changes in the EUR/USD exchange rate, the Petrol Group is exposed, to some degree, also to the risk of changes in other currencies, which is linked to doing business in the region. The Group monitors open foreign exchange positions and decides how to manage them on a monthly basis.

As far as other foreign exchange exposures are concerned, the risk of changes in the EUR/HRK exchange rate should be mentioned. The impact of changes in the EUR/HRK exchange rate on operations of Croatian-based companies is analysed. The spread between the minimum and maximum EUR/HRK exchange rate stood at 2.4 percent in the first six months of 2017. Thanks to a relatively small exposure and the low volatility of the exchange

rate, no forward contracts to hedge the foreign exchange risk were concluded in the first six months of 2017. In Croatia, the foreign exchange risk in procurement was reduced by substantially increasing the volume of procurement done in HRK in Croatia directly and by placing surplus liquidity with the parent company in euros.

Foreign exchange risks are also encountered in Serbia with regard to the EUR/RSD exchange rate. There, the procurement of petroleum products is done mostly in RSD, which enables us to largely avoid the foreign exchange risks. In the first six months of 2017, the EUR/RSD exchange rate ranged between RSD 122.31 and RSD 124.30 per 1 euro, while the average exchange rate stood at RSD 123.30 per 1 euro.

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

Credit risk

The credit risk was assessed as the third most relevant financial risk, to which the Petrol Group is exposed in connection with the sale of goods and services to natural and legal entities. The risk is managed using the measures outlined below.

The operating receivables management system provides us with an efficient credit risk management. In 2016 we introduced, throughout the Group, certain changes to the process of setting and approving credit limits applicable to legal entities in order to further improve and harmonise the credit risk management system. In the first six months of 2017, the new system of limits was also introduced at subsidiaries operating in SE Europe.

In addition, the upgrading and redesign of the limit system for operations involving natural persons is in the pipeline.

As part of the usual receivables management processes, we keep actively pursuing the collection of receivables. Particular attention is given to individual treatment of major customers or customers in relation to which outstanding receivables balances exceed EUR 250,000. We refine procedures for 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 (receivables insurance with credit insurance companies, bank guarantees, letters of credit, collaterals, corporate guarantees, securities, mortgages, pledges). A great deal of work is put into the management of receivables from large customers in Slovenia, and significant attention is also devoted to the collection of receivables in SE Europe markets, where the solvency and payment discipline of the business sector differs from that in Slovenia. Receivables are systematically monitored by age, region and organisational unit as well as by quality and individual customer. The exposure of customers in the Petrol Group's portfolio to the credit risk is monitored at a global level. To monitor receivables, we use a joint receivables management application, which provides us with automated control over the exposure to individual customers and the possibility to respond immediately. Through experience, the application is continuously improved. In addition, we introduced centralised control over credit insurance instruments received and centralised the collection process.

We consider that credit risks are adequately managed within the Petrol Group. Our assessment 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 fully avoid the consequences of bankruptcies, compulsory composition proceedings and personal bankruptcies.

Liquidity risk

The Petrol Group has been assigned a BBB- long-term international credit rating, an A-3 short-term credit rating and a stable credit rating outlook by Standard & Poor's Ratings Services, which reaffirmed the ratings on 20 March 2017. This investment-grade rating enables us to tap international financial markets more easily and represents an additional commitment towards successful operations and the deleveraging of the Petrol Group. We are currently introducing relevant S&P's methodology into the management of liquidity risks.

In the first six months of 2017, we issued 10-year PET4 notes worth EUR 11 million and 7-year PET5 notes worth EUR 32.828 million, also raising a new EUR 50 million long-term loan. In the period concerned, average petroleum product prices were higher year-on-year, meaning that slightly more working capital was needed. The acquired long-term and short-term credit lines provide us with a high level of liquidity.

Cash flow management nevertheless requires considerable attention and prudence, especially as regards the planning of cash inflows from lay away sales, this being the main source of credit risks and, consequently, liquidity risks.

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 risk

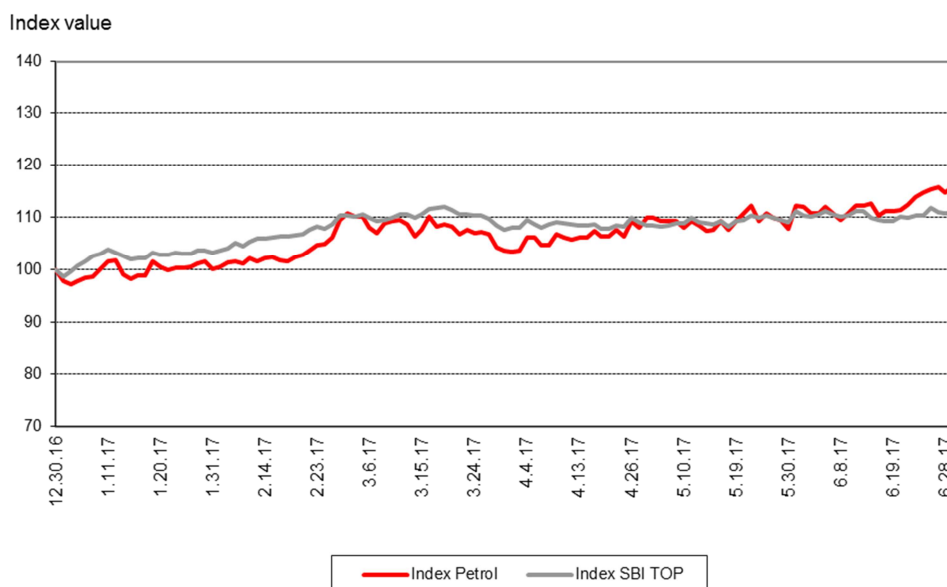
The Petrol Group regularly monitors its exposure to the interest rate risk. 27.2 percent of the Group's non-current financial liabilities contain a variable interest rate that is linked to EURIBOR. The average EURIBOR rate was lower in the first six months of 2017 than at the end of 2016 and thus remains historically low (negative). In 2017 the Petrol Group's overall borrowing interest rate was, on average, lower than in 2016. This is the result of low EURIBOR rates and interest rate margins, which had been further reduced.

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, thus protecting our 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. As the new PET4 notes had been issued and the new long-term loan raised, in both cases with a variable interest rate, we entered, in the first six months of 2017, into a EUR 61 million interest rate hedging contract with a matching maturity. All of the Petrol Group's non-current financial liabilities containing a variable interest rate are thus hedged by interest-rate swaps.

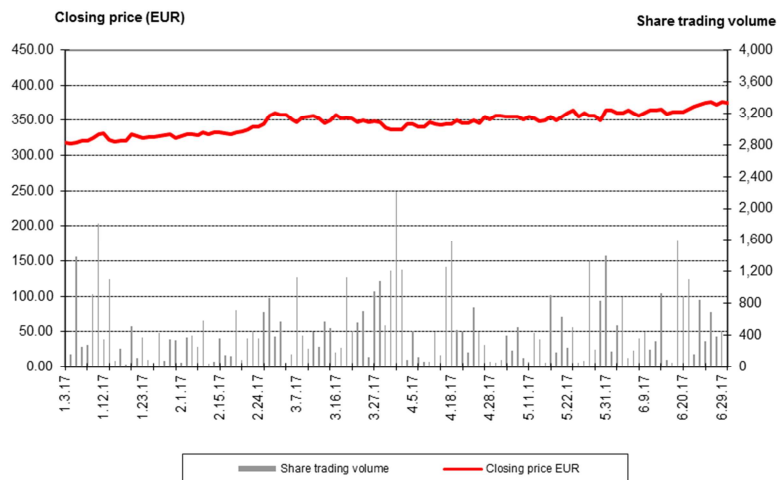
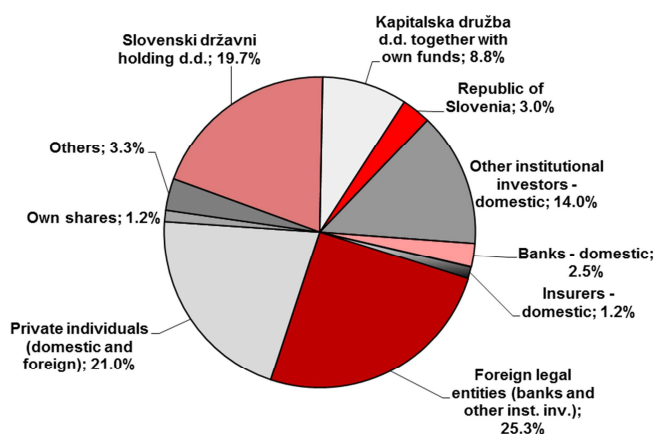
Petrol's shares

At the end of June 2017, share prices at the Ljubljana Stock Exchange were on average higher than at the end of 2016. This was also reflected in the SBITOP, the Slovene blue-chip index, which is used as a benchmark and provides information on changes in the prices of the most important and liquid shares traded on the regulated market. The index also comprises Petrol's shares. The SBITOP stood at 796.4 as at the end of June 2017 and was up 11 percent relative to the end of 2016 (717.59). During this period, Petrol's shares gained 15.4 percent in value. In terms of trading volume, which in the case of Petrol's shares amounted to EUR 20.2 million between January and June, the shares were ranked third among the shares traded on the Ljubljana Stock Exchange. In terms of market capitalisation, which stood at EUR 782.4 million as at 30 June 2017, the shares were also ranked second and accounted for 14.9 percent of the total Slovene stock market capitalisation on the said date.

Figure 13: Base index changes for Petrol d.d., Ljubljana's closing share price and the SBITOP index in the first six months of 2017 compared to the end of 2016



In the first six months of 2017, the price of Petrol's shares ranged between EUR 316 and EUR 376.50 per share. Their average price for the period stood at EUR 346.61 and their price as at the end of June 2017 at EUR 375. The Petrol Group's earnings per share stood at EUR 16.51, with its book value per share amounting to EUR 289.80. Petrol d.d., Ljubljana had 24,569 shareholders as at 30 June 2017. At the end of June 2017, 531,481 shares or 25.47 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2016, the number of foreign shareholders increased by 0.5 percentage points.

Figure 14: Closing price and the volume of trading in Petrol's shares in the first six months of 2017

Figure 15: Ownership structure of Petrol d.d., Ljubljana as at 30 June 2017

Table 3: Changes in the ownership structure of Petrol d.d., Ljubljana (30 June 2017 to 31 December 2016 comparison)

	June 30, 2017		December 31, 2016	
	No. of Shares	in %	No. of Shares	in %
Slovenski državni holding d.d.	412,009	19.7%	412,009	19.7%
Kapitalska družba d.d. together with own funds	184,299	8.8%	184,852	8.9%
Republic of Slovenia	63,192	3.0%	-	-
Other institutional investors - domestic	292,058	14.0%	298,452	14.3%
Banks - domestic	51,350	2.5%	108,902	5.2%
Insurers - domestic	25,486	1.2%	25,486	1.2%
Foreign legal entities (banks and other inst. inv.)	527,242	25.3%	516,796	24.8%
Private individuals (domestic and foreign)	437,251	21.0%	445,548	21.4%
Own shares	24,703	1.2%	24,703	1.2%
Others	68,711	3.3%	69,553	3.3%
Total	2,086,301	100.0%	2,086,301	100.0%

Table 4: 10 largest shareholders of Petrol d.d., Ljubljana as at 30 June 2017

Top 10 shareholders of Petrol d.d., Ljubljana as per 30.6.2017				
	Shareholder	Address	No. of Shares	Share in %
1	SLOVENSKI DRŽAVNI HOLDING, D.D.	MALA ULICA 5, 1000 LJUBLJANA	412,009	19.75%
2	ČEŠKOSLOVENSKA OBCHODNI BANK, A.S. - FID	RADLICKA 333/150, 150 57 PRAGA 5, REPUBLIKA ČEŠKA	267,076	12.80%
3	KAPITALSKA DRUŽBA, D.D.	DUNAJSKA CESTA 119, 1000 LJUBLJANA	172,639	8.27%
4	SPLITSKA BANKA D.D. - CLIENT ACCOUNT - F	DOMOVINSKOG RATA 61, 21000 SPLIT, HRVAŠKA	97,873	4.69%
5	VIZIJA HOLDING, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	71,676	3.44%
6	VIZIJA HOLDING ENA, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	63,620	3.05%
7	REPUBLIKA SLOVENIJA	GREGORČIČEVA ULICA 20, 1000 LJUBLJANA	63,192	3.03%
8	NOVA KBM D.D.	ULICA VITA KRAIGHERJA 4, 2000 MARIBOR	42,985	2.06%
9	PERSPEKTIVA FT D.O.O.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	36,162	1.73%
10	DUTB, D. D.	DAVČNA ULICA 1, 1000 LJUBLJANA	36,000	1.73%

Table 5: Shares owned by members of the Supervisory and Management Board as at 30 June 2017

Name and Surname	Position	No. of shares	Share of equity
Supervisory board		88	0.0042%
Internal members		0	0.0000%
1. Zoran Gračner	Supervisory Board Member	0	0.0000%
2. Alen Mihelčič	Supervisory Board Member	0	0.0000%
3. Robert Ravnikar	Supervisory Board Member	0	0.0000%
External members		88	0.0042%
1. Nada Drobne Popović	Supervisory Board President	1	0.0000%
2. Sašo Berger	Supervisory Board Vice-president	0	0.0000%
3. Igo Gruden	Supervisory Board Member	0	0.0000%
4. Sergej Goriup	Supervisory Board Member	5	0.0002%
5. Metod Podkrižnik	Supervisory Board Member	82	0.0039%
6. Mladen Kaliterna	Supervisory Board Member	0	0.0000%
Management Board		220	0.0105%
1. Tomaž Berločnik	Management Board President	0	0.0000%
2. Igor Stebernak	Management Board Member	0	0.0000%
3. Rok Vodnik	Management Board Member	220	0.0105%
4. Ika Krevzel Panič	Management Board Member/Worker Director	0	0.0000%

Contingent increase in share capital

In the period up to 30 June 2017, the General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions regarding the contingent increase in share capital.

Dividends

In accordance with a resolution of the 27th General Meeting held on 10 April 2017, Petrol d.d., Ljubljana paid 2016 gross dividends of EUR 14.00 per share in August 2017. The gross dividend per share for 2015, which was paid in 2016, stood at EUR 12.60.

Own shares

Petrol d.d., Ljubljana did not repurchase its own shares in the first six months of 2017. As at 30 June 2017, the Company held 24,703 own shares, representing 1.2 percent of its registered share capital. Their total cost equalled EUR 2.6 million as at 30 June 2017 and was EUR 6.7 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.

In accordance with a resolution of the 27th General Meeting held on 10 April 2017, the Company's Management Board is authorised to acquire own shares within 36 months of the adoption of the resolution. Under this authorisation, a maximum of 208,630 own shares may be acquired, but the total percentage of the shares acquired based on this authorisation may not exceed, together with other own shares already held by the Company (24,703 own shares), 10 percent of the Company's share capital (208,630 shares). The shareholder H12 d.d. announced at the General Meeting that it intends to contest this resolution, bringing a lawsuit for its annulment in May 2017. In June 2017, Petrol filed a response to the lawsuit, but the main hearing in the present case is yet to be scheduled.

Regular participation at investors' conferences and external communication

Petrol d.d., Ljubljana has set up a programme of regular cooperation with domestic and foreign investors, which consists of public announcements, individual meetings and presentations, and public presentations. The Company regularly attends investors' conferences that are organised each year by stock exchanges, banks and brokerage companies. In the first six months of 2017, several individual meetings were held with investors and analysts. In March we took part in investor roadshows in Vienna, Tallinn and Stockholm organised by the investment firm Wood & Company exclusively for Petrol. This was followed by Fima-organised roadshows in the United States and by a London roadshow organised by InterCapital and Goldman Sachs at the end of March.

In May, we attended a joint investors' conference in Zagreb, which was organised by Ljubljana and Zagreb Stock Exchanges. In June, we participated in a Ljubljana Stock Exchange webcast.

Supervisory Board of Petrol d.d., Ljubljana

The Workers' Council of Petrol d.d., Ljubljana elected Zoran Gračner, Alen Mihelčič and Robert Ravnihar as Supervisory Board members representing employees for a four-year term of office beginning on 22 February 2017.

At the 27th General Meeting of Petrol d.d., Ljubljana held on 10 April 2017, the following Supervisory Board members, shareholder representatives, were appointed: Sašo Berger, Nada Drobne Popović, Igo Gruden, Sergej Goriup, Metod Podkrižnik, their term of office beginning on 11 April 2017, and Mladen Kaliterna, whose new four-year term of office shall begin on 16 July 2017.

At the Supervisory Board meeting of 20 April 2017, Nada Drobne Popović was elected as Supervisory Board president and Sašo Berger as her deputy.

General Meeting resolutions

At the 27th General Meeting of Petrol d.d., Ljubljana held on 10 April 2017, the following resolutions were adopted:

- Accumulated profit of EUR 28,862,372.00 as at 31 December 2016 shall be used as follows:
 - EUR 28,862,372.00 shall be used to pay gross dividends of EUR 14.00 per share (own shares excluded). The dividends are to be paid out of the 2016 net profit and other revenue reserves for 2006. The Company shall pay the dividends on 11 August 2017 to shareholders registered with KDD – the Central Securities Clearing Corporation on 10 August 2017, as laid down in a Management Board decision.
- The Company's Management Board shall be granted discharge from liability for the year 2016.
- The Company's Supervisory Board shall be granted discharge from liability for the year 2016.
- The audit firm ERNST & YOUNG Revizija, poslovno svetovanje, d.o.o., Ljubljana shall be appointed auditor for the year 2017.
- Appointment of Petrol d.d., Ljubljana Supervisory Board members:
 - Sašo Berger shall be appointed as the first Supervisory Board member (shareholder representative) for a four-year term of office beginning on 11 April 2017.
 - Nada Drobne Popović shall be appointed as the second Supervisory Board member (shareholder representative) for a four-year term of office beginning on 11 April 2017.
 - Igo Gruden shall be appointed as the third Supervisory Board member (shareholder representative) for a four-year term of office beginning on 11 April 2017.
 - Sergej Goriup shall be appointed as the fourth Supervisory Board member (shareholder representative) for a four-year term of office beginning on 11 April 2017.
 - Metod Podkrižnik shall be appointed as the fifth Supervisory Board member (shareholder representative) for a four-year term of office beginning on 11 April 2017.
 - Mladen Kaliterna shall be appointed as the sixth Supervisory Board member (shareholder representative) for a four-year term of office beginning on 16 July 2017.
- The Company's Articles of Association: Changes to point 09.03 and to the first paragraph of point 09.10 of the Company's Articles of Association – in chapter IV. Company Bodies,

09.00 Management Board, point 09.03 and the first paragraph of point 09.10 shall be changed:

- Point 09.03 shall read as follows: "As a member of the Management Board, the Worker Director shall participate in decision-making only in connection with issues relating to the formulation of personnel and social policy."
 - The first paragraph of point 09.10 shall read as follows: "The President of the Management Board and any other member of the Management Board other than the Worker Director shall represent the Company independently and individually. The Worker Director shall represent the Company together with another member or president of the Management Board."
- The General Meeting authorises the Company's Management Board to acquire own shares within 36 months of the adoption of this resolution. Under this authorisation, a maximum of 208,630 own shares may be acquired, but the total percentage of the shares acquired based on this authorisation may not exceed, together with other own shares already held by the Company (24,703 own shares), 10 percent of the Company's share capital (208,630 shares). The Company may acquire own shares via transactions concluded on a regulated securities market and at a market price applicable at the time. The Company may acquire own shares also outside the regulated securities market. When acquiring shares on a regulated or unregulated securities market, the purchase price may not be lower than 50% of the share's carrying amount calculated based on the most recent publicly available audited financial statements of the Petrol Group. Similarly, the purchase price of the shares may not exceed the 12-fold value of earnings per share (EPS) calculated based on the most recent publicly available audited financial statements of the Petrol Group. Subject to a prior approval from the Supervisory Board, the Company may dispose of the own shares acquired based on this authorisation by exchanging them for interests in other companies, in line with its takeover strategy. The shareholders' pre-emptive right is excluded when the own shares acquired by the Company under this authorisation are disposed of.

Credit rating

On 20 March 2017, Standard & Poor's Ratings Services affirmed Petrol d.d., Ljubljana's "BBB-" long-term credit rating, its "A-3" short-term credit rating and its "stable" credit rating outlook.

Events after the end of the accounting period

The company Petrol Plin d.o.o. was merged into the company Petrol d.o.o. on 3 July 2017.

In accordance with the adopted Petrol d.d., Ljubljana business strategy, Petrol d.d., Ljubljana, Zavarovalnica Triglav d.d. and its subsidiary Salnal d.o.o., and the Republic of Slovenia, which is represented by Slovene Sovereign Holding, as laid down in the Slovene Sovereign Holding Act (ZSDH-1), signed a contract on 26 July 2017 on the sale and purchase of business interests in the companies Geoplin d.o.o. Ljubljana and Plinhold d.o.o., based on which Petrol d.d., Ljubljana will buy the interests of Salnal d.o.o. in the company Geoplin d.o.o. Ljubljana, whereas the Republic of Slovenia will buy the interest of Salnal d.o.o. in the company Plinhold d.o.o. The transaction will be completed once suspensive conditions are fulfilled and is worth EUR 14.5 million in total.

FINANCIAL REPORT

Financial performance of the Petrol Group and the company Petrol d.d., Ljubljana

Statement of profit and loss of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		1-6 2017	1-6 2016	1-6 2017	1-6 2016
Sales revenue		2,152,890,437	1,707,393,803	1,786,750,923	1,395,502,658
- of which excise duty		527,099,161	507,070,827	372,331,577	359,977,782
Cost of goods sold		(1,962,477,572)	(1,533,318,551)	(1,646,762,075)	(1,269,684,022)
Costs of materials	3	(15,379,708)	(14,540,335)	(8,470,414)	(8,039,611)
Costs of services	4	(64,135,067)	(59,777,650)	(51,752,762)	(48,988,954)
Labour costs	5	(35,868,625)	(33,599,526)	(24,574,553)	(23,088,895)
Depreciation and amortisation	6	(24,146,005)	(22,268,870)	(15,893,796)	(15,321,372)
Other costs	7	(4,243,183)	(1,909,888)	(2,257,435)	(930,221)
Operating costs		(143,772,588)	(132,096,269)	(102,948,959)	(96,369,052)
Other revenue	2	2,461,311	2,318,417	1,837,792	1,797,595
Other expenses		(214,005)	(144,304)	(10,290)	(46,255)
Operating profit		48,887,583	44,153,096	38,867,390	31,200,924
Share of profit or loss of equity accounted investees		499,542	2,797,299	-	-
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities		-	-	951,047	669,980
Other finance income	8	20,085,756	23,002,265	16,587,023	19,643,346
Other finance expenses	8	(28,984,300)	(30,264,926)	(24,023,859)	(26,871,085)
Net finance expense		(8,898,544)	(7,262,661)	(7,436,836)	(7,227,740)
Profit before income tax		40,488,581	39,687,734	32,381,601	24,643,164
Income tax expense		(3,460,806)	(5,790,736)	(3,035,822)	(1,914,837)
Deferred income tax		(2,992,908)	(1,861,887)	(2,990,623)	(1,943,479)
Income tax		(6,453,714)	(7,652,623)	(6,026,445)	(3,858,316)
Net profit for the period		34,034,867	32,035,111	26,355,156	20,784,849
Net profit for the period attributable to:					
Owners of the controlling company		33,869,618	31,884,391	26,355,156	20,784,849
Non-controlling interest		165,249	150,720	-	-
Basic and diluted earnings per share	9	16.51	15.54	12.78	10.08

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)	The Petrol Group		Petrol d.d.	
	1-6 2017	1-6 2016	1-6 2017	1-6 2016
Net profit for the period	34,034,867	32,035,111	26,355,156	20,784,849
Change due to merger by absorption	-	-	0	2,318,999
Effective portion of changes in the fair value of cash flow variability hedging	163,016	112,777	(53,743)	0
Change in deferred taxes	(28,805)	(36,274)	10,211	0
Foreign exchange differences	3,647,071	1,414,989	-	-
Other comprehensive income to be recognised in the statement of profit or loss in the future	3,781,282	1,491,492	(43,532)	2,318,999
Attribution of changes in the equity of associates	0	(23,647)	0	-
Total other comprehensive income to be recognised in the statement of profit or loss in the future	3,781,282	1,467,845	(43,532)	2,318,999
Other comprehensive income not to be recognised in the statement of profit or loss in the future	0	0	0	0
Attribution of changes in the equity of associates	0	0	0	0
recognised in the statement of profit or loss in the future	0	0	0	0
Total other comprehensive income after tax	3,781,282	1,467,845	(43,532)	2,318,999
Total comprehensive income for the period	37,816,149	33,502,956	26,311,624	23,103,848
Total comprehensive income attributable to:				
Owners of the controlling company	37,625,071	33,386,349	26,311,624	23,103,848
Non-controlling interest	191,078	116,607	-	-

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

		The Petrol Group		Petrol d.d.	
(in EUR)	Note	30 June 2017	31 December 2016	30 June 2017	31 December 2016
ASSETS					
Non-current (long-term) assets					
Intangible assets	10	183,559,565	181,192,672	150,675,934	147,995,289
Property, plant and equipment	11	606,858,327	605,937,761	302,493,861	306,804,517
Investment property		18,278,308	18,231,523	17,454,776	17,375,331
Investments in subsidiaries	12	0	0	292,281,344	290,581,344
Investments in jointly controlled entities	13	1,653,718	1,652,682	1,196,000	1,196,000
Investments in associates	14	129,294,295	129,686,241	52,852,540	52,852,540
Financial assets available for sale	15	2,631,632	2,598,071	2,552,588	2,519,028
Financial receivables		989,851	1,079,152	29,359,029	27,421,814
Operating receivables		1,812,810	650,916	1,803,463	643,851
Deferred tax assets		8,917,810	11,921,930	8,454,867	11,435,278
		953,996,316	952,950,948	859,124,401	858,824,991
Current assets					
Inventories	16	118,460,728	116,217,171	99,510,335	95,494,787
Financial receivables	17	6,019,213	6,922,594	20,452,497	18,452,346
Operating receivables	18	322,517,985	382,532,113	250,711,382	317,169,921
Corporate income tax assets		280,017	30,672	0	0
Financial assets at fair value through profit or loss	19	342,100	1,836,062	342,100	1,787,039
Prepayments and other assets	20	25,023,797	15,314,407	22,071,645	11,170,970
Cash and cash equivalents		41,563,645	26,987,969	17,437,065	12,657,723
		514,207,485	549,840,988	410,525,025	456,732,786
Total assets		1,468,203,801	1,502,791,936	1,269,649,426	1,315,557,777
EQUITY AND LIABILITIES					
Equity attributable to owners of the controlling company					
Called-up capital		52,240,977	52,240,977	52,240,977	52,240,977
Capital surplus		80,991,385	80,991,385	80,991,385	80,991,385
Legal reserves		61,987,955	61,987,955	61,749,884	61,749,884
Reserves for own shares		2,604,670	2,604,670	2,604,670	2,604,670
Own shares		(2,604,670)	(2,604,670)	(2,604,670)	(2,604,670)
Other revenue reserves		184,850,223	191,876,506	184,530,553	191,556,836
Fair value reserve		(585,653)	(585,653)	39,295,125	39,295,125
Hedging reserve		176,120	41,909	(43,532)	0
Foreign exchange differences		(6,674,339)	(10,295,581)	0	0
Retained earnings		232,425,837	220,392,308	26,355,156	21,836,089
		605,412,505	596,649,806	445,119,548	447,670,296
Non-controlling interest		(796,797)	(980,113)	0	0
Total equity		604,615,708	595,669,693	445,119,548	447,670,296
Non-current liabilities					
Provisions for employee benefits		6,449,873	6,445,205	5,524,172	5,524,172
Other provisions		3,527,117	4,318,975	3,488,077	3,488,077
Long-term deferred revenue		4,539,608	4,555,934	3,894,670	4,507,751
Financial liabilities	21	377,556,356	304,928,488	327,595,943	251,865,143
Operating liabilities		1,309,363	1,342,063	890,682	923,382
Deferred tax liabilities		4,283,500	4,168,551	0	0
		397,665,817	325,759,216	341,393,544	266,308,525
Current liabilities					
Financial liabilities	21	32,974,498	102,485,363	122,082,745	188,137,221
Operating liabilities	22	407,044,225	456,216,385	344,620,860	401,409,201
Corporate income tax liabilities		76,540	6,595,599	482,031	1,093,931
Other liabilities	23	25,827,013	16,065,680	15,950,697	10,938,604
		465,922,276	581,363,027	483,136,334	601,578,956
Total liabilities		863,588,093	907,122,243	824,529,878	867,887,481
Total equity and liabilities		1,468,203,801	1,502,791,936	1,269,649,426	1,315,557,777

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				Fair value reserve	Hedging reserve	Foreign exchange differences	Retained earnings	Equity attributable to owners of the controlling company	Non-controlling interest	Total
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves							
As at 1 January 2016	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	180,794,332 (10,938,900)	206,914	(743,764)	(10,812,747)	184,604,590 (15,037,235)	549,269,642 (25,976,135)	(1,878,984)	547,390,658 (25,976,135)
Dividend payments for 2015											0	425,102	425,102
Increase/(decrease) in non-controlling interest													
Transactions with owners	0	0	0	0	0	(10,938,900)	0	0	0	(15,037,235)	(25,976,135)	425,102	(25,551,033)
Net profit for the period										31,884,391	31,884,391	150,720	32,035,111
Other changes in other comprehensive income							(23,647)	76,503	1,449,102		1,501,958	(34,113)	1,467,845
Total changes in total comprehensive income	0	0	0	0	0	0	(23,647)	76,503	1,449,102	31,884,391	33,386,349	116,607	33,502,956
As at 30 June 2016	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	169,855,432	183,267	(667,261)	(9,363,645)	201,451,746	556,679,856	(1,337,275)	555,342,581
As at 1 January 2017	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	191,876,506 (7,026,283)	(585,653)	41,909	(10,295,581)	220,392,308 (21,836,089)	596,649,806 (28,862,372)	(980,113)	595,669,693 (28,862,372)
Dividend payments for 2016											0	(7,762)	(7,762)
Increase/(decrease) in non-controlling interest													
Transactions with owners	0	0	0	0	0	(7,026,283)	0	0	0	(21,836,089)	(28,862,372)	(7,762)	(28,870,134)
Net profit for the period										33,869,618	33,869,618	165,249	34,034,867
Other changes in other comprehensive income								134,211	3,621,242		3,755,453	25,829	3,781,282
Total changes in total comprehensive income	0	0	0	0	0	0	0	134,211	3,621,242	33,869,618	37,625,071	191,078	37,816,149
As at 30 June 2017	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	184,850,223	(585,653)	176,120	(6,674,339)	232,425,837	605,412,505	(796,797)	604,615,708

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

(in EUR)	Called-up capital	Capital surplus	Revenue reserves				Fair value reserve	Hedging reserve	Retained earnings	Total
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves				
As at 1 January 2016	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	177,892,472	40,187,257	0	15,037,235	428,099,211
Dividend payments for 2015						(10,938,899)			(15,037,235)	(25,976,134)
Transactions with owners	0	0	0	0	0	(10,938,899)	0	0	(15,037,235)	(25,976,134)
Net profit for the period									20,784,849	20,784,849
Other changes in comprehensive income						2,318,999				2,318,999
Total changes in total comprehensive income	0	0	0	0	0	2,318,999	0	0	20,784,849	23,103,848
As at 30 June 2016	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	169,272,572	40,187,257	0	20,784,849	425,226,924
As at 1 January 2017	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	191,556,836	39,295,125	0	21,836,089	447,670,296
Dividend payments for 2016						(7,026,283)		0	(21,836,089)	(28,862,372)
Transfer of a portion of 2014 net profit	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	184,530,553	39,295,125	0	0	418,807,924
Net profit for the period									26,355,156	26,355,156
Other changes in other comprehensive income								(43,532)		(43,532)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(43,532)	26,355,156	26,311,624
As at 30 June 2017	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	184,530,553	39,295,125	(43,532)	26,355,156	445,119,548

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

Cash flow statement of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)		The Petrol Group		Petrol d.d.	
	Note	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Cash flows from operating activities					
Net profit		34,034,867	32,035,111	26,355,156	20,784,849
Adjustment for:					
Corporate income tax		6,453,714	7,652,623	6,026,445	3,858,316
Depreciation of property, plant and equipment and of investment property	6	20,523,532	19,035,989	12,792,636	12,617,755
Amortisation of intangible assets	6	3,622,473	3,232,881	3,101,159	2,703,617
(Gain)/loss on disposal of property, plant and equipment	2, 7	19,682	(393,094)	(105,569)	(305,229)
Impairment, write-down/(reversed impairment) of assets		1,595,405	68,332	800,000	68,332
Revenue from assets under management		(32,700)	(32,700)	(32,700)	(32,700)
Net (decrease in)/creation of provisions for long-term employee benefits		0	474,604	0	500,000
Net (decrease in)/creation of other provisions and long-term deferred revenue		(808,492)	(734,324)	(613,081)	(714,309)
Net goods surpluses		(208,084)	163,562	(410,685)	797
Net (decrease in)/creation of allowance for receivables	8	3,161,647	950,667	1,372,180	856,450
Net finance (income)/expense	8	5,619,088	7,683,813	5,337,570	7,463,216
Impairment of goodwill	8	489,872	0	0	0
Share of profit of jointly controlled entities		(151,036)	(35,059)	-	-
Share of profit of associates		(348,506)	(2,762,240)	-	-
Finance income from dividends received from subsidiaries		-	-	(60,595)	0
Finance income from dividends received from joint controlled entities		-	-	(150,000)	(150,000)
Finance income from dividends received from associates		-	-	(740,452)	(519,980)
Cash flow from operating activities before the changes in working capital		73,971,462	67,340,165	53,672,064	47,131,114
Net (decrease in)/creation of other liabilities	23	8,888,185	1,513,586	4,212,093	1,556,658
Net decrease in/(creation of) other assets	20	(2,848,814)	(2,771,242)	(4,860,641)	(4,887,611)
Change in inventories	16	(1,728,177)	(32,483,323)	(3,604,863)	(29,700,967)
Change in operating and other receivables	18	54,277,224	42,207,540	61,347,230	18,524,208
Change in operating and other liabilities	22	(77,220,097)	18,088,936	(84,451,435)	30,492,431
Cash generated from operating activities		55,339,783	93,895,662	26,314,448	63,115,833
Interest paid	8	(9,333,046)	(12,308,147)	(9,358,888)	(11,640,749)
Taxes paid		(10,718,640)	(3,094,905)	(3,616,427)	(2,201,845)
Net cash from (used in) operating activities		35,288,097	78,492,610	13,339,133	49,273,239
Cash flows from investing activities					
Payments for investments in subsidiaries	12	(411,106)	(3,618)	(1,700,000)	(2,213,568)
Receipts from investments in subsidiaries	12	50,000	0	0	0
Payments for investments in associates	14	0	(2,500)	0	0
Receipts from investments in associates	14	0	2,850,000	0	2,850,000
Receipts from intangible assets	10	29,208	61,082	0	0
Payments for intangible assets	10	(5,797,956)	(747,607)	(5,781,804)	(677,836)
Receipts from property, plant and equipment	11	1,127,056	3,744,340	726,475	3,424,865
Payments for property, plant and equipment	11	(23,092,612)	(30,167,366)	(11,779,171)	(16,772,100)
Receipts from financial assets available for sale	15	3,648	77,646	3,648	77,646
Payments for financial assets available for sale	15	(36,464)	(1,163,555)	(36,464)	(1,163,555)
Receipts from loans granted	17	1,417,010	6,606,457	10,847,205	7,388,917
Payments for loans granted	17	(187,669)	(4,224,910)	(14,606,711)	(17,349,671)
Interest received	8	1,644,927	1,500,322	1,552,867	1,372,989
Dividends received from subsidiaries		-	-	60,595	0
Dividends received from jointly controlled entities		150,000	150,000	150,000	150,000
Dividends received from associates		740,452	519,980	740,452	519,980
Net cash from (used in) investing activities		(24,363,506)	(20,799,729)	(19,822,908)	(22,392,333)
Cash flows from financing activities					
Proceeds from bonds issued	21	43,828,000	476,259	43,828,000	476,259
Payments for bonds issued	21	(8,508,000)	(19,432,000)	(8,508,000)	(19,432,000)
Proceeds from borrowings	21	529,426,615	301,242,531	655,027,481	415,913,749
Repayment of borrowings	21	(561,261,465)	(344,201,098)	(679,051,089)	(432,106,361)
Dividends paid to shareholders		(33,276)	(13,935)	(33,276)	(13,935)
Net cash from (used in) financing activities		3,451,874	(61,928,243)	11,263,117	(35,162,288)
Increase/(decrease) in cash and cash equivalents		14,376,465	(4,235,362)	4,779,342	(8,281,382)
Changes in cash and cash equivalents					
At the beginning of the year		26,987,969	34,350,350	12,657,723	26,994,577
Foreign exchange differences		176,460	11,964	-	-
Cash acquired through mergers by absorption		-	-	0	797,606
Cash acquired through acquisition of companies		22,751	637	-	-
Increase/(decrease)		14,376,465	(4,235,362)	4,779,342	(8,281,382)
At the end of the period		41,563,645	30,127,589	17,437,065	19,510,801

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

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 period ended 30 June 2017 and separate financial statements of the company Petrol d.d., Ljubljana for the period ended 30 June 2017. 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 the chapter Organisational structure of the Petrol Group.

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 16 August 2017.

The financial statements of Petrol d.d., Ljubljana and consolidated financial statements of the Petrol Group have been prepared in accordance with IAS 34 – Interim financial reporting and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

The financial statements for the period from January – June 2017 are prepared based on the same accounting policies used for the preparation of financial statements for the year ended 31 December 2016.

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,
- financial assets available for sale.

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

The preparation of the financial statements requires management to make estimates and judgements based on the assumptions used and reviewed 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 judgments 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 a 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,
- assets impairment testing,
- estimating of the fair value of assets,
- estimating of the influence in jointly controlled entities,
- estimate of provisions for litigation,
- estimate of provisions for employee post-employment and other long-term benefits,
- assessing the possibility of using deferred tax assets.

Notes to individual items in the financial statements

1. Segment reporting

In view of the fact that the financial report consists of the financial statements and accompanying notes of both the Group and the Company, only the Group's operating segments are 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 management to make decisions about resources to be allocated to a segment and assess the Group's performance.

The management monitors 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 thus uses the following segments in the preparation and presentation of the financial statements:

- sales,
- energy and environmental systems.

Sales consist of:

- retail and wholesale of oil and petroleum products,
- retail and wholesale of merchandise,
- sales of liquefied petroleum gas (LPG),
- sales of natural gas,
- sales of electricity,
- trading with electricity and natural gas.

Energy and environmental systems consist of:

- distribution of natural gas,
- other services (energy solutions, environmental solutions, biomass production, district heating, generation of electricity).

The Group's operating segments in the period 1-6 2016:

(in EUR)	Sales	Energy and Environmental Systems	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	1,864,319,452	30,006,700	1,894,326,152	
Revenue from subsidiaries	(185,981,770)	(950,579)	(186,932,349)	
Sales revenue	1,678,337,682	29,056,121	1,707,393,803	1,707,393,803
Net profit for the year	27,655,682	4,379,429	32,035,111	32,035,111
Interest income*	1,311,069	379,657	1,690,726	1,690,726
Interest expense*	(7,402,815)	(2,143,693)	(9,546,508)	(9,546,508)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(16,691,147)	(5,577,723)	(22,268,870)	(22,268,870)
Share of profit or loss of equity accounted investees	1,282,261	1,515,037	2,797,299	2,797,299
Total assets	1,242,510,958	227,153,409	1,469,664,367	1,469,664,367
Equity accounted investees	119,961,827	49,689,846	169,651,672	169,651,672
Property, plant and equipment, intangible assets and investment property	637,274,637	169,589,271	806,863,908	806,863,908
Other assets	485,274,494	7,874,293	493,148,787	493,148,787
Current and non-current operating and financial liabilities	738,961,762	135,095,536	874,057,298	874,057,298

*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 the period 1-6 2017:

(in EUR)	Sales	Energy and Environmental Systems	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	2,337,238,522	34,388,867	2,371,627,389	
Revenue from subsidiaries	(217,807,608)	(929,344)	(218,736,952)	
Sales revenue	2,119,430,915	33,459,522	2,152,890,437	2,152,890,437
Net profit for the year	29,162,190	4,872,677	34,034,867	34,034,867
Interest income*	1,229,007	396,012	1,625,019	1,625,019
Interest expense*	(6,985,089)	(2,250,741)	(9,235,830)	(9,235,830)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(17,404,823)	(6,741,182)	(24,146,005)	(24,146,005)
Share of profit or loss of equity accounted investees	0	499,542	499,542	499,542
Total assets	1,231,294,725	236,909,076	1,468,203,801	1,468,203,801
Equity accounted investees	82,254,882	48,693,131	130,948,013	130,948,013
Property, plant and equipment, intangible assets and investment property	628,401,209	180,294,991	808,696,200	808,696,200
Other assets	520,638,634	7,920,954	528,559,588	528,559,588
Current and non-current operating and financial liabilities	686,749,410	132,135,032	818,884,442	818,884,442

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

2. Other revenue

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2017	1-6 2016	1-6 2017	1-6 2016
Utilisation of environmental provisions	627,515	664,182	624,911	660,629
Compensation, litigation proceeds and contractual penalties received	529,529	258,567	507,260	223,400
Gain on disposal of fixed assets	465,070	509,398	296,105	370,423
Compensation received from insurance companies	32,764	106,740	14,137	11,338
Other revenue	806,433	779,530	395,379	531,805
Total other revenue	2,461,311	2,318,417	1,837,792	1,797,595

3. Costs of material

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2017	1-6 2016	1-6 2017	1-6 2016
Costs of energy	10,622,459	10,107,443	5,156,989	4,626,612
Costs of consumables	4,346,224	4,009,018	3,114,988	3,202,415
Write-off of small tools	135,066	140,864	21,668	26,945
Other costs of materials	275,959	283,010	176,769	183,639
Total costs of materials	15,379,708	14,540,335	8,470,414	8,039,611

4. Costs of services

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2017	1-6 2016	1-6 2017	1-6 2016
Costs of service station managers	16,103,329	15,566,015	16,103,329	15,566,015
Costs of transport services	14,141,734	13,476,326	12,134,440	11,590,701
Costs of fixed-asset maintenance services	6,601,973	5,770,657	4,698,606	4,327,269
Lease payments	5,211,583	4,634,907	2,046,052	1,843,300
Costs of payment transactions and bank services	3,548,924	3,115,923	2,605,567	2,351,367
Costs of professional services	3,412,051	3,187,957	3,196,662	3,032,696
Costs of fairs, advertising and entertainment	3,209,049	2,644,871	2,499,856	2,061,275
Contributions for operations at motorway service areas	2,513,115	2,543,282	1,927,852	1,932,551
Costs of insurance premiums	1,865,210	1,863,395	1,240,325	1,254,627
Costs of fire protection and physical and technical security	952,848	925,499	748,298	727,161
Fees for the building site use	892,108	827,160	814,733	750,305
Property management	881,834	775,086	865,593	792,897
Outsourcing costs	686,641	772,599	42,997	412,544
Costs of environmental protection services	646,545	678,829	338,110	382,221
Reimbursement of work-related costs to employees	565,623	460,819	321,636	246,853
Concession charges	509,280	495,435	329,954	321,550
Membership fees	187,984	175,225	127,209	112,354
Other costs of services	2,205,236	1,863,665	1,711,543	1,283,268
Total costs of services	64,135,067	59,777,650	51,752,762	48,988,954

5. Labour costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2017	1-6 2016	1-6 2017	1-6 2016
Salaries	25,395,218	23,737,203	17,129,633	16,085,926
Costs of pension insurance	2,542,789	2,009,930	1,994,584	1,561,200
Costs of other social insurance	2,559,860	2,395,637	1,447,184	1,278,126
Transport allowance	1,267,636	1,238,811	762,402	752,227
Meal allowance	1,017,345	1,033,181	739,440	710,475
Annual leave allowance	1,007,229	879,576	774,388	651,624
Supplementary pension insurance	505,875	478,605	461,066	435,722
Other allowances and reimbursements	1,572,673	1,826,583	1,265,856	1,613,595
Total labour costs	35,868,625	33,599,526	24,574,553	23,088,895

6. Depreciation and amortisation

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2017	1-6 2016	1-6 2017	1-6 2016
Amortisation of intangible assets	3,622,473	3,232,881	3,101,159	2,703,617
Depreciation of property, plant and equipment	19,974,315	18,474,791	12,264,928	12,078,387
Depreciation of investment property	549,217	561,198	527,709	539,368
Total depreciation and amortisation	24,146,005	22,268,870	15,893,796	15,321,372

7. Other costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2017	1-6 2016	1-6 2017	1-6 2016
Disposals/impairment of assets	2,080,157	116,304	990,536	65,194
Sponsorships and donations	1,074,672	766,712	1,028,685	705,069
Environmental charges and charges unrelated to operations	632,695	509,957	83,507	3,917
Other costs	455,659	516,915	154,707	156,040
Total other costs	4,243,183	1,909,888	2,257,435	930,221

8. Other financial income and expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2017	1-6 2016	1-6 2017	1-6 2016
Foreign exchange differences	8,802,039	8,032,692	5,623,282	5,594,013
Gain on derivatives	9,044,433	10,232,306	9,147,369	10,011,720
Interest income	1,625,019	1,690,726	1,731,615	1,395,499
Allowances for receivables reversed and bad debt recovered	605,377	365,095	12,066	41,928
Other finance income	8,888	2,681,446	72,691	2,600,186
Total other finance income	20,085,756	23,002,265	16,587,023	19,643,346
Foreign exchange differences	(5,185,246)	(5,653,941)	(2,785,755)	(3,760,091)
Loss on derivatives	(12,289,163)	(11,525,606)	(12,711,984)	(10,753,718)
Interest expense	(6,689,857)	(9,546,508)	(6,651,388)	(9,235,830)
Allowance for operating receivables	(3,767,024)	(1,315,762)	(1,384,245)	(898,377)
Impairment of goodwill	(489,872)	0	0	0
Other finance expenses	(563,138)	(2,223,109)	(490,487)	(2,223,069)
Total other finance expenses	(28,984,300)	(30,264,926)	(24,023,859)	(26,871,085)
Net finance expense	(8,898,544)	(7,262,661)	(7,436,836)	(7,227,740)

9. Earnings per share

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Net profit (in EUR)	34,034,867	32,035,111	26,355,156	20,784,849
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 period	24,703	24,703	24,703	24,703
Number of own shares at the end of the period	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)	16.51	15.54	12.78	10.08

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, so the basic and diluted earnings per share are identical.

10. 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 2016	17,558,277	100,766,397	106,364,856	2,784,983	227,474,513
New acquisitions as a result of control obtained	0	0	356,819	177,466	534,285
New acquisitions	0	7,364	0	740,243	747,607
Disposals/Impairments	(17,587)	(58,913)	0	(2,169)	(78,669)
Transfer from ongoing investments	679,863	490,362	0	(1,170,225)	0
Foreign exchange differences	249	117,304	196,019	921	314,493
As at 30 June 2016	18,220,802	101,322,514	106,917,694	2,531,219	228,992,229
Accumulated amortisation					
As at 1 January 2016	(10,013,651)	(33,065,916)	0	0	(43,079,567)
Amortisation	(1,210,288)	(2,022,593)	0	0	(3,232,881)
Disposals/Impairments	17,587	0	0	0	17,587
Foreign exchange differences	(649)	(29,772)	0	0	(30,421)
As at 30 June 2016	(11,207,001)	(35,118,281)	0	0	(46,325,282)
Net carrying amount as at 1 January 2016	7,544,626	67,700,481	106,364,856	2,784,983	184,394,946
Net carrying amount as at 30 June 2016	7,013,801	66,204,233	106,917,694	2,531,219	182,666,947

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2017	19,571,272	104,067,778	106,509,484	1,269,770	231,418,304
New acquisitions as a control obtained	0	821	341,919	0	342,740
New acquisitions	0	0	0	5,797,956	5,797,956
Disposals/Impairments	(114,756)	(40,024)	(489,872)	0	(644,652)
Transfer from ongoing investments	432,626	116,596	0	(549,222)	0
Foreign exchange differences	2,648	132,557	277,205	3,831	416,241
As at 30 June 2017	19,891,790	104,277,728	106,638,736	6,522,335	237,330,589
Accumulated amortisation					
As at 1 January 2017	(12,253,666)	(37,971,966)	0	0	(50,225,632)
New acquisitions as a control obtained	0	(509)	0	0	(509)
Amortisation	(1,664,909)	(1,957,564)	0	0	(3,622,473)
Disposals/Impairments	115,195	10,377	0	0	125,572
Foreign exchange differences	(2,235)	(45,747)	0	0	(47,982)
As at 30 June 2017	(13,805,615)	(39,965,409)	0	0	(53,771,024)
Net carrying amount as at 1 January 2017	7,317,606	66,095,812	106,509,484	1,269,770	181,192,672
Net carrying amount as at 30 June 2017	6,086,175	64,312,319	106,638,736	6,522,335	183,559,565

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2016	17,195,771	76,884,824	89,487,071	2,777,483	186,345,149
New acquisitions as a result of merger by absorption	4,638	0	0	0	4,638
New acquisitions	0	0	0	677,836	677,836
Disposals	(17,587)	0	0	0	(17,587)
Transfer from ongoing investments	639,133	478,946	0	(1,118,079)	0
As at 30 June 2016	17,821,955	77,363,770	89,487,071	2,337,240	187,010,036
Accumulated amortisation					
As at 1 January 2016	(9,738,942)	(26,514,722)	0	0	(36,253,664)
New acquisitions as a result of merger by absorption	(4,638)	0	0	0	(4,638)
Amortisation	(1,190,229)	(1,513,388)	0	0	(2,703,617)
Disposals	17,587	0	0	0	17,587
As at 30 June 2016	(10,916,222)	(28,028,110)	0	0	(38,944,332)
Net carrying amount as at 1 January 2016	7,456,829	50,370,102	89,487,071	2,777,483	150,091,485
Net carrying amount as at 30 June 2016	6,905,733	49,335,660	89,487,071	2,337,240	148,065,704

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2017	18,958,934	81,374,984	89,138,157	1,073,527	190,545,602
New acquisitions	0	0	0	5,781,804	5,781,804
Disposals/Impairments	(107,414)	0	0	0	(107,414)
Transfer from ongoing investments	429,091	94,771	0	(523,862)	0
As at 30 June 2017	19,280,611	81,469,755	89,138,157	6,331,469	196,219,992
Accumulated amortisation					
As at 1 January 2017	(11,952,028)	(30,598,285)	0	0	(42,550,313)
Amortisation	(1,614,101)	(1,487,058)	0	0	(3,101,159)
Disposals/Impairments	107,414	0	0	0	107,414
As at 30 June 2017	(13,458,715)	(32,085,343)	0	0	(45,544,058)
Net carrying amount as at 1 January 2017	7,006,906	50,776,699	89,138,157	1,073,527	147,995,289
Net carrying amount as at 30 June 2017	5,821,896	49,384,412	89,138,157	6,331,469	150,675,934

11. 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 2016	216,889,113	623,589,973	33,914,127	187,871,229	20,809,482	1,083,073,924
New acquisitions as a result of control obtained	0	0	0	0	278,485	278,485
New acquisitions	0	0	0	0	23,868,888	23,868,888
Disposals/Impairments	(789,849)	(2,870,261)	(38,707)	(3,072,939)	(215,599)	(6,987,355)
Transfer from ongoing investments	1,047,430	4,090,688	779,211	4,839,174	(10,756,503)	0
Transfer to investment property	0	(12,298,486)	0	0	0	(12,298,486)
Transfer from investment property	501,566	5,132,125	0	0	0	5,633,691
Foreign exchange differences	785,385	1,123,080	(1,299)	354,028	46,902	2,308,096
As at 30 June 2016	218,433,645	618,767,119	34,653,332	189,991,492	34,031,655	1,095,877,243
Accumulated depreciation						
As at 1 January 2016	0	(340,685,347)	(16,767,864)	(121,555,001)	0	(479,008,211)
Depreciation	0	(11,209,225)	(939,173)	(6,326,393)	0	(18,474,791)
Disposals/Impairments	0	1,169,582	38,707	2,471,777	0	3,680,066
Transfer to investment property	0	6,629,087	0	0	0	6,629,087
Transfer from investment property	0	(3,245,042)	0	0	0	(3,245,042)
Foreign exchange differences	0	(408,850)	1,193	(252,025)	0	(659,682)
As at 30 June 2016	0	(347,749,795)	(17,667,137)	(125,661,642)	0	(491,078,573)
Net carrying amount as at 1 January 2016	216,889,113	282,904,626	17,146,263	66,316,228	20,809,482	604,065,712
Net carrying amount as at 30 June 2016	218,433,645	271,017,324	16,986,195	64,329,850	34,031,655	604,798,669

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2017	210,223,392	630,442,717	35,094,760	189,822,550	42,083,400	1,107,666,819
New acquisitions as a result of control obtained	153,813	89,082	0	32,805	0	275,700
New acquisitions	0	0	0	0	19,363,824	19,363,824
Disposals/Impairments	(771,740)	(1,424,226)	(665,749)	(1,541,657)	(37,332)	(4,440,704)
Transfer from ongoing investments	1,461,161	8,584,836	926,191	33,220,497	(44,192,685)	0
Transfer to investment property	(392)	(2,089,568)	0	0	0	(2,089,960)
Transfer from investment property	400,194	1,240,859	0	0	0	1,641,053
Foreign exchange differences	1,380,356	2,517,601	159	805,002	422,594	5,125,712
As at 30 June 2017	212,846,784	639,361,301	35,355,361	222,339,197	17,639,801	1,127,542,444
Accumulated depreciation						
As at 1 January 2017	0	(358,316,182)	(18,582,112)	(124,830,764)	0	(501,729,058)
New acquisitions as a result of control obtained	0	(4,441)	0	(17,529)	0	(21,970)
Depreciation	0	(11,082,490)	(946,644)	(7,945,181)	0	(19,974,315)
Disposals/Impairments	0	441,226	658,388	1,418,629	0	2,518,243
Transfer to investment property	0	613,478	0	0	0	613,478
Transfer from investment property	0	(760,572)	0	0	0	(760,572)
Foreign exchange differences	0	(885,410)	(149)	(444,364)	0	(1,329,923)
As at 30 June 2017	0	(369,994,391)	(18,870,517)	(131,819,209)	0	(520,684,117)
Net carrying amount as at 1 January 2017	210,223,392	272,126,535	16,512,648	64,991,786	42,083,400	605,937,761
Net carrying amount as at 30 June 2017	212,846,784	269,366,910	16,484,844	90,519,988	17,639,801	606,858,327

Property, plant and equipment of Petrol d.d., Ljubljana

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2016	112,235,559	471,001,295	169,633,896	15,900,194	768,770,944
New acquisitions as a result of merger by absorption	0	4,962	1,620,366	27,437	1,652,765
New acquisitions	0	0	0	7,431,549	7,431,549
Disposals/Impairments	(312,051)	(624,355)	(2,448,524)	(215,599)	(3,600,529)
Transfer from ongoing investments	256,772	2,291,807	3,956,096	(6,504,675)	0
Transfer to investment property	0	(12,298,486)	0	0	(12,298,486)
Transfer from investment property	501,566	6,807,811	0	0	7,309,377
As at 30 June 2016	112,681,846	467,183,033	172,761,834	16,638,906	769,265,619
Accumulated depreciation					
As at 1 January 2016	0	(322,982,864)	(118,839,077)	0	(441,821,941)
New acquisitions as a result of merger by absorption	0	(1,376)	(1,257,051)	0	(1,258,427)
Depreciation	0	(7,383,581)	(4,694,806)	0	(12,078,387)
Disposals/Impairments	0	317,667	1,832,594	0	2,150,261
Transfer to investment property	0	6,690,049	0	0	6,690,049
Transfer from investment property	0	(4,330,960)	0	0	(4,330,960)
As at 30 June 2016	0	(327,691,065)	(122,958,340)	0	(450,649,405)
Net carrying amount as at 1 January 2016	112,235,559	148,018,431	50,794,819	15,900,194	326,949,002
Net carrying amount as at 30 June 2016	112,681,846	139,491,968	49,803,494	16,638,906	318,616,214

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2017	106,043,536	476,160,386	171,338,303	9,594,422	763,136,647
New acquisitions	0	0	0	9,182,333	9,182,333
Disposals/Impairments	(503,910)	(424,576)	(1,154,291)	(37,332)	(2,120,109)
Transfer from ongoing investments	858,719	6,731,041	3,935,034	(11,524,794)	0
Transfer to investment property	(392)	(2,089,568)	0	0	(2,089,960)
Transfer from investment property	400,194	1,221,607	0	0	1,621,801
As at 30 June 2017	106,798,147	481,598,890	174,119,046	7,214,629	769,730,712
Accumulated depreciation					
As at 1 January 2017	0	(334,960,876)	(121,371,254)	0	(456,332,130)
Depreciation	0	(7,375,864)	(4,889,064)	0	(12,264,928)
Disposals/Impairments	0	388,341	1,110,859	0	1,499,200
Transfer to investment property	0	613,478	0	0	613,478
Transfer from investment property	0	(752,471)	0	0	(752,471)
As at 30 June 2017	0	(342,087,392)	(125,149,459)	0	(467,236,851)
Net carrying amount as at 1 January 2017	106,043,536	141,199,510	49,967,049	9,594,422	306,804,517
Net carrying amount as at 30 June 2017	106,798,147	139,511,498	48,969,587	7,214,629	302,493,861

12. Investment in subsidiaries

Investments in subsidiaries are eliminated from the Group's financial statements during consolidation.

(in EUR)	Petrol d.d.	
	30 June 2017	30 June 2016
As at 1 January	290,581,344	286,097,454
New acquisitions	1,700,000	2,213,567
Merger by absorption	0	(755,579)
As at 30 June	292,281,344	287,555,443

13. Investments in jointly controlled entities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
As at 1 January	1,652,682	50,451,020	1,196,000	2,512,140
Attributed profit/loss	151,036	35,059	0	0
Dividends received	(150,000)	(150,000)	0	0
As at 30 June	1,653,718	50,336,079	1,196,000	2,512,140

14. Investments in associates

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
As at 1 January	129,686,241	117,494,379	52,852,540	53,206,341
Attributed profit/loss	348,506	2,762,240	0	0
Dividends received	(740,452)	(519,980)	0	0
New acquisitions	0	2,500	0	0
Disposals	0	(399,899)	0	(353,802)
Attributed changes in the equity of associates	0	(23,647)	0	0
As at 30 June	129,294,295	119,315,593	52,852,540	52,852,540

15. Financial assets available for sale

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
As at 1 January	2,598,071	1,764,945	2,519,028	1,685,902
New acquisitions	36,463	1,163,555	36,463	1,163,555
Disposals	(2,903)	(77,512)	(2,903)	(77,512)
Balance as at 30 June	2,631,632	2,850,989	2,552,588	2,771,945

16. Inventories

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Spare parts and materials inventories	2,448,858	2,377,970	1,923,898	1,690,395
Merchandise:	116,011,870	113,839,201	97,586,437	93,804,392
- fuel	80,107,727	79,838,753	67,753,253	65,896,850
- other petroleum products	4,908,354	4,787,441	4,164,240	4,106,104
- other merchandise	30,995,789	29,213,007	25,668,944	23,801,438
Total inventories	118,460,728	116,217,171	99,510,335	95,494,787

17. Current financial receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Loans granted	10,803,536	11,886,653	24,400,933	22,607,878
Adjustment for loans granted	(5,498,201)	(5,469,993)	(4,462,096)	(4,480,523)
Bank deposits (3 months to 1 year)	180,863	260,192	0	0
Interest receivables	1,159,103	1,009,532	4,020,465	3,702,422
Allowance for interest receivables	(1,004,756)	(858,505)	(3,617,654)	(3,472,146)
Finance lease receivables	110,849	94,715	110,849	94,715
Bank receivables arising from interest rate swaps	267,819	0	0	0
Total current financial receivables	6,019,213	6,922,594	20,452,497	18,452,346

18. Current operating receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Trade receivables	369,720,326	426,258,672	276,159,947	341,939,337
Allowance for trade receivables	(52,968,649)	(50,680,784)	(29,166,832)	(28,464,056)
Operating receivables from state and other institutions	2,607,429	4,278,940	350,533	353,131
Operating interest receivables	4,536,726	4,328,195	5,630,272	5,423,304
Allowance for interest receivables	(2,676,828)	(2,445,571)	(2,512,036)	(2,310,446)
Receivables from insurance companies (loss events)	262,474	230,802	192,893	171,681
Other operating receivables	1,420,872	946,224	56,605	56,970
Allowance for other receivables	(384,365)	(384,365)	0	0
Total current operating receivables	322,517,985	382,532,113	250,711,382	317,169,921

19. Financial assets at fair value through profit or loss

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Assets arising from commodity swaps	341,886	1,110,122	341,886	1,110,122
Assets arising from forward contracts	214	676,917	214	676,917
Other assets	0	49,023	0	0
Total financial assets at fair value through profit or loss	342,100	1,836,062	342,100	1,787,039

20. Prepayments and other assets

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Prepayments	17,795,868	10,950,578	14,809,561	8,769,527
Prepaid subscriptions, specialised literature, etc.	2,316,229	1,478,962	1,324,398	918,964
Uninvoiced services and goods	1,036,797	636,935	3,152,478	609,507
Prepaid insurance premiums	961,166	756,607	807,894	527,592
Other deferred costs and accrued revenue	2,913,737	1,491,325	1,977,314	345,380
Total prepayments and other assets	25,023,797	15,314,407	22,071,645	11,170,970

21. Financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Current financial liabilities				
Bonds issued	29,921,444	33,013,863	29,921,444	33,013,863
Liabilities to banks arising from forward contracts	785,485	24,432	785,485	24,432
Liabilities arising from commodity swaps	367,234	94,738	367,234	94,738
Bank loans	74,332	58,855,967	73,987	55,012,640
Liabilities to banks arising from interest rate swaps	53,743	0	53,743	0
Other liabilities from financial instruments	0	0	2,568,846	2,568,846
Other loans and financial liabilities	1,772,260	10,496,363	88,312,006	97,422,702
	32,974,498	102,485,363	122,082,745	188,137,221
Non-current financial liabilities				
Bonds issued	277,671,609	241,915,076	277,671,609	241,915,076
Bank loans	99,884,747	63,013,412	49,924,334	9,950,067
	377,556,356	304,928,488	327,595,943	251,865,143
Total financial liabilities	410,530,854	407,413,851	449,678,688	440,002,364

22. Current operating liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Trade liabilities	269,437,706	349,231,923	227,061,585	313,844,825
Excise duty liabilities	67,059,496	64,588,054	58,705,661	57,143,816
Liabilities associated with the allocation of profit or loss	29,504,812	667,711	29,504,812	667,711
Value added tax liabilities	15,976,552	16,569,741	9,793,038	9,877,291
Environment pollution charge liabilities	9,232,775	10,706,855	9,996,454	10,575,247
Liabilities to employees	7,025,658	7,002,140	5,340,995	5,610,535
Import duty liabilities	2,773,495	1,956,618	6,827	7,764
Liabilities arising from prepayments and collaterals	2,488,232	2,431,640	1,809,180	1,456,672
Other liabilities to the state and other state institutions	1,368,820	1,041,033	199,764	199,060
Social security contribution liabilities	657,566	563,350	488,007	470,652
Other liabilities	1,519,113	1,457,320	1,714,537	1,555,628
Total current operating and other liabilities	407,044,225	456,216,385	344,620,860	401,409,201

23. Other liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Accrued annual leave expenses	1,817,613	1,810,185	1,159,440	1,159,440
Accrued goods shortages	1,353,024	187,712	563,132	187,712
Accrued litigation expenses	912,830	926,097	694,052	644,546
Accrued costs for uninvoiced goods	301,630	114,531	0	0
Accrued expenses for tanker demurrage	299,877	120,319	299,877	120,319
Accrued concession fee costs	187,767	253,617	83,123	181,264
Accrued motorway site lease payments	156,847	115,987	156,847	115,987
Other accrued costs	16,155,809	8,078,921	9,065,797	4,660,247
Deferred default interest income	1,599,139	1,593,632	1,586,642	1,586,642
Deferred revenue from rebates granted	1,562,706	354,372	1,115,319	125,018
Deferred prepaid card revenue	1,147,051	1,968,129	1,064,919	1,878,879
Deferred revenue from heating	0	87,202	0	0
Other deferred revenue	332,720	454,976	161,548	278,549
Total other liabilities	25,827,013	16,065,680	15,950,697	10,938,604

24. Financial instruments and risks

This chapter presents disclosures about financial instruments and risks. Risk management is explained in the interim report, in the chapter *Risk management*.

Credit risk

The Group is exposed to various types of financial risks, which are regularly monitored by relevant departments and responded to in time by taking appropriate measures and using various hedging instruments.

Maximum exposure to credit risk represents the carrying amount of financial assets which was the following as at 30 June 2017:

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Financial assets available for sale	2,631,632	2,598,071	2,552,588	2,519,028
Non-current financial receivables	989,851	1,079,152	29,359,029	27,421,814
Non-current operating receivables	1,812,810	650,916	1,803,463	643,851
Current financial receivables	6,019,213	6,922,594	20,452,497	18,452,346
Current operating receivables (excluding receivables from the state)	319,910,556	378,253,173	250,360,849	316,816,790
Financial assets at fair value through profit or loss	342,100	1,836,062	342,100	1,787,039
Cash and cash equivalents	41,563,645	26,987,969	17,437,065	12,657,723
Total assets	373,269,807	418,327,937	322,307,592	380,298,591

The category that was most exposed to credit risk on the reporting date were short-term operating receivables.

The Group's short-term operating receivables by maturity:

(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	329,814,579	30,703,365	6,810,275	1,228,235	7,021,434	375,577,888
Interest receivables	1,630,156	113,632	52,163	30,430	56,243	1,882,624
Other receivables (without receivables from state)	724,863	39,031	16,316	3,247	9,204	792,661
Total as at 31 December 2016	332,169,598	30,856,028	6,878,754	1,261,912	7,086,881	378,253,173
(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	288,938,838	12,086,830	8,149,082	918,321	6,658,606	316,751,677
Interest receivables	1,637,928	129,857	33,177	11,072	47,864	1,859,898
Other receivables (without receivables from state)	1,259,125	19,971	14,474	1,646	3,765	1,298,981
Total as at 30 June 2017	291,835,891	12,236,658	8,196,733	931,039	6,710,235	319,910,556

The Company's short-term operating receivables by maturity:

(in EUR)	Not yet due	Up to 30 days overdue	Breakdown by maturity			Total
			31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	277,909,877	21,127,205	5,204,968	1,971,169	7,262,062	313,475,281
Interest receivables	2,214	74,029	46,958	55,285	2,934,371	3,112,858
Other receivables (without receivables from state)	228,651	0	0	0	0	228,651
Total as at 31 December 2016	278,140,742	21,201,234	5,251,926	2,026,454	10,196,434	316,816,790

(in EUR)	Not yet due	Up to 30 days overdue	Breakdown by maturity			Total
			31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	224,029,290	6,962,594	4,966,002	967,422	10,067,807	246,993,115
Interest receivables	1,597,035	95,220	44,176	0	1,381,805	3,118,236
Other receivables (without receivables from state)	249,498	0	0	0	0	249,498
Total as at 30 June 2017	225,875,823	7,057,814	5,010,178	967,422	11,449,612	250,360,849

The Group/Company measures the degree of receivables management using day's sales outstanding:

(in days)	The Petrol Group		Petrol d.d.	
	1-6 2017	1-12 2016	1-6 2017	1-12 2016
Days sales outstanding				
Contract days	30	30	28	30
Overdue receivables in days	9	12	7	10
Total days sales outstanding	39	42	35	40

Liquidity risk

The Group/Company successfully manages liquidity risks according to Standard & Poor's guidelines.

The Group/Company manages liquidity risks through:

- deleveraging (measured as the net debt to EBITDA ratio) as laid down in the strategy;
- ensuring adequate structural liquidity in accordance with S&P methodology;
- standardised and centralised treasury management at Group level;
- annual funding for the Petrol Group as well as monthly and daily planning;
- unified approach to banks in Slovenia and abroad is handled by the headquarters;
- cash flow planning IT application for the parent company and all subsidiaries;
- 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 available in Slovenia and abroad. The volume enables the Group to meet all its due liabilities at any given moment.

The Group/Company carefully plans their cash flows also in 2017, which enables optimal liquidity management of both, surpluses or shortages.

The majority of financial liabilities arising from long-term and short-term loans are held by the parent company, where the majority of revenue is generated.

The Group's liabilities as at 31 December 2016 by maturity:

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	304,928,488	323,487,074	0	0	323,487,074	0
Non-current operating liabilities (without other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	102,485,363	111,113,099	75,544,574	35,568,525	0	0
Current operating liabilities (without liabilities to state, employees and advances)	351,356,954	351,356,954	350,514,241	842,713	0	0
As at 31 December 2016	758,794,805	785,981,127	426,058,815	36,411,238	323,511,074	0

The Group's liabilities as at 30 June 2017 by maturity:

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	377,556,356	391,329,632	0	0	295,928,347	95,401,285
Non-current operating liabilities (without other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	32,974,498	44,952,700	5,409,292	39,543,408	0	0
Current operating liabilities (without liabilities to state, employees and advances)	300,461,631	300,461,631	299,686,576	775,055	0	0
As at 30 June 2017	711,016,485	736,767,963	305,095,868	40,318,463	295,952,347	95,401,285

The Company's liabilities as at 31 December 2016 by maturity:

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	251,865,143	267,846,687	0	0	267,846,687	0
Non-current operating liabilities (without other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	188,137,221	196,385,051	120,556,098	75,828,953	0	0
Current operating liabilities (without liabilities to state, employees and advances)	316,068,164	316,068,164	314,614,470	1,453,694	0	0
As at 31 December 2016	756,094,528	780,323,902	435,170,568	77,282,647	267,870,687	0

The Company's liabilities as at 30 June 2017 by maturity:

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows			
			0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	327,595,943	339,116,733	0	0	293,675,861	45,440,872
Non-current operating liabilities (without other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	122,082,745	133,736,392	94,071,045	39,665,347	0	0
Current operating liabilities (without liabilities to state, employees and advances)	258,280,934	258,280,934	258,058,359	222,575	0	0
As at 30 June 2017	707,983,622	731,158,059	352,129,404	39,887,922	293,699,861	45,440,872

Foreign exchange risk

As far as foreign exchange risks are concerned, the Group/Company is mostly exposed to the risk of changes in the EUR/USD exchange rate. Petroleum products are generally purchased in US dollars and sold in local currencies. For government-regulated fuels, hedging is performed in accordance with the Group's price and foreign exchange risk management policies prepared on the basis of the Decree Setting Prices for Petroleum Products, whereas for fuels with market-determined prices, internal Rules on the Pricing of Mineral Fuels are used.

Foreign exchange hedging is used to hedge against the exposure to changes in the EUR/USD exchange rate. The EUR/USD exchange rate is fixed at the rate recognised under the Decree Setting Prices for Petroleum Products and the internal rules, and the margin is

thus secured. The Group/Company predominantly uses forward contracts to hedge the EUR/USD risk.

Given that forward contracts for hedging against foreign exchange risks are entered into with first-class Slovene banks, the Group/Company considers the counterparty default risk as minimal.

The Group is exposed to foreign exchange risks also due to its presence in South-eastern Europe. Considering the low volatility of local currency exchange rates in Southeastern markets and the relatively low exposure, the Group/Company believes it is not exposed to significant risks in this area. To control these risks, we rely on natural hedging to the largest possible extent.

In the first six months of 2017, the Group/Company was also exposed to certain other currencies (RON, HUF), which were hedged using derivative financial instruments.

The Group/Company regularly monitors its open currency position and sensitivity based on the VaR method for all currencies to which it is exposed.

Exposure to the exchange rates on other markets where the Group/Company is present with its companies is either smaller or their rates against the euro are significantly less volatile. We estimate that the change in the exchange rate would not have a significant impact on the operating profit.

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, banks or suppliers of goods. The Group/Company considers the counterparty default risk as minimal.

Interest rate risk

The source of interest rate risks are loans with a floating interest rate that are mostly Euribor based.

In the first six months of 2017, the Group/Company continued to monitor the limit corresponding to changes in net interest expense.

The exposure to interest rate risks is hedged using the following instruments:

- partly through ongoing operations, the Group's/Company's interest rate on operating receivables being Euribor-based,
- interest rate swaps and
- funding with a fixed interest rate.

The Group/Company applies hedge accounting where the effects of the interest rate risk are recognized directly in equity.

Partners are first-class Slovene banks, therefore the Group/Company estimates that the counterparty default risk is minimal.

Capital Adequacy Management

The main purpose of capital adequacy management is to ensure the best possible financial stability, solvency and maximum shareholder value. The Group/Company achieves this also through stable dividend pay-out policy.

In June 2014 Petrol was rated investment grade (BBB-) by S&P followed by successful inaugural Eurobond issuance in the amount of EUR 265 million. On 20 March 2017, Standard & Poor's Ratings Services reaffirmed the „BBB-“ long-term credit rating and the „A-3“ short-term credit rating of Petrol d.d., Ljubljana, and the “stable” credit rating outlook was also reaffirmed.

The Petrol Group continued to implement the strategic directions in the first six months of 2017 to keep indebtedness in line with the strategic plan.

Carrying amount and fair value of financial instruments

(in EUR)	The Petrol Group			
	30 June 2017 Carrying amount	Fair value	31 December 2016 Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets available for sale	2,631,632	2,631,632	2,598,071	2,598,071
Non-derivative financial assets at amortised cost				
Financial receivables	7,009,064	7,009,064	8,001,746	8,001,746
Operating receivables (without receivables from state)	321,723,366	321,723,366	378,904,089	378,904,089
Cash and cash equivalents	41,563,645	41,563,645	26,987,969	26,987,969
Total non-derivative financial assets	372,927,707	372,927,707	416,491,875	416,491,875
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (without derivative fin.instr.),	(409,324,392)	(409,324,392)	(407,294,681)	(407,294,681)
Operating liabilities (without other long term liabilities, short term liabilities to state, employees and advances)	(300,485,631)	(300,485,631)	(351,380,954)	(351,380,954)
Total non-derivative financial liabilities	(709,810,023)	(709,810,023)	(758,675,635)	(758,675,635)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	609,919	609,919	1,836,062	1,836,062
Derivative financial instruments (liabilities)	(1,206,462)	(1,206,462)	(119,170)	(119,170)
Total derivative financial instruments	(596,543)	(596,543)	1,716,892	1,716,892

(in EUR)	Petrol d.d.			
	30 June 2017 Carrying amount	Fair value	31 December 2016 Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets available for sale	2,552,588	2,552,588	2,519,028	2,519,028
Non-derivative financial assets at amortised cost				
Financial receivables	49,811,526	49,811,526	45,874,160	45,874,160
Operating receivables (without receivables from state)	252,164,312	252,164,312	317,460,641	317,460,641
Cash and cash equivalents	17,437,065	17,437,065	12,657,723	12,657,723
Total non-derivative financial assets	321,965,491	321,965,491	378,511,552	378,511,552
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (without derivative fin.instr.),	(445,903,380)	(445,903,380)	(437,314,348)	(437,314,348)
Operating liabilities (without other long term liabilities, short term liabilities to state, employees and advances)	(258,304,934)	(258,304,934)	(316,092,164)	(316,092,164)
Total non-derivative financial liabilities	(704,208,314)	(704,208,314)	(753,406,512)	(753,406,512)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	342,100	342,100	1,787,039	1,787,039
Derivative financial instruments (liabilities)	(3,775,309)	(3,775,309)	(2,688,016)	(2,688,016)
Total derivative financial instruments	(3,433,209)	(3,433,209)	(900,977)	(900,977)

25. Related party transactions

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2017	1-6 2016	1-6 2017	1-6 2016
Sales revenue:				
Subsidiaries	-	-	130,120,283	123,180,119
Jointly controlled entities	544,806	10,668,543	41,437	10,250,821
Associates	32,587	697,606	32,587	697,606
Cost of goods sold:				
Subsidiaries	-	-	24,376,744	15,575,629
Jointly controlled entities	66,956	23,674,165	0	8,896,857
Associates	11,310,762	11,891,982	22,923	67,359
Cost of materials:				
Subsidiaries	-	-	721,723	828,829
Jointly controlled entities	2,705	126,042	856	124,833
Associates	205,537	116,220	0	25,397
Cost of services:				
Subsidiaries	-	-	764,556	385,696
Jointly controlled entities	0	0	0	0
Associates	40	1,063	40	1,063
Other costs:				
Subsidiaries	-	-	0	4
Jointly controlled entities	253	6	0	0
Associates	0	1	0	1
Finance income from interests in Group companies:				
Subsidiaries	-	-	60,595	0
Jointly controlled entities	151,036	151,423	150,000	150,000
Associates	348,506	2,616,911	740,452	519,980
Finance expenses for interests in Group companies:				
Subsidiaries	-	-	0	0
Jointly controlled entities	0	116,364	0	0
Associates	0	96,428	0	0
Finance income from interest:				
Subsidiaries	-	-	518,189	183,477
Jointly controlled entities	0	98,050	0	98,050
Associates	0	0	0	0
Gain of derivatives:				
Subsidiaries	-	-	189,338	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Other finance income:				
Subsidiaries	-	-	63,803	0
Jointly controlled entities	0	0	0	0
Associates	1,384	0	1,384	0
Finance expenses due to impairment of goodwill:				
Subsidiaries	489,872	0	0	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Finance expenses for interest:				
Subsidiaries	-	-	342,724	624,875
Jointly controlled entities	0	18,353	0	0
Associates	0	0	0	15,806
Loss on derivatives:				
Subsidiaries	-	-		0
Jointly controlled entities	0	0	482,699	0
Associates	0	0	0	0

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Investments in Group companies:				
Subsidiaries	-	-	292,281,344	290,581,344
Jointly controlled entities	1,653,718	1,652,682	1,196,000	1,196,000
Associates	129,294,295	129,686,241	2,552,588	52,852,540
Non-current financial receivables:				
Subsidiaries	-	-	28,372,515	26,345,830
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current operating receivables:				
Subsidiaries	-	-	22,665,592	33,536,819
Jointly controlled entities	396,374	484,760	310,296	363,359
Associates	4,467	12,555	4,467	12,555
Current financial receivables:				
Subsidiaries	-	-	15,712,363	13,034,171
Jointly controlled entities	1,070,000	1,070,000	1,070,000	1,070,000
Associates	0	0	0	0
Short-term deposits (up to 3 months):				
Subsidiaries	-	-	911,994	1,047,644
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current accrued revenue:				
Subsidiaries	-	-	2,155,505	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current financial liabilities:				
Subsidiaries	-	-	89,221,554	89,607,113
Jointly controlled entities	1,571,939	1,271,910	1,571,939	1,271,910
Associates	0	9,000,164	0	9,000,164
Current operating liabilities:				
Subsidiaries	-	-	5,353,516	7,980,150
Jointly controlled entities	8,278	13,727	590	1,215
Associates	656,255	4,728,836	5,644	38,165
Current accrued costs and expenses:				
Subsidiaries	-	-	390,787	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0

26. Contingent liabilities

Contingent liabilities for guarantees issued

(in EUR)	Petrol d.d.		Petrol d.d.	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Guarantee issued to:	Value of guarantee issued		Guarantee amount used	
Petrol d.o.o.	106,813,887	126,966,937	72,269,453	67,725,299
Petrol d.o.o. Beograd	10,071,227	14,493,528	2,249,000	1,500,000
Petrol Plin d.o.o.	4,615,070	4,525,207	23,025	337,579
Petrol Bucharest Rom SRL	4,500,000	4,000,000	553,646	885,936
Petrol BH Oil Company d.o.o.	4,458,378	7,270,484	3,049,769	2,844,647
Petrol-Trade Handelsges.m.b.H.	3,000,000	3,000,000	2,250,000	2,250,000
Petrol Crna Gora MNE d.o.o.	1,720,000	1,720,000	178,183	106,509
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Eltec Petrol d.o.o., Beograd	0	360,000	0	3,915
Petrol Geoterm d.o.o.	132,490	132,490	132,490	132,490
Petrol Energetika d.o.o.	50,000	8,250,000	0	0
Total	136,272,361	171,629,955	81,616,875	76,697,684
Other guarantees	7,597,112	7,311,126	7,597,112	7,311,126
Bills of exchange issued as security	3,186,275	2,483,522	3,186,275	2,483,522
Total contingent liabilities for guarantees issued	147,055,748	181,424,603	92,400,262	86,492,332

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 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 32,968,121. The Company's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Company set aside short-term provisions, which stood at EUR 694,052 as at 30 June 2017.

The total value of lawsuits against the Group as defendant and debtor totals EUR 38,131,219. The Group's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Group set aside short-term provisions, which stood at EUR 912,830 as at 30 June 2017.

27. Events after the reporting date

There were no events after the reporting date that would significantly affect the financial statements for the first six months of year 2017.

Appendix 1: Organisational structure of the Petrol Group

The Petrol Group as at 30 June 2017	Sales	Energy and environmental systems	Trading
The parent company			
PETROL d.d., LJUBLJANA	✓	✓	✓
Subsidiaries			
PETROL d.o.o. (100%)	✓	✓	✓
PETROL BH OIL COMPANY d.o.o. Sarajevo (100%)	✓	✓	✓
PETROL d.o.o. BEOGRAD (100%)	✓	✓	✓
PETROL CRNA GORA MNE d.o.o. (100%)	✓		✓
PETROL TRADE HANDELSGES.m.b.H. (100%)	✓		
PETROL PLIN d.o.o. (100%)	✓		
DUBROVNIK PLIN d.o.o. (100%)	✓		
PETROL ENERGETIKA, d.o.o. (99.38%)	✓	✓	
RODGAS AD Bačka Topola (100%)	✓	✓	
PETROL GEOTERM d.o.o. (100%)	✓	✓	
BEOGAS INVEST d.o.o. Beograd (100%)	✓	✓	
BEOGAS AD Beograd (100%)	✓	✓	
DOMINGAS d.o.o. (100%)	✓	✓	
PETROL LPG d.o.o. Beograd (51%)	✓		
TIGAR PETROL d.o.o. (100%)	✓		
PETROL LPG HIB d.o.o. (100%)	✓		
INTRADE ENERGIJA d.o.o. Sarajevo (51%)		✓	
PETROL-ENERGETIKA DOOEL Skopje (100%)			✓
PETROL BUCHAREST ROM S.R.L. (100%)			✓
PETROL PRAHA CZ S.R.O. (100%)			✓
PETROL TRADE SLOVENIJA L.L.C. (100%)			✓
PETROL HIDROENERGIJA d.o.o. Teslić (80%)		✓	
VJETROELEKTRANE GLUNČA d.o.o. (100%)		✓	
IG ENERGETSKI SISTEMI d.o.o. (100%)			✓
GEN-EL d.o.o. (25%) (Associate)			✓
EKOPUR d.o.o. (100%)	✓	✓	
GEOPLIN d.o.o., Ljubljana (7.39%) (Associate)	✓	✓	
PLINHOLD d.o.o., Ljubljana (7.39%) (Associate)		✓	
Jointly controlled entities			
PETROL OTI SLOVENIJA L.L.C. (51%)	✓		
GEOENERGO d.o.o. (50%)		✓	
SOENERGETIKA d.o.o. (25%)		✓	
Associates			
GEOPLIN d.o.o. Ljubljana (33.32%)	✓	✓	
PLINHOLD d.o.o. Ljubljana (33.32%)		✓	
AQUASYSTEMS d.o.o. (26%)		✓	